

Charitable Gift Policy

Butler University recognizes the critical importance of philanthropic contributions to the continued existence and excellence of the University. The following principles constitute the University's policy on the acceptance of charitable gifts, which is intended to guide the Board of Trustees, the President and others representing the University in such matters while considering the interests and concerns of potential donors.

- Butler University solely accepts gifts that align with Butler's education mission and directly support its academic and scholarly objectives and activities benefiting students, faculty, staff, or University programs. To preserve academic autonomy, the University retains control over appointments, curriculum, research, and all sponsored activities when accepting gifts.
- Butler University will adhere to federal law, the Internal Revenue Code and its regulations, the University's charter and other governing documents and all applicable State of Indiana statutes. Butler University will not accept gifts that involve unlawful discrimination based upon race, religion, sex, age, national origin, color, disability, or any other basis prohibited by federal, state, and local laws and regulations.
- Gifts which will not directly benefit Butler students, faculty, staff, or University programming will not be accepted by the University; this includes gifts that are not charitable to Butler University but in fact benefit an outside 501(c)3 organization (may be called "pass-through" gifts). Butler fundraising platforms should not be used to raise or promote any fundraising efforts that do not directly support Butler University, no matter how worthwhile.
- Butler University will exercise caution in accepting gifts that may expose the University to adverse publicity, incur unreasonable expenses, or entail unforeseen obligations. Approval by the Gift Policy Committee (GPC) is mandatory for such gifts, ensuring the University's financial and ethical capacity to fulfill the commitment before solicitation or acceptance.
- Butler University is a not-for-profit educational institution registered and domiciled in the State of Indiana, and a qualified organization under Section 501(c)(3) of the Internal Revenue Code. As such, gifts made to the University are eligible for deduction under federal tax laws. The University is guided by standards set forth by the [Council for Advancement and Support of Education \(CASE\)](#) when questions of whether a particular transfer of assets counts as a charitable gift.
 - Per IRS regulations, a philanthropic gift must be characterized as the complete transfer of assets from the donor to the University without receiving a material return benefit. The donor transfers ownership and control over the funds to the University; given the irrevocable nature of the transfer, charitable gifts to the University will not be refunded to Donors.
 - The ultimate responsibility regarding appraisals, tax deductibility, and local, state, and/or federal compliance issues regarding gifts and commitments rests with the donor and/or such counsel as the donor may wish to secure.
- Butler University reaffirms its commitment to ethical fundraising practices by adhering to the codes of conduct and best practices established by leading organizations in the field, including:
 - The Donor Bill of Rights
 - Association of Prospect Researchers for Advancement (APRA)
 - Association of Advancement Services Professionals (AASP)
 - Association of Donor Relations Professionals (ADRP)
 - Association of Fundraising Professionals (AFP)
 - Council for the Advancement and Support of Education (CASE)
 - Partnership on Philanthropic Planning (PPP)

Outright Gifts

Cash and Cash Equivalent. Butler University will accept gifts of cash including credit cards, checks, payroll deductions, electronic funds transfers, and wire transfers; they will be counted and credited at full value on the date of the gift. Cash gifts should be accepted and processed in the normal course provided that any donor restrictions imposed on the gift are otherwise in compliance with this Policy. The University currently does not accept foreign currency or foreign checks.

- **Matching Gifts.** Matching gifts directed by an individual will be attributed to their membership level in University gift recognition societies, but will not be applied towards existing donor pledges. Initiating the matching gift process falls upon the donor and their respective organization. Matching gifts are typically limited to those recognized by the IRS as tax-deductible contributions.
- **Gifts from Donor Advised Funds and Private Family Foundations.** Donor-advised funds (DAFs) are philanthropic vehicles established at public charities that allow donors to make charitable contributions, receive immediate tax benefits, and then recommend grants from the funds over time. The University will accept gifts from private foundations and donor advised funds, but such gifts cannot be used to fulfill an outstanding personal pledge agreement signed by a donor. Donors may notify Butler University that they intend to recommend distributions from a donor advised fund, which will then be tracked and counted as a 'Non-binding Intention' commitment. In addition, Federal regulations restrict DAF grants from providing "more than incidental" benefits to the donor, advisor, or their families. This includes tangible items (e.g., event tickets) or any goods or services with financial value. Violations may result in significant tax penalties for donors and jeopardize the tax-exempt status of both the DAF sponsor and the University.
- **Qualified Charitable Distributions (QCDs):** Donors over 70 ½ may utilize a QCD to transfer individual retirement account assets directly to Butler University, potentially excluding the transferred amount from taxable income and fulfilling their required minimum distribution (RMD). The laws governing the taxation of QCDs are subject to change; it is recommended to advise donors to consult with a tax advisor to confirm current tax treatment. Notably, QCD gifts cannot be used to receive benefits such as athletic priority points, membership dues, or other similar benefits.
- **Corporate Sponsorships.** The charitability of sponsorships hinges on the nature and extent of "advertising". In cases where the sponsorship agreement includes such advertising elements, the Gift Policy Committee should be consulted to assess the potential presence of a charitable gift component. CASE defines advertising as messages containing:
 - Qualitative or comparative language promoting a product or service.
 - Price information or indications of value.
 - Endorsements.
 - Incentives to purchase, sell, or use specific products or services.
- **Charitable Grants and Sponsored Programs.** Charitable grant income from private, non-government sources is typically classified as a "gift" and can be considered in fundraising totals, but totals shall *not* include contract revenue. Any government grants and awards – whether local, state, federal, or foreign – will not be counted.

A charitable grant (gift) is typically defined as a contribution that has no reciprocal benefit for the donor. In general, the following characteristics describe a gift:

- A proposal/request may be submitted to the potential donor that includes a description of the proposed activities, with the understanding that the description of proposed activities is not intended as a commitment to a specific line of inquiry.
- Gifts may be accompanied by an agreement that restricts the use of the funds to a particular purpose. Beyond that, no contractual requirements are imposed (beyond the requirements of

responsible stewardship) and there are no "deliverables" to the donor, e.g., no rights to tangible or intellectual property. The donor typically has little to no involvement in the charitable grant-funded activities.

- There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports may be thought of as requirements of stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables."
- Butler University agrees to use charitable grants (gifts) as the donor specifies and does not accept gifts that it cannot use as the donor intends. If circumstances change such that a gift cannot be used as the donor specified, the donor must approve a change in the original restriction. Otherwise, Butler must adhere to the terms of the gift agreement, which may include the requirement to return the funds. Please see Foundation Relations Process document for more information.

Unlike a charitable grant (gift), a sponsored project or program is an externally funded research, instruction, service, or scholarly activity in which a formal written agreement, i.e., a grant, contract, fellowship, or cooperative agreement, is entered into by Butler University and by the sponsor for the purposes of research, model project, development/operation of a specific program or other academic study. A sponsored project may be thought of as a transaction in which there is a specified statement of work for the University to execute, with a related, reciprocal transfer of something of value for a public purpose or as a direct benefit to the sponsor. The sponsor may stipulate other terms and conditions of the award dealing with such topics as publication restrictions, conveyance of rights to tangible or intangible property, compliance with federal or state regulations, allowable or unallowable costs, subcontracting, insurance, warranties, indemnification or hold harmless requirements, protection of proprietary or confidential information, modifications, penalties, remedies, termination, applicable governing law, and assignment.

Securities. Butler University accepts publicly traded securities (stocks, bonds, and mutual funds) for charitable contributions. These gifts should be electronically transferred to the University's designated brokerage account. The University typically sells all received securities upon receipt and the gift value is determined by averaging the high and low price of the security on the day it arrives in the brokerage account. Any difference between the sales proceeds and the initial valuation will be reflected in the designated gift account.

- **Closely Held Securities.** The Gift Policy Committee holds discretion regarding the acceptance of non-publicly traded securities. Each case will be evaluated based on factors impacting the University's ability to sell them. If valued at \$10,000+, a qualified independent appraiser, selected and paid for by the donor, should determine fair market value. If valued under \$10,000, if a recent cash purchase has occurred, the per-share price from that transaction will be used. In the absence of a recent transaction, an independent CPA responsible for the company's books may value the stock.

Gifts-in-Kind. Gifts-in-kind are non-cash donations of materials or long-lived assets directly related to the mission of Butler University or readily convertible to cash to support the university's mission. Consultation with Advancement staff is mandatory before accepting an in-kind gift. Butler University accepts gifts of both tangible (physical) and intangible (non-physical) personal property, subject to the following criteria:

- **Value:** Does the value of the gift outweigh the cost to administer, maintain, store, and sell it?
- **University Use:** Does the property align with the University's mission and tax-exempt status? Will the item(s) be used directly by the Butler community?
- **Marketability:** Can the University easily sell the property if needed?
- **Restrictions:** Acceptance may depend on any donor restrictions on the use, display, or sale of an item.
- **Costs:** Is the donor must be willing and able to finance the packing, shipping, delivery, insurance, and

other costs associated with transferring the gift to Butler?

Determining Value:

- The donor should determine the value for gifts under \$5,000, based on the item's current purchase cost.
- Gifts over \$5,000 require a qualified donor-funded appraisal performed within 60 days of the proposed gift date if a donor would like to file an IRS Form 8283 for a tax deduction.

Specific Gift Types:

- **Tangible Personal Property:** Examples include books, computers, or boats. These may be tax-deductible for the donor. The University agrees to file IRS Form 8282 if gifted property is sold within three years of receipt.
- **Intangible Personal Property:** Gifts like patents, software, or trademarks require approval by the Gift Policy Committee.
- **Artwork:** Gift of art are governed by separate University policies established by the University Art Committee.
- **Cryptocurrency:** Cryptocurrency gifts require Gift Policy Committee approval and a qualified third-party appraisal at the donor's expense for tax deductions of \$5,000 or more.
- **Contributed Services or Gifts of Partial Interest:** The value of a person's or organization's time or service, appraisal fees, or partial interest in property is not allowable as a donation. However, Butler may acknowledge such contributions through "soft gift credit" for donor recognition purposes.
 - **Time and Service** – The value of a person's or organization's volunteer time or service could include such things as consulting, accounting or legal work, and contractor design services. This does not preclude volunteers from billing the institution for their work, receiving payment, and then making a cash donation to the university.
 - **Appraisal Fees** – Appraisal fees related to establishing the value of the gift-in-kind donation are not allowable as a donation.
 - **Partial Interest in Property** – If the donor maintains partial interest in or ownership of a property, the use of the property cannot be claimed as a donation. Use of a donor's property for a fundraising event, or free use of office space in a donor-owned building are examples where the donor maintains at least partial interest. If the donor relinquishes interest or ownership in a building or piece of real estate and donates it to the university, it will qualify as a donation.

Partnership and Limited Liability Company Interests. The Gift Policy Committee will evaluate, on a case-by-case basis, proposals for gifts involving limited partnership interests or ownership interests in limited liability companies. Prior to acceptance, the Committee requires the donor to furnish due diligence information for their consideration. Such information may include financial/tax documents and relevant governance materials.

Real Property. Butler University considers accepting gifts of real property, including those with retained life estates or as part of planned giving strategies. Donors may offer outright real property donations or planned gifts of real property, including undivided interests. Acceptance is subject to Gift Policy Committee review and approval based on the University's ability to resell the property. Evaluation criteria should include:

- **Market Value and Marketability:** A recent appraisal by a qualified appraiser, paid for by the donor, establishes the fair market value of the property and Butler's interest. The University reserves the right to conduct its own appraisal, at its own expense, particularly for life-income gifts.
- **Environmental Assessment:** A Phase I environmental audit, at the University's expense, is required for all proposed real estate gifts, including those from estates.
- **Property Condition:** A professional property inspection may be required depending on the circumstances.
- **Encumbrances:** The property must be free and clear of mortgages, liens, or other encumbrances.

Exceptions may be considered if the University's net interest remains substantial or a separate agreement exists for a responsible party to cover any encumbrances.

- **Carrying Costs:** The donor must provide information on any ongoing costs associated with the property, including taxes, insurance, utilities, and association fees.
- **Title Information:** The donor must provide available title information such as a recent property survey, title insurance policy, or attorney's title opinion.

The University aims to dispose of non-retained real estate gifts as expeditiously as possible. Approved gifts that qualify as a charitable contribution will be counted at fair market value on the date of the gift.

Deferred Gifts

Butler University welcomes a variety of planned giving options, including charitable trusts, charitable gift annuities, insurance policies, retirement plan beneficiary designations, and bequests. The value that is provided and recorded initially often represents an estimate or projection of what Butler will receive when the gift is realized. If due to market conditions the expected value has increased over a previously recorded value, that initial recorded amount may not be increased; however, if the donor increases their documented commitment, it may be counted as a new intention. The University will not convey naming rights for a facility or program based on a revocable deferred gift commitment (see Charitable Naming Policy). The Gift Policy Committee retains discretion to consider exceptions to these policies and minimum gift amounts on a case-by-case basis.

Trusts. Butler University may accept and manage charitable lead and remainder trusts initially funded with a minimum gift of \$250,000. Income beneficiaries must be at least 55 years of age at the time the trust begins income payments. The market value on the date the remainder trust is established will be the amount that is counted in fundraising totals.

- **Charitable Remainder Trusts.** CRTs are agreements that distribute funds to designated beneficiaries while offering tax benefits to the donor. Donors receive a current income or estate tax deduction for contributions made to the trust. Beneficiaries receive periodic payments from the trust, and Butler ultimately receives the remaining trust assets to support designated charitable purposes. For Charitable Remainder Trusts administered by a third party, provided that all appropriate documentation is provided, the fair market value of the portion that is designated to Butler University will be counted (and a value assigned) on the date that Butler is notified of the gift.
- **Charitable Lead Trusts.** Butler University accepts charitable lead trusts, a trust arrangement where the University receives income from the trust assets for a designated period. After the predetermined term ends, the remaining trust assets are distributed back to the donor(s) or beneficiaries designated by the donor(s).

Annuities. Charitable gift annuities (CGAs) are contractual agreements between a donor and Butler University under which the donor makes a gift, and in return, Butler University guarantees a fixed annual payment for one or two lives. A gift annuity provides a current income tax donation and a payout that may be current or deferred for one year or more. Butler University will accept and manage charitable gift annuities that meet a minimum gift level of \$50,000 provided that all annuity payment recipients must be at least 55 years of age at the time the annuity payments begin. The market value on the date the gift annuity is established will be the amount that is counted in fundraising totals.

Real Estate with Retained Life Estates. The Gift Policy Committee reviews all retained life estate gifts on a case-by-case basis; the remaining value of the gift to Butler University after the donor's lifetime use must be at least \$100,000. A retained life estate allows a donor to irrevocably transfer ownership of a residence or farm property to Butler University while retaining the right to reside on the property for their lifetime (or the lifetime of their spouse or partner). Donors remain responsible for maintenance, taxes, and insurance on the property and receive an immediate income tax deduction for a portion of the gift value. Primary residences and farm properties are eligible, vacation properties may be considered, but time-sharing arrangements with a

retained interest are not accepted.

Life Insurance. Butler University welcomes gifts of life insurance to support the University. A donor may name Butler University as both beneficiary and irrevocable owner of an insurance policy or the donor may name the University as a beneficiary. When possible, the University prefers ownership of the policy with itself named as both beneficiary and owner; such a gift shall be counted at the cash surrender value of the policy at the time of the transfer.

- **Policy Transfer or New Policy Purchase:** Donors may transfer ownership and beneficiary designation of a new or existing policy to Butler University, provided it meets the following criteria:
 - The University will only accept “universal” and “whole life” type insurance instruments.
 - The policy death benefit is not split between the Butler and other charities.
 - The policy covers the life of the donor.
 - The policy does not have any outstanding loans at the date of the gift.
 - Butler has received and reviewed the insurance illustration and original policy.
 - Specific restrictions which apply to the use of the gift will be documented separately.
 - The minimum face value is \$50,000; in the case of policies with a lesser face value, these may be accepted if they are to be immediately surrendered for cash value. Any exceptions on minimum value will be considered for approval and determined by the Gift Policy Committee.
 - If additional charitable contributions will be required from the donor for any premiums which may become due, these shall be outlined in a written pledge agreement. The donor will agree to make the payments and submit the donation prior to the required premium payment due date.
 - If, for unforeseen circumstances, the donor cannot continue to make donations to fund the policy premium payments, the University reserves the right to withdraw the cash surrender value and cancel the policy or to review other alternatives available to continue the policy.
- **Beneficiary Designation:** Donors may also retain ownership of a policy and designate Butler University as a primary or contingent beneficiary, if the following criteria are met:
 - A copy of the beneficiary page showing Butler University as a beneficiary of the policy and a signed Fairview Heritage Society (FHS) form by the donor are required to document the gift commitment.
 - If the purpose is intended to be an endowment, then the face value of the policy must meet the minimum funding standards for endowments in accordance with University policy unless additional outright or planned gifts are combined to meet minimum funding standards.
- **Term Life Insurance:** Term life insurance policies are not accepted as gifts. Some donors may make the Foundation a beneficiary of their term life insurance policy. In that case, the Butler may recognize that gift by including the donor in the Fairview Heritage Society. The gift will then be recorded as a revocable bequest.

The University reserves the right to surrender any life insurance policy owned by it prior to the death of the insured without notice to the insured. Life insurance policies designated for establishing new endowments must meet the minimum face value requirement as established by the Board of Trustees.

Retirement Plan Beneficiary Designations: Donors can designate Butler University as a beneficiary of their retirement accounts, potentially offering tax advantages to the donor's estate. To document this kind of gift, a copy of the beneficiary statement or change of beneficiary form is required, as well as completed Fairview Heritage Society (FHS) form.

Bequests. A bequest is a charitable gift made to Butler University through a donor's Last Will and Testament or other legally binding testamentary document. Bequests can be immediate (outright) or based on the fulfillment of a specific condition (contingent). For complex estate plans, the Gift Policy Committee may recommend additional documentation. It can be beneficial for donors consult with Advancement staff to review bequest language before their death, ensuring clarity and avoiding potential complications for both the donor and the University. Butler University will accept bequest intentions where the University is a contingent beneficiary; however, the recorded value of the gift will be left to the discretion of Vice President of University

Advancement.

The University Advancement office will record and count bequest intentions upon receipt of the following formal documentation:

- A completed Fairview Heritage Society (FHS) form
- A copy of the relevant portion of the donor's testamentary document outlining the bequest terms

When bequest distributions are received, if there is an existing bequest commitment on the donor(s) record, the bequest will be recorded as a payment against that commitment. Any amount incremental to the existing intention will be recorded separately as a new gift. These gifts may be counted in any fundraising totals if the distribution has not been counted or credited in a previous fundraising campaign.

Unrestricted Gift Allocation

- The allocation of unrestricted gifts of \$500,000 or more will be presented by the President to the Board of Trustees for a full board vote (may be done electronically).
- The Vice President for University Advancement will make a recommendation for Presidential approval for allocating unrestricted gifts between \$100,000 and \$499,999.
- Unrestricted gifts under \$100,000 will be allocated as appropriate by the Vice President of University Advancement.

Additionally, the allocation of all unrestricted gifts of \$250,000 or more received during a fiscal year will also be reported to the Board through the ISER Committee annually at the June Board meeting.

Charitable Gift Recording and Receipting

Advancement Services is responsible for officially recording and receipting all charitable gifts to Butler University. As such, all philanthropic commitments must be processed through the University Advancement database of record. Any gifts received outside of the Advancement Office, along with all original gift-related correspondence, should be forwarded to Advancement Services as soon as possible.

To ensure donors can claim timely charitable deductions, Advancement Services facilitates written gift receipts within five business days of receiving a gift. The date a gift is considered received is the date the donor relinquishes control of the donated property to the University. Relevant evidence accompanying the gift will be used to determine this date. No other university department is authorized to issue gift receipts.

Donations to student organizations may be tax deductible when processed properly. Student organizations officially recognized by Butler are eligible to receive tax-deductible contributions if they have an active account with Student Involvement & Leadership. See the Office of Student Activities Department of Student Involvement & Leadership Fundraising Guidelines for additional information.

All charitable funds given to the University must be deposited in university bank accounts within 48 hours. Any funds not deposited on the day of receipt shall be placed in the University Advancement safe.

Campaign Counting Policies

Only gifts and commitments received or committed during a specific campaign period will be counted towards that campaign goal. All types of gifts vehicles outlined in the preceding pages of this policy will be counted in full in comprehensive fundraising campaigns, including any pledge or commitment documented in writing. Payments on commitments that were made prior to the start of the campaign will not be counted. Gifts and commitments made prior to the start of the campaign will be counted on an exception basis with written approval by the Vice President for University Advancement.

- **Commitments.** The recommended commitment payment period is five years or less and commitments must be paid five years after the end of the campaign. In rare instances, commitments of \$1 million or more may be paid over more than five years with prior approval from the Vice President for University Advancement and Vice President for Finance and Administration.
 - Commitments with anticipated match: When a portion of the total gift will be paid through a match, the donor's portion will be recorded as commitment and the matching gift portion will be recorded as anticipated match on that commitment. Matching gifts should never be considered as a way to fulfill an individual's commitment. The matching amount will not be included in campaign totals until the matching gifts are received.
 - Once appropriate documentation has been submitted, reviewed, and approved, revocable estate commitments will be counted at face value and recorded as planned gift intentions.
 - Changes in commitments:
 - Commitments will be inactivated (written off) when they are determined to be uncollectible. In this case, a campaign will only count the paid amount and the donor will only receive campaign credit for that amount. All unpaid balances will be evaluated and revisited prior to the conclusion of a campaign.
 - An increase to the amount of a commitment will be recorded as a new, separate commitment at the time the increase is communicated by the donor.
 - A decrease to the amount of a commitment will result in the original commitment being decreased to the revised commitment amount and only the reduced amount will count toward campaign totals and credit.

Gift Solicitations and Coordination of Appeals

To maximize the effectiveness and efficiency of the services provided by the Office of University Advancement, any fundraising for the benefit of Butler University must be approved, coordinated, and directed through University Advancement prior to donor solicitation.

University Advancement has the responsibility for coordinating all types of fundraising appeals and programs to avoid complications caused by multiple solicitations. Any department wishing to undertake a fundraising project of any type from any constituency (alumni, friends, foundations, businesses, students, etc.) should make their request to the Office of University Advancement. Individual students, recognized clubs, and other student organizations are not permitted to mass solicit alumni or parents for monetary support. Should one wish to mass solicit alumni or parents to help fund a key initiative, it is required that the group contacts the Office of Advancement.

Publicity for Gifts

The Donors agree that the University may publicize the gifts made in accordance with its standard recognition practices. In special situations, the University may choose to issue a press release or publicize the donation outside the Butler constituency. In these situations, the Donor will be made aware of any increased publicity.

Fees or Commissions

The University does not pay fees to any person in consideration for directing a gift to the University. All professional fees in conjunction with a gift to the University will generally be paid by the donor, unless the Vice President for University Advancement authorizes the payment, in writing, in advance. If so authorized, the following guidelines shall be followed:

- Payment of professional fees should be limited to situations in which the University will reap significant benefit from the gift, and the donor believes it is proper for the University to bear all or part of the attending fees for completion of the gift.
- Any such fees paid shall be reasonable and directly related to the completion of a gift, and are limited to: appraisal fees by persons who are competent and qualified to appraise the property involved and

who have no conflict of interest, legal fees for preparation of documents, accounting fees related to the transaction, and fees for “fee-for-service” financial planners

- In the case of financial planners, such persons must attest in writing that they are compensated only for services rendered and not for the sale of products to clients. This distinction is vital to avoid payment of commissions that could be construed as triggering the application of securities regulations.

Conflict of Interest

Butler University welcomes faculty and staff gifts to support University programs. However, IRS regulations require clear separation between donor intent and personal benefit for a gift to qualify as a charitable deduction. Faculty and staff overseeing or administering programs cannot authorize their gifts to those programs for personal uses, such as:

- Donor salary
- Consumable goods for personal use
- Donor research or professional activities
- Personal travel
- Scholarships or fellowships for the donor or close relatives

The University safeguards against self-dealing, defined as any transaction where an employee has a material financial interest that could create a conflict of interest. Examples include:

- Accepting commissions, fees, or payments from donors in connection with gift solicitation.
- Purchasing, selling, exchanging, or leasing property with donors without University review and approval.
- Borrowing funds or credit from donors.

Nominal Gifts: Employees may accept nominal gifts (value not exceeding \$75) from donors as a token of appreciation, provided there is no conflict of interest. Such situations must be discussed with the employee's direct supervisor. The University strives to maintain ethical conduct and avoid even the appearance of impropriety in all interactions with donors.

Endowed Fund Management and Compliance

Butler University recognizes a donor's intent to preserve the original principal amount of a new endowed fund in perpetuity, using investment income and appreciation for the designated purpose.

The University adheres to the Indiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) in establishing a spending policy. This policy outlines the distribution of investment income, appreciation, and a portion of the original principal (if necessary and prudent) while considering UPMIFA factors. The spending policy aims to maintain the original gift's purchasing power through investment strategies, allowing the endowment to keep pace with inflation. As such, the annual distributable income available for each endowed fund is determined by the University's investment and spending policies set by the Board of Trustees.

For investment purposes, assets of endowed funds with similar characteristics may be combined, with separate accounting maintained for each individual fund. If the minimum endowment level is not reached within the timeframe specified in the gift agreement, the University may utilize the fund at its discretion, considering the donor's original purpose as outlined in the agreement.

University Advancement will regularly undertake internal audits of all endowed and donor-funded gift accounts to ensure donor intent is being followed. If the original purposes of an established fund can no longer be fulfilled, the University, in consultation with the donor, when possible, shall modify the gift agreement to

the extent necessary to enable the gift to be used in a manner which coincides with the Donor's original intent as closely as possible, and which is consistent with the internal operating policies of the University.

For current use accounts, when the balance of a fund falls below 5% of the original total gift commitment, and no additional gifts have been made to the fund for at least five years, the University may transfer the remaining balance of the fund to another account, keeping in mind the original intention of the gift.

For endowed fund accounts, should the endowed principal balance remain below the established endowed minimum threshold for five or more years with no additional contributions, then the University may modify or consolidate the fund for the University's benefit, keeping in mind the donor's original intent.

Modification of Restricted Funds

Indiana Code 30-2-12 Sec. 13 (c) mandates notification of the State Attorney General (AG) when an institution seeks to modify restrictions on a charitable gift. The notification process is as follows:

1. **Written Notice:** The institution must provide written notice to the AG detailing the petition.
2. **AG Review:** The AG has 60 days from receipt to submit a written objection.
3. **Presumptive Approval:** If the AG doesn't respond within 63 days, the institution may proceed with the modification provided the criteria in Sec. 13 (e) 4 are met.

Criteria for Release without AG Objection

- The restricted fund value is less than \$250,000.
- The restriction is older than 20 years.
- The proposed use of the fund aligns with the charitable intent of the original gift.

Alternative Path for Non-Qualifying Funds

If the restricted fund doesn't meet the criteria for release outlined in Sec. 13 (e) 4, the institution may petition a court for approval of modification. However, the AG must still be notified of the petition.

Funds Awarded to Students

The Internal Revenue Service (IRS) dictates the tax treatment of student payments. Scholarship and fellowship amounts used for qualified education expenses (tuition, fees, books, supplies) are generally non-taxable. Amounts exceeding qualified expenses are taxable. Payments related to academic programs are reported to the Financial Aid Office to determine financial aid packaging.

Non-Taxable Payments:

- Scholarships and fellowships used for qualified educational expenses (tuition, fees, books, supplies, equipment).
- Reimbursements for student purchases acting as University agents or for charitable activities.
- Refunds for student account overpayments or excess Federal Title IV funds.

Taxable Payments:

- Prizes and awards.
- Stipends for conferences, research (unless solely for University purposes), internships, job searches, or living expenses.
- Scholarships, fellowships, and grants for non-qualified educational expenses (housing, meals, transportation and personal expenses).
- Compensation for services performed.

To comply with Federal law and US Department of Education regulations, student payments, awards, prizes, and gifts that are made available to the student because they are a Butler student must be reported to the Office of Financial Aid. Please see the Other Financial Assistance Guidelines for more information.

Multi-Donor Funds

Group fundraising efforts ("consortium fundraising") require pre-approval by the Vice President of University Advancement. A list of potential donors and a detailed solicitation plan must be submitted by the frontline officer. A lead donor must be identified to serve as the University contact, sign the gift agreement, and commit to contributing at least 50% of the minimum fund amount over five years. These consortium fundraising policies do not apply to internal University accounts or gift funds created for existing departments, programs, or initiatives.

New Gift Accounts

New gift accounts are initiated by the Office of University Advancement and must be approved and created in the general financial system by the Business Office.

- **Donor Funded Gift Accounts.** To create a new donor-funded gift account, a minimum gift of \$25,000 is required for a current use fund, and a new endowed fund is a minimum gift of \$50,000. All draft gift agreements must have internal approvals before they can be shared with donors for feedback, and final versions must have internal signatures before they can be shared with donors for signature. Depending on the nature of the fund, agreements to set up new funds can take additional time. To set up a new fund, details about the awarding criteria (for scholarships) or other stipulations (non-scholarship) for use and spending are required.
- **Internal Gift Accounts.** To create an internal departmental or programmatic gift fund without a lead donor, approval must be given by the area's budget manager, the Dean or VP, Advancement, and the Business Office.

Memorial and Honorary Gifts:

Undesignated memorial and honorary gifts are directed to the Butler Fund. For larger contributions or accumulated smaller gifts, a permanent endowed fund can be established in memory/honor of an individual with a minimum gift of \$50,000. Requests are handled through the Office of Donor Relations. The Advancement Services team should be notified of the intent to create an endowed fund as soon as possible for proper tracking.

Memorial and honorary gifts are acknowledged to the donor when applicable. A list of donors (excluding gift amounts) may be provided to interested parties by University Advancement.

Authority of Policy

The policies outlined above shall become effective June 1, 2024, and shall supersede any existing policy or policies purporting to cover the subject matter of this document.

These gift policies will be reviewed by the Office of University Advancement prior to May 31 in even-numbered years, or as warranted by changes in law and university policy. Any changes shall be approved by the University Board of Trustees.

None of the reporting and counting guidelines for Butler University are so rigid as to preclude exceptions for special circumstances at the discretion of the President and/or Vice President of Advancement.