

## **7. PLEDGES, PLANNED GIFTS, and STOCK UNCSA FOUNDATION FINANCE AND ADMINISTRATION GUIDELINES**

### **OBJECTIVE**

To correctly reflect original pledge amounts, pledge receipts and pledges outstanding by donor and by gift intent; to assure pledges are handled in accordance with the AICPA's FAS 116; and to properly evaluate pledges as to collection periods and probability of collection. Note: some of the processes identified in this Guideline require tasks performed by UNCSA's Advancement's staff.

### **GUIDELINES**

1. Pledges are solicited by UNCSA's Advancement office in the name of the UNCSA Foundation, Inc., recorded within Blackbaud Raisers Edge software, effective July 1, 2005, (Prior to that date ADS was used) and reported to the Foundation staff.
2. The Gift Acceptance Specialist will record the date of the pledge, donor, amount and specific intention of the gift into Raisers Edge, retaining all applicable documentation and scanning the documents for future reference.
3. A gift receipt will be emailed to the donor by the Gift Acceptance Specialist and the Database Administrative will provide donor letters for all gifts over \$500.00. A year-end donor letter will be mailed to provide additional documentation regarding the qualifying tax deductibility of the gifts.
4. Pledge receipts are routed to the Foundation office daily by mail, delivered by the mailroom staff and co-mingled with regular gifts.
5. Pledges are recorded as cash. Payments on the pledges are recorded against the receivable in both Raiser's Edge and Financial Edge.
6. The Database Administrator quarterly prepares a list of pledges outstanding to compare and balance Raiser's Edge and Financial Edge. **(Exhibit 7.1)**
7. The Foundation reviews the pledge reserve and calculates any adjustment needed based on that quarter's collectability and a discount for present value on pledges due beyond the current year. When new pledge receivable totals are recorded, reserves against receivables should be considered for change. **(Exhibit 7.2)**
8. Write-offs of uncollectible pledges are made by joint review and determination of Advancement and Foundation staff.

9. A write-off summary is prepared and approved by the Chief Advancement Officer and Executive Director off the Foundation. Write-offs are entered in Raisers Edge software and imported into Financial Edge software as they take place. **(Exhibit 7.3)**
10. Gifts of art are particularly sensitive from a valuation perspective and for their compatibility in the school environment. A separate committee has been formed to handle gift of art. See separate policy governing gifts of art at **(Exhibit 17.1)**
11. Gifts of appreciated stock or securities are reasonably frequent because of the favorable tax treatment afforded such transactions. When stock gifts are received, the UNCSEA Foundation's intention is to convert the stock immediately to cash and limit any market exposure.
12. To expedite handling of the sale of gifted stock, the Foundation maintains several brokerage accounts. See the attached Brokerage Account Control List showing currently available accounts **(Exhibit 7.4)**. Periodically, accounts should be evaluated by Foundation staff for fee structure, ease of use and likely compatibility with UNCSEA donors. Accounts that are not being used should be closed.
13. Standing orders should be in place on all brokerage accounts directing conversion of shares received to cash as soon as possible, with checks to be immediately sent to the foundation for deposit into either restricted or unrestricted accounts. Charles Schwab does not allow for standing orders to immediately sell stock, but provides the lowest cost to the Foundation. Therefore, it is imperative that any known stock transactions be immediately conveyed to the Foundation Executive Director who monitors that Charles Schwab account.
14. If possible, Advancement's or Foundation's contact with the donor should include instructions to send the securities directly to a designated brokerage account (either by mail or courier if in certificate form or by electronic entry). Selection of the broker is first determined by compatibility with the donor's broker, if shares are held in electronic form. If not, the transaction should be handled by the Foundation's lead broker.
15. Once a stock gift is received, Foundation staff initiates a Stock Gift Advice form. **(Exhibit 7.5)** The gift is credited at the average of the high and low price on the day securities are received in the brokerage account. Documentation supporting the trading range of the stock on the date of the gift is printed and retained in the Foundation's file and copies are included in the deposit that is delivered to the Gift Acceptance Specialist when the check arrives.
16. The receiving broker sells the stock (Charles Schwab is the exception noted in #13) upon receipt and forwards a check for net proceeds to the Foundation, where upon the check is recorded in Raisers Edge as Stock/Property Sold. The check is recorded to a cash account (either restricted checking or unrestricted checking depending on donor's intent) with the offset to stock clearing account (Account Code 1096).

17. Monthly, the Foundation Assistant Controller analyzes and makes entries to zero out activity in the stock clearing account. Differences between gift amounts recorded and proceeds received represent commissions plus realized gain or loss. Differences are typically small and are charged to Account Code 5436, Stock Gift Fees & Market Changes.
18. Foundation staff should (by reference to statements or brokerage checks received) watch for any unreported stock transactions that may be received in a brokerage account. If gifts are made into brokerage accounts by donors without initial contact to the Foundation or Advancement office, Foundation staff should identify these gifts and discuss their origin with the receiving broker.
19. Planned Gifts should be recorded in Raiser's Edge and tracked by the Development Office. Donor's intent is the overriding factor for determining distribution of planned gifts. Legal documents such as wills, trusts, and endowment agreements will be given priority. Other donor correspondence, such as email exchanges, giving history, or verbal communication with development staff that has been documented will be given second priority. In the absence of all the prior documentation, the UNCOSA Foundation Board in consultation with UNCOSA Administration will decide on the allocation of planned gifts. Undocumented planned gifts in excess of \$100,000 should be placed into an existing endowment fund.
20. Any donations intended as "pass through" transactions whereby the UNCOSA Foundation would be expected to pay the majority of the donation to a third party entity without tax exemption are not sanctioned by the Foundation Board and should be returned to the donor.