



TEMPLE UNIVERSITY

POLICY MANUAL

Title:	Gift Compliance Policy
Policy Number:	05.60.02
Issuing Authority:	Office of the President
Responsible Officer:	University President
Date Created:	02.19.2020
Date Last Amended/Reviewed:	February, 2020
Date Scheduled for Review:	03.01.2022
Reviewing Office:	Office of the President

Scope of Policy & Rationale

Gifts from alumni and friends are essential to the University. Gifts that support student financial aid, faculty members, departmental programs, capital improvements, and other specific purposes reflect a donor's deeply held values and his or her belief in the University's philanthropic mission. The University manages gifts in compliance with accepted accounting principles, fiduciary obligations, Commonwealth of Pennsylvania law, and sound practices. Appropriate gift management helps to ensure continued philanthropic support. This policy sets forth general guidelines for the appropriate expenditure and stewardship of charitable contributions.

Definitions

Gift Agreement – a contract between the donor and the University that can be enforced by the Commonwealth's Attorney General and courts.

Operating Gift Fund – a fully spendable fund, also commonly referred to as a "term fund," established by gift agreement or other gift instrument that dictates a specific purpose for donations that can be satisfied in one year.

Endowed Gift Fund – a trust fund established by gift agreement or other gift instrument in which donations are invested as principal in the University's endowment pool. Only Spending Rule income from the endowment, as defined by the University's Investment Policy, is available for spending. Endowment income spending is restricted to the purpose(s) set out in the applicable gift

instrument.

Spending Rule Policy – as defined within the University’s Investment Policies, a percentage of the fair market value of an endowed fund, as determined at the end of each fiscal quarter and averaged over the most recent preceding twelve quarters, that determines the amount of income available for spending.

Endowed Fund Spending Account – the account to which income from an endowed fund, based on the spending rule policy, is made available for spending.

Preference – a donor’s preferred criteria, explicitly stated in a gift agreement, directing the use of the gift by the University. If the University cannot comply with a donor’s preference, it shall make use of the gift in a manner that most closely resembles the donor’s intended preference.

Restriction – the required criteria for use of a donor gift set forth in the gift instrument. A restriction is considered legally binding and cannot be changed without consent of the donor and University, or through appropriate legal process. If a gift agreement does not use the word “preference,” or a word or phrase with the same meaning, in describing the donor’s intended use of a gift by the University, then the criteria for use defaults to being a restriction.

Stewardship – the comprehensive effort to manage charitable donations in a manner that is compliant with the law, accounting standards, and best practices and which helps ensure continued philanthropic support from donors. Four main elements of stewardship are generally defined as: gift acceptance and management, acknowledgement, donor recognition, and reporting.

Quasi-Endowed Fund – authorized by either the President of the University or the University’s Board of Trustees depending on the amount designated, a quasi-endowed fund functions like a true endowed gift fund but its principal account is funded with either unrestricted University cash or unrestricted charitable donations. A quasi-fund is not governed by a donor agreement and can be dissolved by University authorization as set forth in applicable university policy.

Policy Statement

Adherence to Donor Intent

All gift revenue must be spent according to donor restrictions as set forth in a gift agreement or other written donor directive deemed acceptable by the University. Spending charitable contributions, including endowment Spending Rule income, for purposes other than those stated in a fund’s governing document violates the University’s obligation to adhere to a donor’s intent. Institutional Advancement is responsible for reporting to donors on use of their charitable contributions. Proper stewardship is essential to ensure ongoing financial support from donors.

Access to and Interpretation of Gift-Fund Governing Documents

Institutional Advancement, in coordination with the Office of University Counsel, can help determine proper use of donor contributions if University personnel who are authorized to approve gift fund expenditures have any doubts or concerns regarding donor intent or proper use as set forth in the related gift fund documents.

Use of Operating Revenue in Lieu of Gift Revenue

If an operating budget fund has the same purpose as an available gift fund, expenditures should first be made from the gift fund, or any available unrestricted gift funds with balances, until gift revenue is exhausted.

Gift Fund Accumulation

Unless otherwise specified in a gift agreement or through other written consent, the accumulation of income from an endowed fund or preservation of a balance in an operating gift “term” fund for more than 18 months is not permitted.

Notes

Dates of Official Enactment and Amendments:

Enacted:

February, 2020

Cross Reference/Appendix:

Gift Acceptance Policy, #05.60.01

Cash Handling, #05.20.12

Internal Audit Program #05.20.16

Investment Policies #05.50.01

President Authorized to Establish Quasi endowments for Amounts of \$100,000 or Less
#05.50.30

Contract signing – Authorization Signatures #04.50.01