
LAKE-SUMTER STATE COLLEGE
ADMINISTRATIVE PROCEDURES

TITLE: STOCK TRANSFER

NUMBER: 1-03

REFERENCE: Rule 1.09

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- I. Stock may be transferred to the Foundation in one of three ways:
 - a. Through a direct broker transfer into a Foundation account.
 - i. The donor will ask his or her broker to transfer a specific number of shares of stock or other publicly traded securities (bonds or mutual funds) into a Foundation account.
 - ii. The broker will contact the Foundation to determine if the Foundation has an existing account with the brokerage firm. If necessary, the Foundation will open a new account to make the transfer. The information required to open a new brokerage account will be the Foundation's tax identification number and the name of the contact person at the Foundation (the Foundation's Executive Director).
 - iii. The donor or Foundation representative will verify that the broker has transferred the stock. If the stock has not been transferred within a week's time, a progress call will be made to the broker or the donor to verify that a mix-up or delay has not occurred.
 - iv. Once the stock has been transferred into the Foundation's account, the Foundation may sell the stock and pass the cash proceeds on to the Foundation or add the stock to the Foundation's portfolio.
 - b. Direct transfer of a stock certificate to the Foundation.
 - i. The donor will bring, preferably in person, a stock certificate to the Foundation office.
 - ii. The donor will sign the certificate on the reverse side and date it, filling in the name of the transferee (Lake-Sumter State College Foundation, Inc.) and the Foundation's tax identification number in the appropriate box.
 - c. A transfer via certificate and accompanying stock power.
 - i. The donor will send, usually by mail, an unsigned stock certificate to the Foundation office.
 - ii. In a separate envelope, the donor will send a signed stock power, identifying the Foundation as the transferee and indicating the Foundation's tax identification number in the appropriate space.
 - iii. The donor will provide the Foundation with a letter of intent, which, while not required by law, will satisfy the requirements of some brokerage houses in the event that the foundation sells the stock.

- II. A closely held stock contributed to the Foundation may result in a charitable deduction based on the fair-market value of the stock.
 - a. Following the transfer, the corporation may purchase the stock from the Foundation for cash as long as no obligation exists to do so. This will enable the donor to maintain control over the corporation.
 - i. The stock must be professionally appraised.
 - ii. The donation of "S" corporation stock options without the direct gift of stock will avoid the loss of the "S" status.
- III. "Lettered" stock (non-registered) donations may be made only after the Foundation receives a letter from the corporation stating that the stock can be transferred.
- IV. The date of transfer will be, by legal definition, the date on which the donor relinquishes control of the stock.
 - a. In the case of a stock transferred via a brokerage account, the official date of transfer will be the day the stock is transferred into the Foundation's account, not the day the donor instructed the broker to make the transfer the day the stock was sold. Therefore, Foundation staff will call the broker to ascertain the day the stock was transferred into the Foundation's account.
 - b. In the case of stock transferred via certificate or certificate and stock power, the official date of transfer will be the date on the reverse side of the certificate and/or on the stock power. If there is any question, the official date will be the date the Foundation received the certificate or stock power.
- V. The value of the gift for tax purposes and the value that will be entered into the Foundation's gift records will be the value on the official date of the stock's transfer. (That value will be calculated by averaging the high and the low price of the stock on the official date of the transfer.) In the case of stock and other securities that do not fluctuate in value but for which there is a difference between the bid and asking price on the date of the transfer. If there is any question, the broker of record will be able to provide the information directly. The official valuation for gift purposes may be different from the realized dollar figures from the sale of the securities.
- VI. Disposition of Stocks transferred
 - a. The Foundation Finance Committee will be contacted for recommendation on disposition of the stock
 - b. In most cases the stock will be liquidated as soon as possible