

Endowment and Capital Gift Agreements

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Policy Type [University](#)

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Oversight Executive

Vice President for Advancement

Applies To University-wide and University-Associated Organizations.

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Reason for Policy

To standardize basic policy on gift agreements for (a) commitments of \$100,000 or more, (b) named endowment gifts at any level, and (c) capital gifts at levels that include naming rights. To ensure that gift terms and conditions, obligations and restrictions are fully and consistently identified, described and evaluated, and appropriately authorized.

Definition of Terms

Capital Construction Gifts

Description

Fully expendable funds intended by a donor to finance building construction and/or renovation of capital facilities.

Endowment Gifts

Description

Generally, restricted funds intended to support indefinitely a specific on-going purpose desired by a donor, such as a University program or a chair. The principal is normally not expendable on a current basis under the terms

of the gift. The corpus or principal is instead invested for the long-run with generated income dedicated to supporting the stated purpose(s) of the endowment indefinitely.

Policy Statement

All gift commitments of \$100,000 or more, all named endowment gifts at any level, and all capital gifts that include naming rights must be memorialized in signed agreements, closely modeled after the template gift agreement noted below, and authorized by designated University and University-Associated Organization (UAO) officers. Gift terms may not be negotiated by anyone on behalf of the University or a UAO if that person has a conflict of interest. These requirements are dealt with more specifically in the sections below.

1. Signed Agreements:

All gift commitments of \$100,000 or more, all named endowment gifts at any level, and all capital gifts that include naming rights must be memorialized in written, signed gift agreements setting forth all terms, conditions and obligations as noted in the template below. Gifts (including pledges) contingent upon a future event or undertaking (such as challenge grants or matching gifts) or upon the University's performance or satisfaction of a condition or objective desired by a donor must also be memorialized in a written and signed agreement. This policy ensures that gift terms and conditions, obligations and restrictions, are fully identified, described, and evaluated, and appropriately authorized. Agreements may be customized to reflect specific understandings and gift objectives. The Assistant Vice President for Development should be consulted on material changes in the agreement's terms early in the discussions with the donor.

For *endowment gifts*, there are [minimum funding levels](#) required by the University which development officers should consult. Where state-matching is a component of the gift agreement (e.g., the Virginia Graduate and Undergraduate Assistance Program), the gift must be administered by the University, unless an exception is approved by the University's Executive Vice-President and Chief Operating Officer authorizing a UAO to administer a gift with a state-matching component.

For *capital construction gifts*, all University capital projects must be approved by its Board of Visitors (and the State, where applicable) before commencing construction. Because the University will be seeking approvals and executing contracts in reliance on the gift, the pledge must be binding or fully performed to the University's satisfaction. As a general rule, pledge periods should not exceed five years. Any naming rights desired by a donor with respect to University facilities or programs must also be duly approved by the University. Development officers should be familiar with University policy governing naming rights and project authorizations.

[NOTE: A multi-year pledge will receive gift recognition based on the face value of the pledge. However, for financing purposes the capital budget for a construction project will include only the present value of the multi-year pledge, discounted to the date when costs are incurred. Bridge financing may be required, depending on the timing of cash receipts and disbursements.]

2. Authorization Required:

Only designated University and UAO officers authorized to sign gift agreements may do so on behalf of their organizations. No person purporting to act for the University or a UAO may commit either organization to any gift agreement, term or condition, without proper authorization. When in doubt, development officers must consult with their superiors, and make no commitment to a donor or prospect

without proper authorization.

The following signatures are specifically required:

- a. Donor(s);
- b. Dean of the school (or Director of the program) to which the gift is designated;
- c. Executive Vice President and Chief Operating Officer (for endowment gifts and capital gifts);
Senior Vice President for Development and Public Affairs for other types of gifts;
- d. [Where a Foundation is also accepting the gift], the Foundation's Executive Director.

3. **Conflict of Interests:**

Gift terms may not be negotiated by anyone on behalf of the University or a University-Associated Organization if that person (or anyone in his or her family) has any existing or foreseeable financial dealing or personal business with the prospective donor. Such circumstances or any other situation that may reasonably be perceived as conflicting must be promptly reported to appropriate supervisors/managers, who are responsible for overseeing the integrity of negotiations and transactions. **Under no circumstances** may any gift agreement provide any employee of the University with any personal benefit unless approved in writing by the University's President or Vice-President in charge of the affected department or activity.

Gift Agreements should identify or clarify the following matters:

- Identification of the donor and amount of the gift, including payment schedule if the gift will not be paid in full at the time of executing the gift agreement, and description of any condition or contingency to payment;
- Clarification on how the gift will be invested and distributed, including whether the funds are restricted to a specific purpose(s);
- For naming rights with respect to University facilities, programs or other operations, the gift should be made subject to University policy and the specific name desired by a donor identified, if known;
- Clarification on whether additions to an endowment fund can be made by others and if the gift will be predicated on any challenge or matching requirement;
- Detail relative to the percentage of the gift (if any) to be designated to the appropriate dean's/director's discretionary fund;
- Whether a pledged sum is intended to be binding on the donor and enforceable against the donor's estate;
- How unexpended income will be handled;
- How the agreement may be amended; Options in the event of inadequate funding to support the stated purpose;
- In the case of long-term endowment gifts with a donor deceased or unavailable, clarification on authority of the Board of Visitors to approve a closely-related purpose if the original purpose becomes obsolete or precluded because of changes in the law or other good cause;
- Authorized signatures of all parties. Where someone signs on behalf of the donor or is making a corporate gift, verification that the person signing is authorized to commit the donor or corporation. Legal counsel should be consulted when in doubt or when a limited partnership or other legal entity may be making the gift.

4. **Compliance with Policy:**

Failure to comply with the requirements of this policy may result in disciplinary action up to and including

termination or expulsion in accordance with relevant University policies.

Questions about this policy should be directed to the [Office of University Advancement](#).

Procedures

1. School/unit officers work with the donor to draft a gift agreement using the template gift agreement noted below.
2. Draft gift agreements are then sent to the office of the Assistant Vice President for Development (the “AVP”) in the Office of Development and Public Affairs for review. The AVP’s office will review the draft agreement to ensure that all relevant information is included and suggest changes if needed. As necessary, the AVP’s office will work with the University and with the school/unit officer to properly reconcile and document specific needs of the University and the wishes of the donor. If changes are required, the AVP’s office will send the agreement draft back to the school/unit officer for revision and discussion with the donor as necessary.
3. Once revisions are made, the school/unit officer will send the draft agreement back to the AVP’s office, where all changes will be reviewed for accuracy.
4. Once finalized, the AVP’s office will print four copies (one each for the AVP’s office, the University signatory’s office, the school/unit beneficiary and the donor) and submit the agreement to the EVP/COO’s office (or to the office of the SVP, as appropriate to the gift type) for signature.
5. The signed copy will be returned to the AVP’s office to transmit to the school/unit for Foundation signature (as appropriate) and donor signature.
6. Final signed copies should be provided by the school/unit to the office of the EVP/COO and the AVP for Development.

The standard gift agreement template for gifts covered by this policy can be found at: [Standard Gift Agreement](#).

This template includes mandatory language and elements but can be customized as appropriate when special circumstances warrant. The Assistant Vice President for Development in the Office of University Development and Public Affairs should be consulted for any complex or unusual term(s) or condition(s).

Related Information

University Minimum Endowment Levels (as of May 2007)

- \$50,000 – Prize/Award; and Memorial/Commemorative
- \$50,000 – Library Funds (effective July 1, 2007)
- \$100,000 – Lectureship (effective July 1, 2007)
- \$100,000 – Unrestricted endowment
- \$100,000 – Graduate fellowship
- \$100,000 – Undergraduate scholarship
- \$500,000 – Named Research Fund
- \$1,000,000 – Faculty Fund for Excellence
- \$2,000,000 – Endowed Professorship
- \$5,000,000 – Endowed Deanship

Major Category [Finance and Business Operations](#)

Next Scheduled Review Sunday, March 18, 2012

Revision History

University-Related Foundation changed to UAO 5/10/22; Added Compliance section 7/19/21; Updated 3/18/09; 10/20/2008.

Category Cross Reference

[External Relations](#)

Approved By Policy Review Committee

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