

DELEGATION OF AUTHORITY FOR EXECUTING CONTRACTS POLICY

APPENDIX A – DEFINITIONS

Applicable Authority means the Board of Trustee's Bylaws, applicable actions or directives of applicable Board of Trustees, and the provisions of this policy or other relevant Institution policies.

Accessioning is the process of transferring physical and legal custody of permanent records and recording the addition of (a new item to a library, museum, or other collection).

Auxiliary Services are a diverse group of service units offering goods and services to the institution that are essential to academic and administrative success. Auxiliary services range from books and media to office products, recreation equipment, landscape maintenance services, and more.

Bargain Sale means the sale of property at less than its fair market value. Frequently, a person will sell property to a 501(c)(3) organization or institution at a "bargain" price (for example, the individual's cost as opposed to its market value). The transaction is partly a gift and partly a sale. It is an arrangement whereby person may sell appreciated property at a lower price than the fair market value ("FMV") to a charity with the difference between the cost basis and FMV considered a tax-deductible charitable gift.

Benevolence means a disposition to do good; an act of kindness; a generous gift.

Bequest means a transfer, by will, of personal property such as cash, securities, or other tangible property. It is a gift of personal property whether intangible (e.g. stocks, bonds) or tangible (e.g. furnishings, paintings, autos, cash) that the owner passes to another person at death.

Business Owner means the individual or department that is submitting a contract or other document for review to ensure that all the business terms, statements of work, product or service descriptions, delivery rates, prices and other important information are accurately depicted and meet the needs of the end-user. This is particularly important as the business owner will manage contracts directly after they have been executed.

Charitable Contribution means a donation of something of value to a gift - supported charitable organization, usually tax-deductible.

Charitable Deduction means the value of money or property transferred to a 501(c)(3) organization, deductible for income, gift, and estate tax purposes. In most cases, the term charitable deduction refers to the portion of a gift that can be deducted from the donor's income subject to federal income tax. A donor's charitable deduction should not be confused or equated with the value of a gift; that is, gifts for the purpose of life income agreements are not federally deductible at their full value.

Charitable Gift Annuity means a charitable gift annuity is a contract between a donor and nonprofit organization or institution whereby the donor makes an irrevocable gift and in return receives fixed, lifetime payments. Under the contract, a charitable organization, in exchange for cash or other property, agrees to pay a fixed sum of money for a period measured by one or two lives. The person who contributes the asset for the annuity is called the "donor," and the person who receives the fixed payments is called the "annuitant."

Charitable Lead Trust means an irrevocable trust, for one or more lives or a term of years, which makes payments to a charity for a period of time with the trustor or other names person(s) receiving the property after the term expires.

Charitable Remainder Trust offer income to the donor or other beneficiaries designated by the donor and are more complex to establish than a charitable gift annuity. There are two basic types, with numerous sophisticated variations possible.

Charitable Remainder Unitrust is where the donor irrevocably transfers money, securities, or other property to a trustee. Usually, the nonprofit organization does not serve as a trustee of a charitable remainder unitrust; that role belongs to a bank trust department or a brokerage firm selected by the donor—or the donor may be the trustee him- or herself.

Charitable Remainder Annuity Trust works like a unitrust except that the income beneficiary receives a fixed dollar amount annually from the trust. The amount distributed to the beneficiaries does not change as the value of the trust increases or decreases. The annuity trust is particularly attractive to people who want certainty about the amount of the annual payments.

Corporate Philanthropy means support through gifts, equipment, supplies, or other contributions by business firms to charitable institutions, sometimes through organized programs that may include corporate foundations.

Codicil means a written and witnessed document that amends an existing will.

Contract means any type of contractual agreement in whatever form (including, but not limited to, letters or memoranda of intent/understanding, emails or any other form) that obligates RISD in a binding agreement with an external entity, employees of the Institution or any other third party to receive or provide payments, services, goods or gifts by RISD or requires the use of RISD property, facilities or resources, which is enforceable at law. A contract usually involves the purchase of goods, services or real property, employment, or the creation of legal relationships with other entities. A contract does not have to involve the exchange of money.

Contracting Authority means RISD officials who have authority to legally bind RISD in accordance with the authority delegated pursuant to Article III, Section 3.2.1, of the Board of Trustees Bylaws at RISD. No student or student organization can bind RISD and RISD will not assume liability for contracts entered into by student organizations that do not comply with this policy.

Contract Approval Form means the official form that is required to track all contracts to ensure they are properly reviewed prior to execution. The nature of the contract will dictate which signatures are required during the review process. Requestors and Department Heads are expected to review and be familiar with the business terms of all contracts or agreements.

Contract Management means a department within Procurement Services, that oversees the review and execution of all contracts, including independent contractor agreements, and other financial documents requiring a signature by a college official.

Contract Management Process means the process for which contracts at RISD must be submitted for review by Procurement Services prior to execution by the Senior Vice President for Finance and Administration or the President. Procurement Services will review terms and conditions, insurance requirements, the scope of work or product, the suggested vendor and pricing.

Contract Originator means an institution official initiating a contract and is responsible for negotiating all substantive terms of a contract. They are the subject matter expert who makes the initial determination that institution should enter a business transaction and what the basic terms of the transaction should be.

Contract Authority is the institution officer that has the authority to enter into, administer, or terminate contracts and make related determinations and findings.

Corporate Matching Gift Credit means a program where specific corporations agree to match the gifts of employees, under certain conditions. In this case the corporate matching gift is hard credited to the corporation, and the donor being matched receives matching gift credit.

Conditional Pledges mean pledges that place requirements on RISD to perform some task or take some sort of action that it might not otherwise initiate. A conditional pledge may also depend on some future event over which neither RISD nor the donor may have control. Examples of conditional pledges are challenge gifts, gifts for capital projects (if the pledge is conditional on either raising other funds or moving forward with the plans to build or renovate), and pledges of bequests that are non-binding on the donor's estate.

Corpus means the amount of principal in a trust or annuity.

Deferred Gift means a gift that is irrevocably created by the donor yet not received by the nonprofit until a later, agreed-upon date or until some event, such as the donor's death, occurs. Deferred gifts are a current decision to make a gift in the future and can be irrevocable, in the form of a gift annuity or charitable trust.

Deaccession means to officially and permanently remove an item from the listed holding or collections of a library, museum, or art gallery to sell or otherwise dispose of it.

Deferred Payment Gift Annuity means a gift annuity in which the donor makes the gift now but does not begin receiving payments until a later agreed-upon time set forth in the agreement.

Delegation of Authority (DOA) means granting authority to another person within the specific areas outlined in their delegation of authority.

Designated Gift means a restricted or commemorative gift made for a specific purpose and designated for a specific use.

Development refers to all dynamics of a continuing fundraising program (annual giving, special gifts, planned gifts, public relations).

Donor means the individual, organization, or institution that makes a gift.

Donor Directed Gift means a gift or bequest to a foundation, organization, or institution whose donor specifies to whom the money should be distributed.

Electronic Funds Transfer (EFT) means a method whereby donors instruct their banks to make monthly deductions from their accounts, designated for the charitable organization of their choice.

Endowment means an asset pool held by a charity and invested to provide an annual income for the institution.

Endowment (Quasi) means a fund, the principal of which can be and often is invaded by a board in order to meet its operating costs. Such endowments include gifts for which donors specify their use; they may also include gifts that are given for no specific purpose, which a board treats as an endowment. It is an endowment is that which is set aside at the discretion of the board. Such voluntarily created reserves may be tapped at some future date by subsequent board action.

Endowment (Pure) means principal or corpus maintained in a permanent fund to provide income for general or restricted use of an agency, institution, or program.

Endowment (True) is that which is restricted by the donor, and such funds may never be used for other purposes not specified by the donor unless a court ruling is obtained.

Estate Tax means tax payable from one's estate at death.

Executor means a male named in a will to administer the estate and to execute the terms of the will.

Executrix means a female named in a will to administer the estate and to execute the terms of the will.

Expectancy means a gift that has been committed by a donor through their estate but is revocable prior to the donor's demise.

Facilities Use Agreement is a contract in which the user agrees to abide by specific terms and conditions in order to hold a particular event at a facility owned or controlled by an Auxiliary Organization or the institution.

Fiduciary means a person or other entity acting on a legal and financial behalf for another.

Gift means a contribution received by RISD for either undesignated or designated use in the furtherance of the institution for which the institution has made no commitment of resources or services other than, possibly, committing to use the gift as the donor specifies. A voluntary, irrevocable transfer of something of value without consideration at the time of transfer or any time in the future. If the individual making the gift entertains any ideas of reclaiming it, the transfer is not a gift.

Gift Acceptance Committee is where from time to time, there will be gifts that by their nature or terms are not clearly in conformity with the Gift Acceptance Policy and/or Procedure, are highly controversial in nature, or otherwise require special scrutiny. In each such circumstance, the Vice President of Institutional Advancement shall convene the Gift Acceptance Committee (GAC) to review the proposed gift and determine whether or not to recommend to the President and/or Board acceptance of the proposed gift.

Gift Agreement means a written Agreement between RISD and a Donor that documents the terms and conditions of a philanthropic gift to the Institution.

Gift Annuity means a contract between the donor and the charity wherein the donor transfers property to the charity in exchange for the charity's promise to pay the donor a fixed annual income for life or some other mutually agreed - upon period. The donor's right to income may be deferred for a period of years. The annuity may be in joint and survivor form.

Gifts in Kind include capital property and depreciable property, personal-use property (tangible property such as collections, works of art, cars, boats, etc.), a residual interest, a right of any kind whatever, a license, a share, oil and gas and other minerals, securities and a partnership and inventory of a business. The term "gift-in-kind" is generally used for personal property, both tangible and intangible, that will be retained by RISD, rather than sold. Retained property must complement the core mission of RISD. Gifts in kind shall be valued at their full fair market value.

Gift Tax means tax due on gifts made during lifetime to non-charitable entities.

Grant in Institutional Development in the context of gifts to RISD is a contribution received by RISD for either undesignated or designated use in the furtherance of the institution that typically comes from a corporation, foundation, or other organization, rather than an individual. The grantor can neither receive a benefit nor retain explicit or implicit control (other than to ensure compliance with any agreed-upon restrictions) over the use of the contribution after acceptance by RISD. RISD may determine that what a donor calls a grant is, for fundraising recordkeeping, in fact a gift.

Grantor means a person who creates and transfers property to a trust.

Hard Credit (Legal Credit) is given to the legal donor: the individual or organization that is transferring ownership of the gift to RISD. This amount is equal to the amount of the gift and will be allocated according to CASE standards for receipting.

Holographic Will means a will entirely written and signed by the testator or maker in his or her own hand.

Income Beneficiary means person who receives income from a life income plan.

Independent Contractor means pursuant to IRS regulation that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. If you are an independent contractor, then you are self-employed. The earnings of a person who is working as an independent contractor are subject to self-employment tax. If an employer-employee relationship exists (regardless of what the relationship is called), then you are not an independent contractor and your earnings are generally not subject to self-employment tax.

The Internal Revenue Service is the revenue service for the United States federal government, which is responsible for collecting taxes and administering the Internal Revenue Code, the main body of the federal statutory tax law.

Intestate means dying without a valid will.

Irrevocable means something which cannot be canceled or reversed.

Irrevocable Deferred Gifts are gifts that are included in Fundraising Achievement totals at face value, but both current face and discounted present values are reported. Irrevocable deferred gifts are recorded separately from outright gifts and revocable deferred gifts.

Legal Document means any document that requires a signature which is not a contract, that expresses an official action that must be taken by RISD.

Life Income Gift means an irrevocable gift of cash, securities, or real estate to a gift - supported organization, with the donor receiving income from the donated assets for a period through an annuity or trust arrangement for him - or herself or other beneficiaries.

Life Income Pooled Trusts means a charitable remainder trust that holds the commingled irrevocable gifts of donors who receive income annually based on the earnings of the trust and their individual entitlement as participants. On termination of an income interest, the underlying property is transferred to a charitable organization or institution.

Life Insurance Gifts mean the irrevocable assignment of a life insurance policy for charitable disposition for which the present value is fully tax - deductible, as are the premiums paid by the donor.

Matching Gift means a gift that is made on condition that it be matched within a certain period, either on a one - to - one basis or in accordance with some other formula; also, a gift by a corporation matching a gift by one of its employees.

Non-Disclosure Agreement (NDA) means a written agreement between RISD and one or more third parties, which outlines confidential materials, knowledge or information that the parties wish to share.

Partnership Agreement is a contract between parties that binds all participants to specific terms and conditions of their working relationship. It clearly outlines the business's day-to-day operations and the rights and responsibilities of each partner.

Philanthropy as used at the Center on Philanthropy, is a voluntary action for the public good, including voluntary service, voluntary association, and voluntary giving.

Planned/Deferred Gift Instruments are Deferred gifts, also called "planned gifts" or "future commitments," and play a very important role in the development of an overall giving strategy when a fundraising professional is working with a donor or prospect. These types of commitments differ from outright gifts because RISD does not realize an asset until some point in the future.

Planned Giving means the application of sound personal, financial, and estate planning concepts to the individual donor's plans for lifetime and testamentary giving.

Pledges are commitments to make future gifts. Only the entity having legal control over the assets to be given can make a pledge. It is a signed and dated commitment to make a gift over a specified period, generally two or more years, payable according to terms set by the donor, with scheduled monthly, quarterly, semi - annual, or annual payments.

Pooled Income Fund accepts gifts from many donors, "pools" those funds together for investment purposes, and distributes the fund's earned income on a proportional basis to all participants or beneficiaries designated by the donors. When the named income beneficiary passes away, the portion of the fund's principal associated with the gift is added to the organization's endowment fund.

Professional Services or Consulting Services means services that involve special experience, skills, or training that the institution procures from an entity or individual outside of RISD. Examples of professional services or consulting services are engineers, accounting, landscape architecture, land surveying, medicine including physicians, registered nurses, attorneys, optometrist, professional engineering, real estate appraising, certified public accountant, a registered nurse, a state certified or state licensed real estate appraiser, and interior designer.

Procurement Services means the office that directly supports RISD's educational, environmental and administrative needs through the effective acquisition of, and payment for, required goods and services. Procurement Services oversees the management of the full procure-to-pay cycle, including: RFP development and competitive bidding, vendor and contract negotiations, execution of contracts and Purchase Order issuance through to validation of receipt, accurate and timely payment as required, and Independent Contractor guidelines and assistance.

Purchase Order, or PO is an official document issued by a buyer committing to pay the seller for the sale of specific products or services to be delivered in the future, indicating types, quantities, and agreed prices for products or services. It is used to control the purchasing of products and services from external suppliers.

Real Estate Agreement means a written agreement for the lease, acquisition, or disposition of any interest in real property or improvements to real property, including leases, purchase and sale agreements, options to purchase agreements, easements, etc.

Real Property is the land, everything that is permanently attached to the land, and all of the rights of ownership, including the right to possess, sell, lease, and enjoy the land.

Restricted Gift means a gift for a specified purpose clearly stated by the donor.

Revocable means something which can be canceled or revoked.

Revocable Deferred Gifts are gifts solicited and committed during the reporting period but in which the donor retains the right to change the commitment and/or beneficiary. Donors may make irrevocable gifts during their lifetimes in which they (or their chosen non-charitable beneficiaries) retain benefits during their lifetimes (or for a period of years) and the organization(s) receive the remaining assets. These gifts are sometimes called "split interest" gifts, because the donors and the organizations each have financial interests in the assets.

Revocable Living Trust means a trust which may be revoked by the person who created it.

Revocable Planned Gift means a gift made through a revocable trust like a bequest in a will—the grantor can modify or even remove the gift if circumstances change, but the gift becomes irrevocable at the grantor's death.

Royalties are when RISD may receive gifts of income or earnings from property it does not own (such as patents). RISD does not enter such payments in anticipation as a pledge, as there is no guarantee of the amount or continuation of an income stream.

Signature Authority means the legal right to execute contracts and other written instruments in the name of and on behalf of RISD and to bind the Institution to an obligation or promise.

Soft Credit is given to individuals and organizations that should be recognized for the gift and is used for recognition purposes only. The soft credit for each donor recognized is equal to the amount of the gift. Soft credit for a gift may be given to more than one individual or organization, involved in initiating the gift (e.g., spouses).

Speaker Engagement Agreement is a document through which two parties come together for form a contract for speaking services at an event. It addresses the purpose of the purpose of the speaking engagement, compensation of the speaker, the institution's rights to the presentation, and the speaker's representation concerning the content of the presentation.

Split Receipts is the method used for calculating the eligible amount of a gift for charitable tax receipting purposes when the donor has received an advantage (consideration) in return for his or her gift.

Sponsorships in the context of gifts to RISD, is that part of a gift for which a donor receives, and RISD agrees to provide, a benefit or advantage that is beyond standard RISD gift recognition practices (e.g., recognition in a brochure or in a news release), including any part of a gift that does not meet IRS guidelines for charitable receipting.

Testamentary Trust means a trust created in a person's will and certain other planning tools.

Testator means a person making a valid will.

Transportation Agreement is an agreement that outlines the terms and conditions of the transporter and the company hiring them to transport the goods.

Trust means a fiduciary relationship with respect to property, subjecting the person who holds the title to property to equitable duties to deal with the property for the benefit of another person. For example:

A gives property in trust, with A as trustee, to pay income to B for life and then to give property over to C, free and clear.

Trustee means a person or agent of a trust, such as a bank, holding legal title to property in order to administer it for a beneficiary; a member of a governing board; in a corporate trust, the "Directors." A person or entity responsible for administering a trust.

Unrestricted Gift means a gift to an institution or agency for whatever purposes officers or trustees choose.

Verbal Pledges are those that RISD counts and reports in totals oral pledges only when made through an authorized telethon or phone-a-thon campaign or program. This assumes that RISD mails some form of confirmation notice to the donor immediately following the solicitation period. An oral pledge is not to be confused with the conditional pledge; they are not the same.

Will means written record of a person's intent to distribute their assets at death.

Written Pledges of Assets are documented pledges of a donor's assets, committing to a specific dollar amount that the donor will pay according to a fixed time schedule.