2206 ILLIQUID GIFT ACCEPTANCE POLICY

Effective: July, 2003
Revised: March, 2006
Last Reviewed: April, 2016
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 <u>are no potential liabilities</u>:

- 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.