THE COLLEGE OF NEW JERSEY
FOUNDATION

Counting and Reporting Policy for the Comprehensive Campaign
July 1, 2012 through June 30, 2017

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Overview

Purpose and Guidelines

The purpose of the Campaign Counting and Reporting Policy for The College of New Jersey (TCNJ or the College) and The College of New Jersey Foundation (TCNJF or the Foundation) is to define how outright gifts, pledges, irrevocable and revocable deferred gifts will be counted and reported during the campaign period, which begins on July 1, 2012 and ends on June 30, 2017.

The Foundation is the fiscal agent of all private gifts and grants made in support of the College.

The Trenton State College Corporation provides off-campus real estate management, acquisition and development on behalf of The College of New Jersey.

All gifts received and pledges confirmed for the campaign will count towards the campaign's comprehensive goal. Donors are encouraged to make outright commitments, however, planned giving vehicles are available to accommodate a variety of philanthropic goals. Commitments to the campaign made through outright gifts or pledges over a five-year period may include:

- Cash or cash equivalents
- Securities or other types of appreciated assets
- All forms of charitable remainder trusts, gifts annuities, pooled income trusts, charitable lead trusts and life estates
- Insurance
- Certain gifts subject to the age of the donor and with the execution of a contractual gift agreement
- Real and personal property, equipment, art work and other gifts-in-kind
- Corporate and privates matching funds

The following policies seek to assume that all gifts will provide the maximum benefit to the College, the donor and the donor's heirs. Except where stated otherwise, these policies are intended as guidelines. The College of New Jersey will seek the advice of qualified legal and financial counsel whenever appropriate. Any potential donations that fall outside these guidelines must be approved by the Vice President for College Advancement and the President of The College of New Jersey as determined by the size and scope of the gift. Donors are always encouraged to consult with their own legal and financial advisors when considering special gifts.

Documentation

All gifts, pledges or planned gifts to the Campaign require written documentation in the form of a gift agreement, fund agreement, pledge form or contract, or trust/estate/gift documents. Pledges will only be recognized for the campaign if there is written documentation as outlined in the policy in order to be counted in the campaign totals.

Only gifts, pledges or planned gifts authorized by the Vice President of College Advancement or his or her authorized designee will be accepted by The College of New Jersey Foundation.

Methodology

It is important to clarify the differences in counting and reporting, which are measures of fundraising, from accounting guidelines, which follow the principles established by the Financial Accounting Standard Board (FASB) and Government Accounting Standard Board (GASB). In general, counting and reporting are terms used by development offices to track all of the gifts, pledges and deferred gifts that are received during a specified period towards a specific fundraising goal. The intent of counting and reporting is to reflect the total impact of fundraising efforts by representing all gifts, pledges and deferred gifts at their face value.

Fundraising amounts represented in the Foundation's reporting for the campaign follow FASB guidelines, which discounts the face-value of gifts, pledges and planned gifts based on IRS discounting methodologies for determining the present value of future receipts. This is not a measure of fundraising effort, but a measure of the future value of a gift. The audited financial statements for the Foundation solely reflects realized revenue and excludes pledges, bequests and other deferred gifts as stipulated by GASB guidelines.

Outright Gifts

Assignments of Income

Assignments of income for services rendered (e.g., speaker's fees) will be counted at the gift's face value. Legal credit for tax purposes will be assigned in accordance with IRS guidelines. Recognition credit will be given to the person directing the assigned income to the Foundation.

Auctions and Other Special Events

Gifts of tangible personal property to be sold at auction shall be counted at full market value based on either information supplied by the donor or, in the absence of such, by the Foundation. Gifts with fair market value exceeding $5,000 shall be counted at values placed on them by a qualified independent appraiser. The appraisal fee will be secured by and paid for by the donor.

Cash, Checks and Credit Cards

Cash, check, and credit card gifts are counted at face value on the date the Foundation processes the gift.

The date on which the Foundation processes cash, check and credit card gifts is not necessarily the date of gift for the donor's tax purposes. It is the responsibility of each donor to maintain accurate records of the date of gift. Donors should not rely on our gift receipt for such proof.

Closely Held Stock

Gifts of securities that are not publically traded will be accepted at the discretion of the Foundation on a case-by-case evaluation of the conditions affecting the eventual sale of the securities by the College or its agent. Such gifts will be credited at fair market value as determined by a qualified, independent appraiser secured and compensated by the donor as required by IRS for valuing gifts of non-publically traded stock. If restrictions are placed on the securities by the donor, or by the terms of the securities themselves, acceptance of the gift shall be subject to prior approval by the Foundation.

Gifts-in-kind (Other Than Real and Personal Property)

Any non-cash gift, other than property (real or personal) or materials of long-lived assets are reported at their fair market face value.

Such gifts may include:

Deep discounts or bargain sales

The discounted amount of a product bought at a non-routine "deep discount" or "bargain sale" will be counted at the face value of the discounted amount.

Royalties

Payments received as royalties from patents, publications or other property not owned by the College or the Foundation are counted at the face value of each payment received.

Gifts of gas, oil, and mineral rights

Gas, oil, or mineral facilities are counted at their readily determinable face (fair market) value. Gifts of royalties from facilities not owned by the College or the Foundation are counted at the face value of each received payment.

Services

The value of a person's or organization's time or service does not qualify for a charitable deduction and is not counted. Persons or organizations that bill the College or the Foundation for a service or product may donate the payment back to the Foundation for credit which is counted at face value.

Software, hardware, and maintenance agreements

Gifts of software and hardware that qualify as a charitable donation under the laws of the appropriate tax authority, and with an established retail value, are counted at the educational discount value (if one exists) or the fair market value. When no educational discount value can be determined, especially in the case of donated software, a value of 50% retail will be deemed fair market value and counted in the campaign.

Gifts with fair market values exceeding $5,000 shall be counted at values placed on them by a qualified independent appraiser. The appraisal fee will be paid for by the donor.

Maintenance agreements are contributed services and not goods. They are therefore not counted.

Publically Traded Securities

Marketable securities are counted at the average of the high and low selling price on the day the donor relinquished dominion and control in favor of the Foundation. Shares of mutual funds will be credited at the net asset value of the shares on the gift date. The College and Foundation's general policy is for securities to be sold immediately by the Foundation through its agent or representative. No employee or volunteer may make a commitment to the donor that a security will be held by the College or the Foundation.

Matching Gifts

Matching gifts received from companies and foundations are counted at the face value of the gift. Potential matching gifts (claims) will not be counted in the campaign until realized. Donors may include matching gifts in their pledge to the College but will only receive recognition once the matching gift payment is fulfilled, including circumstances in which the donor will be utilizing matching gifts towards a naming opportunity. All matching gift funds will be applied to the same fund(s) as the donor’s original contribution.

Real and Personal Property (Other Than Gifts-in-kind)

Gifts of real and personal property which qualify for a charitable deduction are counted at their full fair market value provided that the value is substantiated by a qualified appraiser and/or IRS Form 8283 by the donor.

Real property

Also called "real estate" or "realty," real property includes land and any buildings or natural resources on that land. A gift of real property may take the form of an outright gift of the donor's entire interest in the property, or the donor may wish to retain a life interest in the property.

Should a donor wish to enter into an agreement for a gift of property subject to a retained life tenancy, the gift must meet the following conditions:

- The property must have a minimum value of $300,000 established by a qualified appraiser.
- The tenants shall be aged 65 or older by June 30, 2017.

Life tenancy contracts must include provisions stipulating that the tenant-donor is obligated to maintain the property, that the tenant-donor is financially responsible for its physical upkeep in all respects that the tenant-donor pays all taxes on the property as well as necessary insurance, and that tenant-donor does not encumber the property with debt of any kind.

Personal property

Personal property is defined as anything other than real property that is subject to personal ownership. Examples include: cars, boats, aircraft, equipment, software, printed materials, patents, food or other items used for hosting dinners, gas or oil wells, collections of art, copyrights of cultural, artistic, and other literary works, and computer software under development.

Caution should be exercised to ensure that only those gifts that are readily convertible to cash or that have actual value to the College, the Foundation or the Trenton State Corporation are counted at their full fair market value. It will be determined by the College and the Foundation when it is appropriate for a property to be transferred to the Trenton State Corporation.

Whether the gift is of a present interest or the remainder interest, an independent appraisal is necessary as required by the IRS for valuing non-cash charitable contributions for all gifts of fair market value exceeding $5,000. Gifts of $5,000 or less are reported at the value declared by the donor or a qualified expert on the faculty or staff of the College or some other method at the discretion of the Gift Acceptance Committee of the College.

Donors of real or personal property will receive campaign credit for the fair market value of the property. In a case of a split-interests or retained life estate, the donor will receive campaign credit based on the present fair-market value of the gift. Such gifts will be counted in campaign totals as irrevocable planned gifts.

Generally, gifts of real estate will be liquidated on the public market as soon as possible, rather than held and managed for investment purposes. Under most circumstances, the College and the Foundation will not accept real estate or property encumbered by a mortgage or debt.

Commitments

Pledges

Pledges with a value of $2,500 or more which are documented in writing for the campaign with a fixed time schedule for payment in full no later than five years from the date of the pledge will be counted in full at the time of the pledge. Verbal pledges (such as phone-a-thon) pledges will not be included in campaign totals but the payment will be included.

While all pledges are subject to review by the Foundation, all conditional pledges will be reviewed on a case-by-case basis by the Vice President of College Advancement and be reviewed by the Foundation Board of Directors prior to being accepted by the Foundation and counted in the campaign.

Pledges with a payment schedule of more than five years will only be accounted in the campaign at the discretion of the Vice President of College Advancement.

Statements of Intent

Statements of Intent are non-binding agreements between an individual and the Foundation. They are not legally enforceable and therefore are not carried on the College's financial statements.

Pledge Fulfillment and Naming Opportunities

As outlined in The College of New Jersey's Guidelines for Naming of Physical Facilities and Major Assets (dated June 24, 2004), in the event that the flow of funds agreed to constitute a naming opportunities ceases before the established time, the use of the benefactor's name for a facility may be discontinued.

Irrevocable Deferred or Planned Gifts

Charitable Gift Annuities

Gifts made in exchange for a charitable gift annuity shall be counted at the face value of the asset transferred for public reporting purposes and as deferred commitments for the campaign.

The minimum gift to establish a gift annuity is $10,000. The Foundation will accept gifts for gift annuities from donors aged 65 and older and deferred gift annuities from donors aged 50 and older.

Charitable Lead Trusts

Gifts from charitable lead trust shall be counted at face value of the five year pledge payment income stream for public reporting purposes. Should the lead trust have future distributions for the Foundation and the initial lead trust pledge has been fulfilled, then an additional pledge will be counted at face value of the five year pledge payment income stream or the remainder of the years in which the trust will be distributed, whichever is less.

Charitable Remainder Trusts

Gifts made to establish charitable remainder trusts (CRT)+ which irrevocably name The College of New Jersey Foundation as a remainder beneficiary are counted at face value for public reporting purposes when the donor is aged 65 and older. Such gifts will be recognized as deferred commitments for the campaign. Where the College or the Foundation is not the sole beneficiary of the CRT, only the percentage directed to the Foundation will be counted for both public and internal purposes. The same counting standards apply whether the College, the Foundation or an external firm serves as Trustee.

Life Insurance

Irrevocable gifts of life insurance policies are counted at their Interpolated Terminal Reserve Value if and only if the Foundation has been named both owner and beneficiary of the policy and the donor is 65 or older. The Interpolated Terminal Reserve Value must be obtained from the issuing insurance company or a qualified insurance appraiser.

If a donor names the Foundation as beneficiary of a policy but does not irrevocably transfer ownership of the policy, the donor has not made a current gift. Such a donor will receive gift credit only after the Foundation receives the death benefit.

The Foundation may accept an irrevocable gift of ownership of certain types of life insurance policies, including existing paid-up policies, existing policies that are not fully paid-up, and new policies. The Foundation will not accept ownership of term policies, which have no current value, or group life policies, for which ownership may not be transferred.

Acceptable gifts of life insurance will be counted as follows:

Paid-up Life Insurance Policies

Paid-up life insurance policies irrevocably given to the Foundation partially or in full where no future premiums are payable will be counted at their Interpolated Terminal Reserve Value on the date of the gift. Such policies will be counted at face value as well as present value for internal purposes.

Existing Policies – Not Fully Paid Up

A life insurance policy that is not fully paid-up on the date it is irrevocably given to the Foundation will be counted at the Interpolated Terminal Reserve Value on the date of the gift, if given during the campaign. Additionally, where the payment of premiums is pledged over a five-year period, the value of such premiums will be counted in campaign totals.

New Policies

When a donor establishes a new life insurance policy and names the Foundation as the irrevocable owner and beneficiary, the gift has no current value and is thus not campaign countable. However, where a pledge is secured for premiums to be paid by the donor over a five year period, the value of such premiums will be counted in campaign totals.

Realized Death Benefits

When the Foundation is owner and beneficiary or simply the beneficiary of a policy and the death benefit is realized during the campaign period, the insurance company's settlement amount will be counted in campaign totals, less any amounts previously counted.

Life Estate Gifts

Irrevocable gifts of remainder interests in personal residential property where the donor reserves a life estate in the property are counted at the fair market value of the Foundation's remainder interest in the property for public reporting purposes. These gifts are counted at their discounted present value for the campaign.

Pooled Income Funds

Gifts made to establish a pro-rata shared interest in a pooled fund shall be counted at face value for public reporting purposes and at their discounted value for the campaign.

Realized Planned Gifts

A realized planned gift will fall into one of two categories: those not previously counted as expectancies and those that were previously counted as expectancies.

Realized Gift from Expectancy Not Previously Counted

Realized planned gifts not previously counted as expectancies are counted at the face value of the gift upon receipt. If other than cash, they are counted at fair market value upon receipt.

Realized Gift from a Previously Counted Expectancy

When planned gifts that were previously counted as expectancies are realized the amount counted will be adjusted for any variance.

Split Interest Trusts

Gifts made to create a split interest between a third-party beneficiary and the Foundation are counted based on the contingencies established in the trust. If the Foundation retains a remainder interest at the end of the trust, then the face value of that interest is counted for public reporting purposes and the discounted present value for the campaign. Any subsequent payments received from the trust are not counted in fundraising totals, but recorded directly to the Foundation's financial systems.

If the Foundation does not have a remainder interest but ultimately receives payments during the life of the trust, then the payments are counted at face value for public reporting purposes and the campaign.

Wholly Charitable Trusts Administered by Others

For public reporting purposes, gifts benefiting the Foundation from a wholly charitable trust administered by an external fiduciary are counted at the face value of the Foundation's interest, or fair market value where the assets are non-cash, provided that the Foundation has an irrevocable right to all or a predetermined portion of the proceeds of the trust.

Distributions from trusts such as this are not counted in fundraising totals, but are recorded as endowment income in the Foundation's financial systems.

Revocable Deferred or Planned Gifts

Planned Gift Expectancies Overview

Planned Gift Expectancies are revocable deferred gift commitments from individuals and include, but is not limited to, bequests in wills, charitable gifts in trusts, charitable remainder trusts where the Foundation is a revocable beneficiary, beneficiary designations in life insurance policies that the Foundation does not own, and beneficiary designations from IRAs and qualified retirement plans. Planned Gift Expectancies made by donors may be counted beginning at age 60.

For donors age 65 or older by the end of the campaign, planned gifts shall be counted to the campaign at the full value of the expected gift. To be counted, such expectancies must be in the form of a specified amount, or a percentage of the donor’s estate or relevant asset pool, as appropriate, based on a credible estimate of the future value of such estate or asset pool at the time the commitment is made.

For donors age 60 or older but who will not turn 65 by the end of the campaign, planned gifts shall be counted to the campaign at 50% of the value of expected gift. To be counted, such expectancies must be in the form of a specified amount, or a percentage of the donor’s estate or relevant asset pool, as appropriate, based on a credible estimate of the future value of such estate or asset pool at the time the commitment is made.

Specific Dollar Gifts

A testamentary intention of a specific dollar amount shall be counted at full-face value.

Percentage Gift

The expected value of the donor’s estate or principal pool at the donor’s death must first be determined. Once a credible estimate of the future value of the asset pool has been determined, the amount going to the Foundation can be qualified and counted towards the campaign at full-face value.

Miscellaneous

Should a donor wish to use a sophisticated estate planning technique, some deferred gifts may be included in the campaign at the discretion of the Vice President for College Advancement

For a Planned Gift Expectancy to qualify as campaign countable, certain minimum documentation must be obtained. The Foundation must have either, but preferably both, of the following:

1) a writing signed by the donor describing the Planned Gift Expectancy, including the anticipated or projected amount and any terms or contingencies on the gift (often termed a “Bequest Intention Letter” or “Estate Intention Letter”);

2) or, a copy of the relevant provision of the legal instrument establishing the Planned Gift Expectancy such as a copy of the will or trust provision, a copy of the IRA beneficiary form, or a copy of the beneficiary form for a qualified retirement plan.

Planned Gift Expectancies which are contingent upon the happening of a certain event may not qualify for campaign counting, particularly if there is a substantial likelihood no gift will result for the benefit of the Foundation,

Example of a Contingent Planned Gift Expectancy – Not Campaign Countable

- *A will or trust provision directs all of donor’s assets to multiple living descendants, and then to the Foundation if no descendants survive.*

Beyond newly solicited and accepted Planned Gift Expectancies, there are a variety of ways that potentially countable Planned Gift Expectancies might develop during the course of the campaign.

Examples of Newly Countable Planned Gift Expectancies

- *The Foundation had no previous knowledge of the expectancy, but during the campaign learns about and properly documents it.*

- *The Foundation knew about the expectancy prior to the campaign but did not have sufficient documentation. During the campaign, the Foundation acquires sufficient documentation.*

- *The Foundation knew about the expectancy and had sufficient documentation prior to the campaign, but failed to properly record or report the expectancy.*

- *The Foundation recorded, reported, and documented the expectancy prior to the campaign. During the campaign, the Foundation learns that the anticipated amount has increased and this increase is supported by sufficient documentation. The increase may be counted.*

Although certain Planned Gift Expectancies can theoretically be irrevocable, they are rare. If irrevocable, such gifts are reported based on the IRS's monthly published discount rate for life expectancy tables for annuities.

Transactions Not Counted in the TCNJ Campaign

- Advertising revenue
- Alumni membership fees and/or dues
- Appraisal costs
- Investment earning on gifts, even if accrued during the campaign counting period
- Contract revenues, including sponsored research funds not administered by the Foundation
- Contributed services
- Earned income, including transfers from medical practice plans or other money-earning programs or businesses affiliated with the institution
- Governmental funds, whether local, state (including state matching grants), federal, or foreign
- Investment earnings on gifts
- Monies received as the result of exclusive vendor relationships
- Proceeds from routine sale of merchandise
- Sales tax on the purchase of goods
- Tickets purchased at fair market value or the face value of the ticket
- Tuition payments
- Any gifts or pledges that already have been counted or previously recognized by the Foundation or the College, including a deferred gift realized during the campaign reporting period
- Gifts directed to social organizations such as student organizations, unless the gift supports a fund administered by the Foundation and/or the College for the benefit of that organization

Campaign Reporting Information

Campaign Time Frame

The Campaign begins on July 1, 2012 and ends on June 30, 2017. The first two and 1/2 years of the campaign will be known as the quiet phase, followed by two and 1/2 years of a public phase.

Campaign Totals

The Foundation will report the campaign totals listed below:

1. The total of outright gifts and pledges received for the endowment campaign, reported at face value and payable within the campaign period and post-campaign accounting period.

2. The total of outright gifts and pledge payments received for the annual campaign, reported at face value and payable within the campaign period and post-campaign accounting period. This may include realized bequests towards the annual campaign not previously recognized by the College or the Foundation.

3. The total of irrevocable and revocable deferred commitments, reported at face value, which will be received at an undetermined time in the future.

4. The total of irrevocable deferred commitments, reported at present value, which will be received at an undetermined time in the future.

Special Circumstances

None of the reporting and counting policies for the Foundation are so rigid as to preclude exceptions for special circumstances at the discretion of the President or Vice President for College Advancement. All exceptions not delineated in the above document will require written authorization by the President or the Vice President for College Advancement.