

---

## 2206 ILLIQUID GIFT ACCEPTANCE POLICY

---

Effective: July, 2003  
Revised: March, 2006  
Last Reviewed: April, 2018  
Resp. Office: Treasurer  
Approval: Treasurer

---

### PURPOSE

---

To identify the policies and issues surrounding the acceptance of illiquid gifts.

---

### POLICY

---

The following factors should be reviewed by the appropriate Development Officer in coordination with Trust Administration for gifts which **cannot** be readily liquidated (liquidated within one week). Note that in all cases, the donor should be informed that his/her gift credit is the realized sale proceeds.

Purpose of the Gift:

**Endowment:** An illiquid gift is generally acceptable.

**Building Fund:** Acceptable only if the school/center and the Vice President for Finance and Treasurer determine it meets funding requirements for the building.

**Current Fund:** An illiquid gift is generally acceptable.

**Scholarship Fund:** An illiquid gift is acceptable only if the securities generate income or if awards are made following liquidation of the securities.

Other Liabilities:

For limited partnerships or other commingled vehicle investments, Trust Administration must seek a review by the Office of General Counsel to determine if there are any other potential liabilities associated with the investment.

If there are no potential liabilities:

- The Vice President for Finance and Treasurer should make a determination as to whether to accept the gift.

If there are no other potential liabilities, coordinate with Trust Administration on the following:

- Confirm that the purpose of the partnership is one which is not in violation with the University's mission,
- Confirm that reporting or other requirements are not unduly cumbersome,
- Accept the gift, subject to the fund restrictions listed in the Purpose of the Gift above.

#### Gift Credit

- Realized sale proceeds are used as gift credit for illiquid securities.

#### Receipting

- Receipts will have no dollar value stated for illiquid gifts. It is the donor's obligation to establish a gift value. The donor will be notified of sales proceeds, once realized, if sold within 2 years of date of gift.

#### Hedging restricted stock gifts

- The Treasurer's Office may consider hedging strategies for gifts above \$250,000 in an attempt to preserve the value of the gift. Following a review of hedging opportunities with outside brokers/advisors, recommended hedging strategies (including an estimate of their cost) will be communicated to the relevant school/center. Any cost associated with hedging will be deducted from the proceeds of the gift and so borne by the relevant school/center. The Treasurer's Office may recommend against hedging strategies in light of cost, timing or liquidity issues.