



## UARctic Policies & Processes - Gift Acceptance and Fees

*Approved by the UARctic Board of Directors on 16 April 2024.*

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## INTRODUCTION

UARctic ry (UARctic) is a legal non-profit association registered by the Finnish Patent and Registration authorities (business ID# (y-tunnus) 3093078-6 or FI30930786. The UARctic Constitution is the prevailing governing document of the association. The vision of UARctic is a strong, engaged, informed, and dynamic North, creating better lives and environments for all northerners. The mission of UARctic is to develop knowledge to address local and global challenges of relevance to Arctic peoples and societies by providing unique educational, research, and innovation opportunities through collaboration within a powerful network of member institutions.

## PURPOSE

This document governs UARctic's solicitation, acceptance, and recognition of philanthropic gifts received by UARctic for the benefit of its programs or those of its member organizations. This includes gifts from individuals, corporations, foundations and trusts, and organizations. This policy also provides guidance regarding gift acceptance to facilitate the gift-giving process for donors.

## ROLES AND RESPONSIBILITIES

Staff and volunteers engaged in UARctic fundraising activities will abide by ethical principles in fundraising including honesty, respect, integrity, empathy, and transparency, as well as follow confidentiality and privacy policies.

The **Board of Directors** is responsible for oversight of all UARctic activities, including oversight of this policy. The Board should review this policy every two years.

The UARctic Board Philanthropic Fundraising Advisory Group - **Týr** - is responsible for overseeing the philanthropic activities of UARctic, and makes recommendations to the Board of Directors.

The **President** is responsible for the final review and approval of all gift agreements.

The **Gift Acceptance Committee** reviews naming opportunities, minimum gift levels for endowments, and all non-standard gift agreements.

The **Executive Director of Development** oversees UARctic's fundraising strategy and is supported in this effort by staff at the International Secretariat and the UARctic Foundation (US). They define, lead, and participate in a broad array of fundraising activities. To ensure coordination, any UARctic staff member or volunteer who is engaging with a donor should coordinate with the Executive Director of Development.

The **finance support staff of UARctic** is responsible for matters related to the accounting of contributions. They will provide financial operational support, accounting and reporting on gifts and grants, according to UARctic policies and processes, and will ensure compliance with the appropriate governing and legal entities.

The **Donor** is responsible for securing their own independent legal, tax, and financial advice for all gifts to UARctic. UARctic will not act as an advisor to any donor in any of these respects.

## GIFT TYPE DEFINITIONS

**Gifts** - A “gift” is an irrevocable transfer of an asset without an expectation of reciprocal consideration, other than appropriate acknowledgement and recognition. UArctic may accept gifts provided they are lawful, consistent with the purpose of the organization as defined by its governing documents, do not violate the terms of this policy are not so restricted that they are impracticable or diminish the value of the gift, and do not inhibit UArctic from seeking gifts from other donors.

**Current Gifts** - A current gift involves the irrevocable transfer of an asset by a donor. Current gifts are placed at the immediate disposal of UArctic in accordance with the donor’s intent. Most types of property may be donated as current gifts.

**Deferred Gifts** - A deferred gift involves the pledged transfer of an asset by a donor.

**Pledges** - A “pledge” is a written promise of a gift or gifts in the future. UArctic may document conditional or unconditional pledges for donor recognition and planning purposes pursuant to the terms of this policy, accounting policies, and the donor recognition protocol. Typically, a pledge is not enforced as a legally binding contract.

**Grants** - A “grant” is an award of funds with a defined purpose and requirement for ongoing assessment of the progress of the activities funded, with the objective of determining if the terms and conditions of a grant are being met and if the goal of the grant is achieved.

**Philanthropic Grant** - A philanthropic grant is defined as an *irrevocable* transfer of an asset by a donor that has conditions and terms requiring ongoing assessment and reporting on progress of the funded activities.

**Non-Philanthropic Grant** - A non-philanthropic grant is defined as a *revocable* transfer of an asset by a donor that includes conditions and terms requiring the ongoing assessment and reporting on progress of the funded activities. Agreements typically include a return clause if terms and conditions are not met.

## GIFT ACCEPTANCE

Gifts may be made by individuals, foundations or trusts, corporations and other types of organizations, such as trade associations. However, gifts and pledges will only be accepted by the entity exercising legal control over the assets to be given.

Acceptance of a gift may have attached conditions to be fulfilled and followed by the donor, as stated in a gift agreement, or deed of gift. However, gifts with reporting above and beyond a typical gift agreement, or those with return clauses will be treated as grants, as determined by the Gift Acceptance Committee, and subject to Grant Administrative Fees as detailed in the Fees section of this policy.



Gifts may be designated for use by UARctic or by one or more of its member organizations or programs. UARctic accepts gifts for use in the current fiscal year or near-term future and endowment gifts for investment in perpetuity.

### Gifts That Can Be Accepted

A gift may be accepted if:

- The donation and its terms are in accordance with our values, purpose, and strategy.
- The donation and its terms don't endanger the reputation, limit autonomy, or conflict or compromise the operating or other principles of UARctic.
- UARctic is familiar with the donor and the origin of the donation well enough, and the donation is consistent with the laws of the country from which the donation originates.
- The financial costs or other liabilities arising from the donation are within reasonable limits.

### Gift Acceptance Committee

Certain potential gifts may be reviewed by the Gift Acceptance Committee. UARctic reserves the right to refuse or return gifts that may be deemed inappropriate by the Gift Acceptance Committee. Decisions by the Gift Acceptance Committee are final.

The Gift Acceptance Committee shall consist of the following individuals or their designees:

- President
- Secretary General, Head of UARctic International Secretariat
- Executive Director of Development for Organization

Decisions will be made by a majority of the committee. At its discretion, the Committee may choose to elevate a gift acceptance question to the Board Philanthropic Committee, or seek the advice of legal counsel in matters relating to acceptance of gifts.

### Gifts that Require Review

The majority of gifts will be documented with a gift agreement or deed of gift and will not require the review of the Gift Acceptance Committee. However, gifts which may be referred to the committee include, but are not limited to, the following::

- It may result in an unacceptable or perceived conflict of interest
- It may expose UARctic to reputational or financial harm
- It will compromise UARctic's control over its research or programs, or otherwise limit the full and impartial operation of UARctic
- It includes a return clause if certain conditions are not met
- The intended purpose of the gift cannot foreseeably be met
- The terms are so narrowly defined that effective use or administration, immediately or over time, would be problematic
- The cost to administer the donation or sponsorship will constitute a substantial portion of the funds raised.
- It may subject UARctic to substantial commitments or potential liability



- The gift is an exception to existing guidelines or which fall outside the definition of acceptable gifts in this policy.

## MAKING A GIFT

### How to Make a Gift

Gifts may be made directly to UARctic or to one of the affiliates with which UARctic has a Memorandum of Understanding governing fundraising. These include:

- UARctic Foundation (US)

Gifts made directly to UARctic are preferred. However, donors can make the most tax advantaged giving decisions for their individual financial situations.

### Forms of Giving

UARctic accepts the following forms of giving:

**Cash and cash equivalents**, which includes credit card transactions, and electronic fund transfers.

**Pledges**, which must be recorded in a written gift agreement outlining a mutually agreeable payment schedule over a maximum period of five (5) years.

**Planned/deferred gifts**, in which UARctic will receive the gift at a future date or over a period of time. These may be gifts in wills or trusts (bequests), or other deferred giving vehicles permitted by the donor's country of residence (e.g., life insurance, bank/investment account or retirement plan beneficiary designations, charitable remainder trusts (CRT), charitable remainder unitrust (CRUT), charitable remainder annuity trust (CRAT) or charitable lead trusts). Final determination of the acceptability of any planned/deferred gift shall rest with the Gift Acceptance Committee.

**Publicly-Traded Securities**, referring to securities regularly traded on a public stock exchange. It is preferred that donors electronically transfer marketable securities directly to UARctic brokerage accounts. It is UARctic's general policy to sell marketable securities upon receipt. However, exceptional gifts of securities may require a prearranged plan for liquidation. Securities which are restricted by applicable securities laws will be reviewed by legal and tax counsel. If the restrictions are deemed to be unreasonable or excessive, acceptance will be determined by the Gift Acceptance Committee.

## GIFT RECORDING

All gifts and pledges will be recorded by UARctic, regardless of whether they are made directly to UARctic or a partner organization. This database will constitute the complete record of funds raised but will not constitute an auditable financial record, as those records will remain with the receiving entities.

### Gift Counting and Crediting

For gifts made directly to UARctic:

- Gifts of cash will be recognized at their present value at the time the gift is received.
- Gifts of publicly-traded securities will be receipted at the mean value of the highest price and



lowest price on the date the stock arrives in UARctic's brokerage account.

Written pledges will be recognized at their full value in the year they are made with annual payments to be made as stipulated in the gift agreement.

Gifts and commitments to UARctic may be announced and recognized only once they are officially recorded.

Donors who inform UARctic they have made a planned/deferred gift are encouraged to provide written documentation of the gift (e.g., a copy, or redacted version, of the bequest, retirement plan, or other document outlining the ultimate source of the gift). Such gifts will not be valued or recorded until the gift is received by UARctic. Unless specified in writing, all such gifts will be considered unrestricted in designation.

### Gift Agreements

UARctic requires a gift agreement or deed of gift under the following circumstances:

- Gifts over €10,000
- Gifts with multi-year obligations and requirement for on-going recognition and stewardship
- Gifts that establish an endowment fund
- Gifts that provide naming recognition
- Gifts where the terms offer benefits beyond customary donor recognition (e.g., logo use, event attendance, special plaques, sector/industry exclusivity, etc.), including all corporate sponsorships
- Pledges of any value when UARctic will rely on the commitment in advance of payments
- When requested by the donor

All gift agreements must be drafted using approved templates. These templates cover all necessary legal and organizational requirements, and may not be altered except as provided in the templates.

The President will be responsible for reviewing and approving all gift agreements. Any gift agreement that deviates from the approved template also must be approved by the Gift Acceptance Committee who, in their discretion, may refer it to the Board Philanthropic Advisory Committee.

### Gift Receipts

All other gifts, regardless of receiving entity, will be receipted in writing with a letter that includes:

- Name of legal donor
- Gift amount
- Date of receipt
- Purpose of gift
- UARctic Gift Collection Permit Number from the Finnish Police Board
- Notice of fees

Gift receipts are provided by the organization through which the gift was made (e.g., UARctic or a



partner organization).

### **Gift Acknowledgment**

UARctic will make every effort to assure gift acknowledgements have been issued by the appropriate receiving entities and will assist donors in liaising with relevant staff at partner organizations as needed.

### **Fundraising Reporting**

Total fundraising in support of UARctic will be reported as the total of all new outright gifts, written pledge commitments, and philanthropic grants recorded in the UARctic fundraising database. Verbal pledges are not counted in giving totals. The amount of actual charitable receipts is accounted for separately.

### **Confidentiality and Anonymity**

All information obtained from or about donors and potential donors will be held in strict confidence. Neither the donor's name, gift amount, nor other conditions of the gift will be made public without approval of the donor, unless required to do so by law.

UARctic will respect a request for a gift to remain anonymous as far as is reasonable, provided that anonymity would not conceal a real or perceived conflict of interest or raise any other ethical or authoritative concerns. A donor's request for anonymity must be approved by the Gift Acceptance Committee, which may refer the question to the Board of Directors.

### **File of Record**

The UARctic International Secretariat maintains the file of record for all documents related to gifts. In the case of written gift agreements, the original signed agreement will be retained by the Secretariat.

## **ENDOWMENT FUNDS**

An endowment is a permanent fund whose principal is invested in perpetuity for the purpose of providing sustainable funding for UARctic or its positions, programs, or other activities.

Individual endowment funds are pooled and invested, and the income is expended in accordance with the prevailing investment and spending policies of UARctic and applicable laws and regulations. Income from new endowment gifts will be available for expenditure a full fiscal year after the completion of the gift, depending on the purpose of the gift and the income needed to fund the donor's intent.

The purpose of an endowment fund should be defined broadly in the gift agreement to ensure UARctic can continue to fulfill the donor's intention while accommodating unforeseen future changes in the needs and operation of UARctic. If another use of a fund is deemed necessary in the future, consent for using the funds in a different manner may be sought from the donor or may be altered in accordance with the terms of the gift agreement. If the use becomes impossible or impractical, court approval may be sought to alter the use.



Endowments require a minimum level of funding to be established, as outlined below. The Gift Acceptance Committee is authorized to update these amounts as necessary.

<b>Endowment Type</b>	<b>Description/Notes</b>	<b>Minimum Gift</b>
General Named Endowment	For UArctic’s unrestricted use	€50,000
Restricted Named Endowment	To support a core program or activity of UArctic, including, but not limited to: mobility, research, thematic networks, or community development.	€100.000
Named Endowed Fellowship	To support the academic endeavors of a specified position and their programs	€500.000
Named Endowed Chair	To support academic endeavors for a specified position and their programs	€1.000.000
Named Endowed Vice Presidents	To support the work of a Vice President	€4.000.000
Named Endowed President	To support the work of the President	€6.000.000

If an endowment will be established by a planned/deferred gift, the realized value must meet the minimum funding requirements in place at the time of receipt. If it does not, the gift will be added to UArctic’s general endowment fund.

**NAMING OPPORTUNITIES**

Naming opportunities enable UArctic to honor those who have made a prominent and/or permanent investment in UArctic through substantial philanthropy. These require a minimum level of funding in order to be established.

The Executive Director of Development will maintain an inventory of all naming opportunities, including programs, positions, and endowed funds. The inventory must be reviewed and approved by the Gift Acceptance Committee, which is authorized to update these amounts as necessary.

Naming opportunities to establish a new center, institute, or program must be approved by the Board of Directors.

All naming opportunities require a written gift agreement and must be funded with outright gifts. The gift agreement must specify the name to be used, the time limit of the naming recognition, and when the name will be added to the position/program. Naming recognition is typically bestowed once the commitment for full funding is signed or accepted cash flow procedure is provided to fund a program or position annually in place.





Naming recognition can be bestowed on individuals or organizations. Families are recognized as an entity. No more than two names will be listed when recognizing individuals.

Organization logos, text type, and images will not be used as part of or in association with a naming opportunity.

Where funds are pledged over a period of time, UARctic may revise or withdraw recognition if the agreed flow of funds ceases or changes from the terms outlined in the gift agreement, without refunding any monies received.

UARctic reserves the right to revise or withdraw naming recognition if the name is likely to damage UARctic's reputation (for example, if there is a change in the donor's reputation subsequent to the name being assigned). The Gift Acceptance Committee will consider whether the naming recognition should be withdrawn or revised and will make a recommendation to the Board of Governors, which has final approval.

UARctic will have no obligation to transfer naming recognition if a named position or program ceases to exist.

## **FEES**

UARctic shall establish reasonable fees, including fees applied to the gifts upon receipt and fees applied to certain funds held by the Foundation. The purpose of the fees is to offset the operation cost of UARctic and the administration of the fundraising and gift management programs. Administrative operations include, but are not limited to: gift receipting, processing, management, and disbursement, investment oversight, accounting and tax reporting, and systems and data management support, donor relations and fundraising efforts to increase the level of private support for UARctic and its member organizations. Fees will be spent in accordance with the laws and regulations set forth by UARctic ry's money collection permit, which is governed by the Finnish Police Board.

### **Administrative Fee**

An Administrative Fee of 5% for non-endowed gifts and 1% for endowed gifts, of the total amount received, will be applied to all gifts received by UARctic.

### **Endowment Fee**

An Endowment Fee of 1% of the market value of each endowment valued as of each December 31 will be levied on the endowments managed by UARctic. Fee deductions will commence the following January.

The Endowment Fee will be deducted from the accumulated earnings portion of the endowments and will be assessed before distributions are made. In cases where there are insufficient accumulated earnings in an account to pay the Endowment Fee, the Endowment Fee will be carried as a deficit in the accumulated earnings portion of the endowment.



### Grant Administration Fee

A Grant Administration Fee of 15% - 25% of the grant amount received will be levied on all philanthropic and non-philanthropic grants administered by UArctic, as determined by the Gift Acceptance Committee and disclosed in the agreement. The fee will be assessed based on requirements from the funder and implementation risk to UArctic. The Fee shall be deducted from the grant amount(s) at the time the granted funds are deposited into the Foundation accounts. Grant Administration Fees will support the administration activities of UArctic.

### Fee Exceptions

The Administrative Fee will not be levied on:

- Non-cash gifts, except gifts that are expected to be sold upon receipt (e.g. publicly-traded securities or real estate), and which will be assessed and Administrative Fee on the net cash sale amount.
- Non-gift portions of Quid Pro Quo Gifts.
- Pledges (Administrative Fee will be applied to all payments on pledges regardless of when the pledge was made).
- Case-by-Case Exceptions

The UArctic President may decide, on a case by case basis, to waive (or adjust, not excluding increasing) the Administrative Fee on specific gifts, on the Endowment Fee for specific funds, or on the Grant Administration Fee for specific grants. In cases where the fees are changed by the UArctic president, those changes must be provided to the donor in writing, prior to UArctic accepting the gift, and may be reflected in a gift agreement or deed of gift.

### Fee Notification

Donors and prospective donors who are engaged in philanthropic conversations with UArctic will be notified of the Fee Structure through appropriate statements in each gift agreement, and on the UArctic website. A brief statement on each gift receipt notifies the donor that a small portion of their gift supports administrative expenses in accordance with the Finnish money collection permit parameters.

### EXCEPTIONS

In rare circumstances, projects may require special consideration that warrant an exception to this policy, including terms that deviate from the standard gift agreement templates. Requests for such exceptions must be made to the Gift Acceptance Committee, who may refer the decision to the Board of Governors.