



## POLICIES AND PROCEDURES

### CORPORATE POLICY

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Subject: Acceptance of Donations

Policy No.: 120

Orig. Date: 12/10/01

Last Revision Date: 05/21/15

Revision:

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#### A. Purpose

The purpose of this policy is to provide guidelines for the acceptance of donations specifically to the Cal Poly Pomona Foundation, Inc. for its use and disposition. Gifts made to the university but processed through the Foundation will be governed by the gift policies of the university as contained in the university's "Development Policies and Procedures Manual." All gifts (cash, securities, art objects, equipment, real estate, etc.) to Cal Poly Pomona Foundation (Foundation), shall be reviewed by the Office of University Development in conjunction with the Project Director whose project is designated to receive the gift, the Executive Director of the Foundation and Foundation counsel as necessary. Gifts should be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the use of the gift. Consideration should be



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given to the cost of maintenance, cataloging, delivery, insurance, display, and any space requirements for exhibition or storage. The Acceptance of Donations policy of the Cal Poly Pomona Foundation is intended to follow the policies of the campus as they appear in the "Development Policies and Procedures Manual" of the university and maintained by the Division of University Advancement. From time to time, the university's procedures are revised to reflect IRS regulations, new systemwide directives, professional practices, etc. As these changes occur, Foundation policies may be subject to review and revision for purposes of conformity.

### **B. Gift Appraisals**

When gifts-in-kind are given to the Foundation with the intent of the donor to receive a tax deduction, it is the responsibility of the donor, not the Foundation to obtain an appraisal of the gift for tax purposes. Internal Revenue Service policy does not allow the receipting charity to become involved in the appraisal process.

### **C. IRS Forms 8282 and 8283**

It is an IRS requirement that an individual making a property gift in excess of \$500 must file a copy of form 8283 with the IRS. For gifts in excess of \$5,000, the donor must include a written appraisal with the filing of their return, verifying the value of the gift and a receipt of the gift (Acknowledgement) from the Foundation. Should the Foundation decide to sell or dispose of the gift which was valued at over \$500 and recorded on form 8283 within a three-year period from the date of receipt, the Foundation is required to complete and submit a corresponding form 8282 with the IRS stating date of disposition and value received. A tickler system will be maintained by the Foundation to assure that the 8282 requirements are met.

IRS Forms 8282 and 8283 can be downloaded at:

[http://www.irs.ustreas.gov/prod/forms\\_pubs/instruct/i8283.html](http://www.irs.ustreas.gov/prod/forms_pubs/instruct/i8283.html)

### **D. Determining the date of a gift**

The date of any contribution may be simply defined as the date the donor irrevocably relinquishes control of the property and is accepted by the Foundation. Since determining that date may be difficult, the guidelines shown in APPENDIX A will be used.



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### **E. Gift Valuation**

For reporting purposes, gifts should be valued by the Foundation on the date the donor relinquished control of the asset to the Foundation. The amounts reported should be arrived at without regard to the donor's personal estimation of the gift's value, the worth and date of the gift as reported by the donor to the IRS, or the value placed on it by the IRS in reference to the individual's personal tax return. In cases of gifts made with securities, real or personal property, in trust, through insurance policies, or bearing some real or implied obligation on the part of the Foundation, guidelines shown in APPENDIX B shall be observed.

### **F. Acknowledgement Letters**

When annual gifts of \$250 or more are given to the Foundation, it is the responsibility of the Foundation to provide the donor with an acknowledgement letter that must contain the following elements:

- Name of the organization;
- Amount of the cash contribution;
- Date of the donation; and
- A statement that no goods or services were provided by the organization to the donor in return for the contribution

It is the Foundation's policy to exclude the listing of a dollar value of a gift in the receipt letter for any gift-in-kind. In the case of an item donated for a benefit auction, the letter may reaffirm the donor's stated value for the auction listing only but this should not be taken as a statement of value (See APPENDIX D).

### **G. Gifts of Computer Hardware and Software**

Proposed major (e.g. to equip a laboratory, outfit a study room, represent a major new server or dedicated system, etc.) computer-related gifts for use by university programs must meet campus baseline standards as specified in the campus technology planning guide and be approved in advance by the University's Chief Information Officer and the Executive Director of the Foundation. The Executive Director of the Foundation must approve major gifts (over \$50,000) of computer hardware and software for use by the Foundation prior to solicitation. Consistent with systemwide directives, any gift of software intended for university program use must be valued (for recording purposes) according to systemwide software valuation guidelines and have such valuation approved by the Office of the Vice President for University Advancement. Please refer to the Gifts of Software-Policy from the Chancellor's Office for valuing gifts of software. (APPENDIX B, Section 10.6)



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### **H. Gift of Hazardous Materials**

Proposed gifts of hazardous materials may not be accepted without the prior approval from the Environmental Health and Safety Department. Only donations that meet the criteria shown in APPENDIX C will be approved:

### **I. Gifts of Securities**

#### **1. Publicly traded securities**

Securities that are traded on all major U.S. Exchanges shall be accepted by the Foundation. Such securities may be sold immediately unless other instructions are in place. No employee or volunteer working on behalf of the Foundation may commit to a donor that a particular security will be held by the Foundation, sold through a specific broker or traded on instruction of the donor without the approval of the Executive Director of the Foundation. The value of all securities will be determined by the methods shown in APPENDIX B.

#### **2. Closely held securities**

Closely held non-publicly traded securities include but are not limited to, debt and equity positions in non-publicly traded companies, interests in limited partnerships and limited liability companies, stock options and S corporation stock. Acceptance of closely held non-publicly traded securities shall be examined and evaluated on a case by case basis with an analysis of the facts by the University Gift Acceptance Committee which will consider any restrictions that would prevent conversion to cash, marketability, unrelated business taxable income (UBTI) and potential for any undesirable consequences of ownership. If approved by the University Gift Acceptance Committee, a representative of the University Gift Acceptance Committee shall present to the Finance Committee who shall review and take action accordingly as delegated by the Board of Directors. If approved by the Finance Committee, the Finance Committee shall have the option to present to the Board of Directors who shall review and take action accordingly. The Executive Director and or designee shall be authorized and directed accordingly to take any and all action as may be necessary to effectuate the acceptance of the gift of closely held securities.

#### **3. Restricted securities** Restricted securities (also known as unregistered securities, investment-letter stock, control stock or private placement stock) are infrequently given as gifts because of the difficulty in transferring ownership and determining fair market value. No gift of this nature will be accepted without the prior approval of the Executive Director of the Foundation.



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### **4. Mutual Funds**

Mutual funds can be accepted with the prior approval of the Executive Director of the Foundation

### **J. Gifts of Real Estate**

1. No gift of real estate (residential or commercial) shall be accepted without prior approval of the President of the University, the Executive Director of the Foundation and a current appraisal by a qualified appraiser.
2. In addition, the Foundation will not accept any real estate unless waived by the Executive Director of the Foundation without:
  - a) A title search and title policy;
  - b) A marketability check;
  - c) An on-site evaluation by the Real Estate Development Director or Executive Director of the Foundation or his/her designee;
  - d) An environmental report and or any State mandated disclosures of the property to ascertain if it is subject to environmental restrictions, sanctions, toxic wastes or otherwise encumbered in such a manner to cause present or future economic liabilities for the Foundation; and
  - e) Conveyance by warrantee deed or trustees deed preferred to Quit Claim deed.
3. All property will be valued by the methods shown in APPENDIX B.

### **K. Gifts of Tangible Personal Property**

1. Gifts of jewelry, artwork, collections, and other personal property will be accepted only upon approval of the Executive Director of the Foundation.
2. Before the Foundation accepts such gifts, donors will be informed of IRS regulations on such gifts as well as Foundation policy to sell the property not used by the Foundation for the best available price as soon as possible.
3. The Executive Director of the Foundation may express to the donor that the property will or will not be held by the Foundation for a requisite period of time or for purposes related to the gifts' tax-exempt status.



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### **L. Gifts of Other Personal Property**

Other property of any description and including but not limited to: mortgages, notes, copyrights, royalties, easements, whether real or personal, may be accepted only by approval of the Executive Director of the Foundation.

### **M. Gifts to the Donor Advised Program**

Donor Advised Funds (DAF) have become an increasingly common planned giving vehicle among philanthropists and the specific benefits provided by a DAF program include the following:

- i. a convenient means, that is similar to a private foundation, by which donors can meet their philanthropic objectives without having to satisfy the potentially onerous restrictions imposed upon private foundations;
- ii. the ability of donors to submit recommendations to the Foundation as to the use of DAF assets;
- iii. providing assistance to the Foundation in developing long-term relationships with donors; and
- iv. providing assistance to the Foundation in raising additional capital that can be used to support the University.

### **APPENDIX A Determining the Date of the Gift**

The following guidelines will be used to determine the date of a gift:

- A. **Physical Delivery:** If cash/check, or property is delivered to the Foundation in person, the date of delivery is the date of the gift. The relevant DOD or the Office of University Advancement on the AG form should indicate this.
- B. **U.S. Postal Service:** For gifts of cash/check or securities, the postmark date on the envelope used to mail the completed gift is the date of the gift. (See Section G below.)
- C. **Other Delivery Services:** For property, or cash/checks sent by means other than U.S. Postal Service (e.g., Federal Express, UPS), the gift date is the date on which the cash or property arrives at the Foundation.
- D. **Credit Cards:** Gifts are deemed complete on the day the donor's account is debited.
- E. **Personal Property:** Gifts of tangible personal property, no matter how delivered, are deemed complete when they are officially accepted by the Foundation or are officially



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accepted on behalf of the Foundation.

- F. Real Estate: A gift of real estate is completed at a time a properly executed deed to the property is delivered by the donor to the Foundation or the date the deed is recorded in the Office of Recorder of Deeds (or similar office) in the Country in which property is located, whichever is first.
- G. Securities: Unlike most other gifts, gifts of securities may be completed in several ways that will directly impact the time involved to affect the transfer of ownership. This may have a critical effect if the "gift date" and the transfer of ownership straddle a fiscal year end or if there is a rapidly changing market. Therefore, it is imperative that the Foundation and the Office of University Advancement be directly involved in all gifts of securities to the Foundation. There are three possible ways to determine the gift date:
  - 1. The date the stock certificate is mailed (using postmark date of U.S. Postal Service only). However, note that stock certificates without an endorsement are not completed gifts. If the (unsigned) certificate and a properly executed stock power form are sent separately, the date on which the last of these documents is sent defines the gift date.
  - 2. The date the stock is transferred into a brokerage account in the name of the Foundation by the donor's agent or cooperating corporation.
  - 3. If hand delivered, the date the stock certificate is transferred and received by the appropriate Foundation agent.
- H. Mutual Funds: Gifts of mutual funds are received on the date the funds are actually transferred into the Foundation mutual fund account. (Typically, these transfers require an account to be opened at the corresponding mutual fund company in order to receive the fund transfer. This may require several days to process.

### **APPENDIX B** **Gift Valuation**

The following guidelines will be observed in valuing gifts:

#### **10.1 Securities**

##### **A. Publicly traded securities**

The value of the gift is the average market value on the date the donor relinquished control of the asset to the university. (See Appendix A) Additional detail may be found in IRS Publication 561. Neither losses nor gains realized from the sale of the securities after their receipt and net of brokerage fees associated with this transaction will affect the value of



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the gift.

The value of the gift of listed securities is the mean between the highest and the lowest quoted selling price on the valuation date (date of the gift). If there were no sales of the listed security on the valuation date but there were sales within a reasonable period before or after the valuation date, the value is the weighted average of the means between the highest and lowest sales on the nearest date before and the nearest date after the valuation date. This average is weighted inversely by the respective number of trading days between the selling date and valuation date.

- B. Closely held securities: IRS Bulletin No. 561 will be consulted in valuing this type of security. The value of unlisted closely held securities may be determined by the last sale or trade if it occurred recently. In the absence of a recent sale, an accepted authority should determine a fair market value.
- C. Restricted Securities: Consult the current IRS ruling when valuing these securities.
- D. Mutual fund shares: The fair market value of mutual fund shares can be determined by the share's public redemption price on the valuation date. In absence of a recent sale, an acceptable authority should determine a fair market value.

### 10.2 Real and personal property

Gifts over \$5,000 of real and personal property such as land, houses, paintings, antiques, rare books, and intangible properties will be valued at the fair market value placed on them by an independent expert appraiser. Generally, gifts made for auction purposes will be treated as any other property gift and will be valued when and as received, not when they are auctioned off for more or less than their appraised value. However, when dollar amounts are relatively small, the auction proceeds will be considered the value.

### 10.3 Charitable Remainder Trusts/Charitable Gift Annuities

Gifts irrevocably made to establish charitable remainder trusts/charitable gift annuities are generally credited a present dollar value whether the trust is administered by the Foundation or not. Actual value may be calculated utilizing the planned giving software on file at the Office of University Advancement

## APPENDIX C





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### 10.4 Charitable Lead Trusts

Only the income received from the trust in the recording year is considered a gift.

### 10.5 Life Insurance

- A. If the Foundation is both beneficiary and owner of a life insurance policy, the value of the gift is the cash surrender value of the policy when given, not the face value. If the donor pays further premiums, these payments are also considered gifts. According to Voluntary Support for Education (VSE), the difference between the cash value at the time of the gift and the insurance company's settlement at the time of death is not considered an additional gift but rather a gain on investment.
- B. If the Foundation is the beneficiary, but not the owner of an insurance policy, only the full amount received upon the death of the donor can be recorded as the value of the gift.

### 10.6 Gifts of Software (Chancellor's Office, Nov. 22, 1999)

#### Policy

It is the intent of this guideline to protect the importance and value of gifts of software while at the same time valuing and reporting on such gifts in a manner that is standardized and consistent among the CSU campuses as well as with other colleges and universities.

Establish a reasonable valuation that closely follows the CASE guidelines by booking the educational discount price. If the educational discount price is not provided by the donor, the recipient is to independently determine the actual price that would be paid for the software if it were to be purchased directly. The recipient must ascertain and compare the actual software configurations for which the price is being determined.

Only the license value is to be booked. The number of seats is not to be considered in determining the value.

Any fee charged to the campus or department for the license is to be deducted from the total gift value booked.

No software gift should be booked for more than three years when received as a multi-year gift.

If the donors provide IRS Form 8283, book the gift according to the Form, unless the amount is known to be more than the educational discount.

In the rare instances where one campus serves as the lead campus in obtaining software gifts,



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prior approval must be obtained from the system office, by written request and declaration of the valuation of the total gift and the disbursements for each involved campus. In addition, there must be written agreements among the chief advancement officers of the involved campuses regarding the receipt, valuation, booking, and reporting of such gifts.

In reporting year-end voluntary support to the Chancellor's Office, all campuses will include an additional line that separately indicates software gifts received. This report by campus will appear in the annual report submitted to the CSU Trustee effective FY 1999-2000

### **APPENDIX C**

#### **Criteria for the Acceptance of Hazardous Materials**

Proposed gifts of hazardous materials may not be accepted without the prior approval from the Executive Director of the Foundation and the Director of Environmental Health and Safety Department. Only donations that meet the criteria below will be approved:

- A. Containers are sealed, unopened, undamaged, and properly labeled original containers (manufacturer's label is usually the best certification that the contents are accurately identified.)
- B. Material Safety Data Sheets for all hazardous material are provided prior to receipt.
- C. Storage location where the materials will be safely and securely stored is identified.
- D. The material will be used within one year, unless legal requirements specify a shorter time period.
- E. Department manager approves of the donation.
- F. Requests for approval of hazardous material donations shall be submitted to the Executive Director of the Foundation and the Director of Environmental Health and Safety.
- G. The Project Manager will be responsible for any material that is not used and disposed of as hazardous waste. This will discourage people from accepting hazardous materials that are junk in order to get the good hazardous materials. This is important because the Foundation is liable for its hazardous waste forever.