THE CAMPAIGN FOR UT

CAMPAIGN COUNTING GUIDELINES

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CAMPAIGN COUNTING STANDARDS

All current gifts of and qualified pledges to give cash, securities, real estate, tangible personal property, closely held businesses, stock options, split interest (irrevocable) life income agreements, and revocable planned gifts to the University of Tennessee, the University of Tennessee Foundation and the University of Chattanooga Foundation (collectively "UT") during the campaign period (January 1, 2005 through the end of the campaign, currently planned for December 31, 2011) will be counted towards the campaign goal in accordance with the following guidelines:

1) CURRENT GIFTS & MATCHING GIFTS

a) Count all current gifts and matching gifts received January 1, 2005 through December 31, 2011, at face value.

b) Exceptions: do not count a gift if it is a:
   - i) Payment on a pledge counted in this campaign
   - ii) Payment on a pledge counted in a previous campaign
   - iii) Distribution from an estate where
     - (1) A pledge to make the bequest was counted in this campaign
       - (a) However, if this distribution occurs before December 31, 2011, then the bequest expectancy included under the campaign's planned giving totals will be removed and the outright gifts total will be increased by the distribution.
     - (2) A pledge to make the bequest was counted in a previous campaign

c) The following are not gifts, should not be booked as gifts and should not be counted in the campaign:
   - i) Distribution from a CRT, CLT, annuity, or deferred annuity if the CRT, CLT, annuity, or deferred annuity was booked as a gift when established
   - ii) Distribution from the PLIF if the investment in the PLIF was booked as a gift when made
   - iii) Distribution from an insurance policy if transfer of policy ownership to UT was previously booked as a gift

d) Face value means:
   i) **Stock and other securities**: gift value determined in accordance with I.R.S. regulations
   ii) **Real Estate**: gift value as determined in accordance with I.R.S. regulations (requires independent appraisal if the value is more than $5,000)
   iii) **Tangible Personal Property**: gift value as determined in accordance with I.R.S. regulations (requires independent appraisal if the value is more than $5,000)
   iv) **Closely Held Businesses and Stock Options**: gift value as determined in accordance with I.R.S. regulations (requires independent appraisal if the value is more than $5,000 or, in the case of closely held stock, more than $10,000)
   v) **Copyrights, Patents, and Royalties**: gift value as determined in accordance with I.R.S. regulations (requires independent appraisal if the value is more than $5,000)
   vi) **Gifts in Kind, Generally**: Non-cash donations of material, equipment, software, food and other tangible items that serve the purposes of UT will be counted at gift value as determined in accordance with I.R.S. regulations (requires independent appraisal if the value is more than $5,000)

2) PLEDGES

a) Count all pledges booked January 1, 2005, through December 31, 2011, at face value if:
   i) The pledge is documented in written form approved by UT
   ii) The documentation is signed by the donor(s)
   iii) The pledge is not revocable
   iv) Pledge payments are not subject to any conditions precedent
   v) The pledge is payable in full no later than 5 years from the date of the pledge
      (1) If approved by the Gift Acceptance Committee, pledges that meet all other conditions but are not payable in full within 5 years from the date of the pledge may be counted. The Gift Acceptance Committee will handle pledges not payable in full within 5 years from the date of the pledge on a case-by-case basis.

b) Bequest Expectancies (pledges to give to UT via will): see the Planned Giving section, paragraph 3(a), below

c) The following pledges will not be counted (rather, the gift will be counted when made):
   (1) Pledges to establish a CRT, CLT, annuity or deferred annuity
   (2) Pledges to invest in the pooled life income fund
   (3) Pledges to make a gift of life insurance
   (4) Other pledges to make a deferred gift

3) PLANNED GIFTS

A recent study conducted by the National Committee on Planned Giving indicates that individuals are planning their estates at an earlier age (47). UT desires to encourage and communicate with all alumni and friends about the opportunity to make contributions using a variety of gift options. This section of the campaign gift accounting policy is adopted to recognize gifts that result from a comprehensive planned giving program.

The standards for planned gifts set forth below are summarized on page 8.

a) **BEQUEST EXPECTANCIES**: count pledges to give via will booked January 1, 2005 through December 31, 2011, if:
   i) Documentation required: a copy of the will or a copy of the portion of the will pertaining to UT
      (1) Additionally, if the bequest is for a percentage or residual amount: an estimated amount that UT will realize, signed by the donor(s) or the donor's legal representative
      (2) Payment of the bequest is not subject to any conditions precedent
   ii) Value of the bequest expectancy pledge:
      (1) If the donor(s) will reach 50 years of age or older on or before December 31, 2011, then count at the amount specified in the will (or, in the case of a percentage or residual bequest, then at the amount specified by the donor or the donor's legal representative)
      (2) If the donor(s) will not reach 50 years of age before December 31, 2011, the bequest does not count toward campaign totals.
         (a) The bequest expectancy pledge, however, will be booked on ANDI and the donor(s) will be recognized in the Legacy Society
   iii) In order to count a bequest expectancy, UT must receive the bequest after the life of one donor or after the lives of joint donors who are husband and wife.
      (1) No contingent expectancies shall be counted as campaign gifts except in the instance where UT is named as a contingent beneficiary and the primary beneficiary is the donor's spouse.
      (2) The justification for counting the contingent expectancy when the primary beneficiary is the donor's spouse is that UT is able to build a

life-long relationship with the spouse through the Legacy Society and other contact to assure that the expectancy will be fulfilled after both lives.

b) **IRREVOCABLE LIFE INCOME (SPLIT INTEREST) AND RETAINED LIFE ESTATE GIFTS**: count all irrevocable life income (split interest) and retained life estate gifts booked January 1, 2005 through December 31, 2011.
   i) Examples of irrevocable life income gifts:
      (1) CRUT, CRAT or Gift Annuity where UT is designated a remainder beneficiary
      (2) Investing in the PLIF where UT is designated a remainder beneficiary
      (3)
      (4) Donating real estate subject to a retained life estate
   ii) Value irrevocable life income gifts for campaign counting based on age of the beneficiaries:
      (1) If the youngest beneficiary will reach 50 years of age or older on or before December 31, 2011, then face value
      (2) If the youngest beneficiary will not reach 50 years of age on or before December 31, 2022, then net present value calculated in accordance with I.R.S. regulations.
         (a) Exception: a term of years trust will be counted at fair market value regardless of the donor's or beneficiary's age.
   iii) Regardless of the value used in campaign counting, in order to participate in CAE, split interest (irrevocable deferred) gifts shall be recorded in ANDI using both:
      (1) Face value (e.g., the actual cash amount of the trust, annuity or life insurance policy)
      (2) Net present value (calculated in accordance with I.R.S. regulations)

c) **CHARITABLE LEAD TRUSTS** (including grantor, family and testamentary lead trusts): count charitable lead trusts booked January 1, 2005 – December 31, 2011.
   i) Value Charitable Lead Trusts at an amount equal to the total annual income distribution UT will receive during the campaign counting period, January 1, 2005 through December 31, 2011.

d) **REVOCABLE DEFERRED GIFTS**: count revocable (e.g., 3rd party trusts, income in respect of a decedent) planned gifts if:
   i) Documentation required:
      (1) Copy of the beneficiary designation or appropriate portion of the trust or other documentation showing UT's interest

(2) Current statement of value from the account or the amount of UT's interest is documented by signature of the donor(s) or the donor's legal representative

ii) Value revocable deferred gifts for campaign counting based on age of the beneficiaries:

(1) If the youngest beneficiary will reach 50 years of age or older on or before December 31, 2011, then face value

(2) If the donor(s) will not reach 50 years of age before December 31, 2011, the revocable deferred gift does not count toward campaign totals.

(a) The revocable deferred gift, however, will be booked on ANDI and the donor(s) will be recognized in the Legacy Society

(3) If there is no current statement of value from the account (paragraph 4(d)(i)(2), above), then the revocable deferred gift does not count toward campaign totals.

(a) The revocable deferred gift, however, will be booked on ANDI and the donor(s) will be recognized in the Legacy Society

iii) In order to count a revocable deferred gift, UT must receive the ultimate distribution after the life of one donor or after the lives donors who are husband and wife

(1) No contingent gifts shall be counted as campaign gifts, except in the instance where UT is named as a contingent beneficiary when a spouse is named as primary beneficiary.

(2) The justification for counting the contingent expectancy when the primary beneficiary is the donor's spouse is that UT is able to build a life-long relationship with the spouse through the Legacy Society and other contact to assure that the distribution will be received after both lives.

e) **INSURANCE:** count gifts of insurance policies if (i) UT owns the insurance policy, and (ii) UT is the named beneficiary of the insurance policy

i) Value insurance policies:

(1) Paid Up Policies:

(a) If the insured will reach 50 years of age or older on or before December 31, 2011, then count at the full face value of the death benefit.

(b) If the insured will not reach 50 years old on or before December 31, 2011, then count at the cash surrender value of the policy.

(2) Policy Not Paid Up: count at the cash surrender value of the policy.

(a) Any policy proceeds realized during the campaign will be counted at the full value of the proceeds received less any value already counted pursuant to these standards.

ii) Gifts of term life insurance will not be counted.

iii) Universal or variable life insurance policies will be evaluated on a case-by-case basis and booked at a gift value approved by the Gift Acceptance Committee.

4) GRANT INCOME

a) Count non-exchange grant income from private, non-governmental sources at face value.
   i) Exchange transactions (income from contracts) will not be counted.
   ii) Grants from government agencies will not be counted.

5) REACH BACKS

The University of Tennessee President has approved certain commitments made before January 1, 2005, in order to address donor relations issues or commitments made for key campaign goals. The approved reach back gifts total $57,407,486.25 and are set forth beginning on page 9. These reach back gifts count towards the campaign goals.

6) GENERAL GUIDELINES

a) All references to ages of donors and income beneficiaries refer to the person's age as of December 31, 2011.
   i) In order to be 50 years of age or older on December 31, 2011, the person must have been born on or before December 31, 1961

b) The Gift Acceptance Committee will handle counting of gifts made via vehicles not specifically identified in these accounting standards on a case-by-case basis.
   i) Members of the Committee are: the Vice President for Development & Alumni Affairs (chair), the Vice Chancellors for Development at Chattanooga, Martin, Memphis and Knoxville, The Associate Vice President for Agricultural Development, the Associate Director of Athletics for Development—Knoxville Men's Athletics, the Assistant Vice President and Campaign Director, and the Assistant Vice President for Advancement Services (secretary).

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SUMMARY for PLANNED GIFTS

Campaign begins: January 1, 2005
Campaign ends: December 31, 2011

Life Income Gifts (CRUT, CRAT, Gift Annuity, etc.) and Life Estates:

Full count if over age 50 by end of campaign (DOB 12/31/1961 or before)
Present value of remainder interest if under 50 (DOB 1/1/1962 or after)

Revocable Commitments (bequest expectancy, gift from trust, beneficiary of life insurance, beneficiary of any IRD asset):

Full count if over age 50 by end of campaign (DOB 12/31/1961 or before)
No count if under 50 by end of campaign (DOB 1/1/1962 or after)

Charitable Lead Trusts:

Count annual income paid to UT during the campaign counting period.

Irrevocable Gift of Life Insurance:

Paid-Up Policy:
Face value if over 50 by end of campaign(DOB 12/31/1961 or before)
Cash surrender value if under 50 by end (DOB 1/1/1962 or after)
Policy Not Paid -Up:
Count at cash surrender value
Term Life:
Does not count for the campaign

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LIST OF APPROVED REACH BACKS

The following gifts and pledges totaling $57,407,486.25 will be counted in the campaign even though they were made before January 1, 2005:

1. UTC Engineering campaign commitments, $3,735,415.35.

2. Designated UTHSC Ophthalmology Institute campaign commitments that were not counted in the 21st Century Campaign, $5,600,000.00.

3. UTK Athletics StepUp campaign commitments, $24,383,126.59.

4. UTK Baker Center campaign commitments, $2,159,250.00.

5. UTK Electrical & Computer Engineering campaign commitments, $589,747.00.

6. UTK Glocker campaign commitments, $1,458,798.33.

7. Individual commitments totaling $19,481,148.98