
LAKE-SUMTER STATE COLLEGE
ADMINISTRATIVE PROCEDURES

TITLE: GIFTS

NUMBER: 1-02

REFERENCE: Rule 1.09

PAGE: 1 of 2

- I. Given the wide variety of gifts, the Foundation will adhere to the specific tax laws related to the gift in question and will ensure that the donor is aware of the tax law implications of the gift prior to the acceptance of the gift by the Foundation.
- II. It is the responsibility of the donor to provide the Foundation with a qualified appraisal of the property for their tax purposes. In instances in which the value is significant or in which there is an obligation imposed on the Foundation by the gift (through a trust or a bargain sale arrangement), the Foundation may elect to have its own independent appraisal.
- III. For a gift valued at more than \$5,000, the Foundation will ensure that a Foundation representative will personally inspect the property prior to the acceptance of the gift.
- IV. The Foundation will determine, in conjunction with the donor, whether the property will be used by the Foundation in relation to its tax-exempt purpose or sold for the realizable gain on the property. The donor will be apprised of the implications of the related use rule for a tax deduction. Particular notice will be given to the deduction limitations on gifts of ordinary income or inventory items. That is, the Foundation will inform the donor prior to accepting the gift of the difference between the gift credit to the Foundation (at fair market value) and the tax deductibility for such a gift (at cost basis).
- V. The effective date of the gift will be the date on which the donor gives up control of the asset. The donor gives up control on either the date the Foundation takes possession or the date on which the donor irrevocably and in writing relinquishes ownership. Prior to the Foundation's acceptance of the gift, the donor and the Foundation will jointly determine which date is applicable.
- VI. The gift credit at the Foundation will be recognized at the appraised value of the gift. If two appraisals are secured, the gift value will be either the lower value or a compromise value agreed upon between the Foundation and the donor.
- VII. The Foundation will inform the donor of its regulatory obligation to file form 8282 or appropriate document in the event of the Foundation sells the property within a two-year period from the date of the gift. In cases in which the value exceeds \$500, the donor will also be informed of the obligation to file form 8283 or appropriate document with the appropriate tax return in order to claim the tax deduction for the gift.

- VIII. If the gift is earmarked for a particular division, department, or program at the College, Foundation staff will be notified in advance in order to work with the division director, department chair, or program administrator to determine the use and/or disposition of the gift. Such cooperative efforts will be particularly appropriate with a gift of art, musical instruments, computer equipment, or library books and materials.
- IX. In cases in which the donor is unable to secure a fair market appraisal or fails to inform the Foundation of such a valuation, the Foundation will note the gift and record it at minimal gift value. In the case of books donated to the library, the Foundation will note the gift value of \$1.00 per book in such circumstances.
- X. The Foundation and/or College will retain the right to dispose of a gift. Any obligation to the contrary or expectation by the donor(s) as to the use, care, or display of the gift should be detailed in writing and explicitly agreed to by the Foundation and/or College prior to the acceptance of the gift. In general, restrictions will be kept to a minimum.
- XI. A gift of equipment will be valued according to the following formula:
- RV divided by YE x YL = VALUE RV = Replacement value
YE = Years of life expectancy if new (Maximum of 10 years) YL = Years of life in donated equipment

New: 08/2005

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