



**UNIVERSITY ADVANCEMENT GIFT-IN-KIND POLICY AND PROCEDURES**  
Effective February 12, 2021

Gift-in-Kind donations (such as paintings, books, antiques, sculptures, furniture, and equipment) can provide valuable materials to the University. San Francisco State University may accept or decline gifts-in-kind (GIK) on an individual basis based on whether the gifts provide educational value or otherwise serve the University's purposes.

- Departments and their assigned University Advancement Director of Development should be consulted prior to the acceptance of any GIK for use by that department or its programs to ensure that the gift is wanted and can be used. Examples would include the Library evaluating the acceptance of gifts of books, and the College of Liberal & Creative Arts for the acceptance of gifts of artwork.
- The Associate Vice President for University Development should be consulted prior to the acceptance of any unusual GIK if there is a need for cash or State funds to maintain the gift or if there is a question about restrictions attached to a gift offered to the University.

SF State University must consider requirements for special storage, display, insurance, or security measures prior to the acceptance of a GIK. The exact placement of furniture, artwork, or equipment cannot be guaranteed. Transportation and appraisal costs related to the acceptance of a GIK must be endured by the donor.

**Related or Unrelated Use**

Contributed property must benefit the recipient organization – and the organization's purpose – one way or another. Related or unrelated use only has to do with how the organization intends to use the property.

Instructional Use (Related Use)

- Related to the purpose or function constituting the basis of the charitable organization exemption under section 501
  - A painting contributed to an educational institution and used by the organization for educational purposes by being placed in its library for display and study by art students
  - Furnishings contributed to a charitable organization and used in its offices and buildings in the course of carrying out its function.

Non-Instructional (Unrelated Use)

- Unrelated to the purpose or function constituting the basis of the charitable organizations' exemption under section 501.

- A painting contributed to an education institution which is sold and the proceeds used by the organization for education purposes
- A bottle of wine contributed to a charitable organization and sold at a fund- raising auction.

Donor Issue:

- The amount that can be deducted for contributions of tangible personal property is affected by whether the property is put a related or unrelated use:
  - o Related use: full fair market value
  - o Unrelated use: donor’s “basis” (typically what the donor paid)
- Generally this only becomes an issue for items that appreciated in value while the donor owned them (paintings, jewelry, etc.).

**Gift Acceptance Committee**

The San Francisco State University Gift Acceptance Committee consists of the Vice President for University Advancement, the Associate Vice President for Development, the Vice President/CFO of Admin and Finance (or their designee) and the Associate Vice President of Advancement who serves as the recorder. The Senior Director of Advancement Services, Planned Giving Officers and/or Development Officers for the benefitting unit or other faculty /administrators may participate in determining the gift acceptability.

The department or college representative of the recipient unit or a planned giving officer should complete the Gift-in-Kind Acceptance Form and provide a valuation of the Gift-in-Kind consistent with policy. The GIK Acceptance Form is signed by the Dean or department chair and submitted, along with all supporting documentation, to the Development Office in ADM 153.

The Associate Vice President of Advancement will coordinate the review by the Gift Policy Committee i.e. acceptance of each gift of software, special collections, real estate, vessels (cars, boats, airplanes, etc.), tangible or non-tangible assets or gifts-in-kind of \$25k and above. Approval by the Gift Policy Committee must be noted on the GIK acceptance form.

**Gift-in-Kind (GIK) Acceptance Form**

All donated non-cash items should be documented as gift-in-kind donations as they are considered charitable donations to the University. The following documentation for GIK donations should be provided to the Office of University Development for processing and acknowledgement purposes:

- A [Gift-In-Kind Acceptance Form](#) needs to be filled out by the College/Department representative and approved by the Dean, Department Chair or Program Director. The form should also be approved by the Director of Development for the appropriate college or department, the Associate Vice President (AVP) of Development, the VP of Advancement (if applicable) and the VP of Admin and Finance (if applicable). The GIK Acceptance form should provide the following

information:

- Date donation was accepted by the University
- College/Department that received the gift
- Contact person who accepted the gift and his/her campus extension
- Detailed description of the donation
- Donor's name and address
- Fair market value of the donated item
- NOTE: If the fair market value of a GIK donation is \$5,000 or above, an independent appraisal must be submitted as well
- If Form 8283 has been submitted, please indicate in checkbox
- Indicate whether the gift is for instructional or non-instructional use
- Where on campus the gift-in-kind will be located
- If the gift-in-kind is original artwork being donated by the creating artist, a Deed of Gift Form is required to be attached
- A [Donor Intent Form](#) needs to be filled out and signed by the donor. We will also accept a letter or an email from the donor that provides a description of the gift, purpose and the fair market value of the donated item(s). If the donation is a gift certificate, we will accept a copy of the gift certificate.
- A [Deed of Gift Form](#) needs to be filled out and signed by the donor if the gift-in-kind is original artwork being donated by the original artist. The Deed of Gift Form transfers title or ownership to all objects or collections to the University free and clear. It also allows the University to be free of copyright restrictions. If there are any restrictions or limitations, the donor must provide a legal instrument of conveyance with these conditions stated and made part of the Deed of Gift.

### **Gift-in-Kind Acknowledgement**

All GIK donations of \$4,999 and below will be acknowledged with an official thank you letter for tax purposes signed by the Associate Vice President (AVP) for University Development. As per IRS, the thank you letter will be provided with the description (but not value) of the non-cash contribution. The donor is responsible for estimating the value of non-cash contributions when they are reported to the IRS on a donor's tax return.

GIK appraised between \$5,000 and \$24,999 for individuals and at \$10,000 and above for organizations are acknowledged with a letter prepared by the Donor Relations & Scholarship Coordinator and signed by the VP for Advancement or AVP for Development.

GIK appraised at \$25,000 and above for individuals are acknowledged with a letter prepared by the Donor Relations & Scholarship Coordinator and signed by the President.

### **Valuation**

San Francisco State University is not responsible for affixing value to any gift; it is the responsibility of the donor to prove the value (Exception: GIK from Canadian residents require San Francisco State to affix the value - see Appendix A). Gifts are recorded in Advance at their

appraised or estimated fair market value. They may not be used as payments on pledges. Receipts generated from Advance do not indicate the recorded value but simply provide a description of the gift, e.g.

*On behalf of San Francisco State University, thank you for your gift of a Wacom interactive pen display tablet, which we received on September 15, 2015, for the Cinema Department in the College of Liberal & Creative Arts.*

For reference with regard to Fair Market Value contained within this policy:

IRS definition of *fair market value* is “The price of exchange between willing buyer and willing seller, neither having to buy or sell, and both having reasonable knowledge of all the relevant facts.”

The following general IRS regulations apply for gifts-in-kind in three categories:

**Gifts under \$500 or that do not have appraised value assigned**

The University is required only to acknowledge the gift and provide a description of the donated item. The estimated internal value should be noted on the GIK Acceptance form, and donors will receive gift credit for this amount in Advance.

**\$500-\$4,999**

The donor must keep adequate records (receipts or appraisals, if one has been obtained) pertaining to the value of the donated items. Appraisals for these items are not required and need not be attached to the donor’s tax return, but the donor must file [IRS Form 8283 – Non-cash Charitable Contribution](#). Please see below for more information on Form 8283.

**\$5,000 and above**

An independent appraisal is required for any GIK valued at \$5,000 or more. (Note: the educational discount value or the fair market value of a gift of equipment may be established and documented from independent pricing guides such as internet sites for the sale of used equipment or a retail sales list).

The 8283 Form is required for any charitable deduction for each non-cash contribution of more than \$500. The Donor must file Form 8283, Section B, for an item that is not in good used condition or better and for which the donor is claiming a deduction of over \$500. The donor must file Form 8283, Section B, also if they have a group of similar items for which a total deduction of over \$500 is claimed.

Similar items of property are items of the same general category or type, such as coin collections, paintings, books, clothing, jewelry, non-publicly traded stock, land, or buildings.

It is the donor's responsibility to file the 8283 Form. Donor must file a completed IRS Form 8283 rv. December 2020 <https://www.irs.gov/instructions/i8283> with their tax return for the year a deduction is claimed. It must be noted on the GIK Acceptance Form whether a Form 8283 was submitted by the donor.

On the form 8283 the University certifies only Section B Part IV: Donee Acknowledgement:

- That is a qualified organization
- That it received the property described in Section B, Part I
- The date on which it received that property
- That it will file Form 8282 if it "sells, exchanges, or otherwise disposes of the property within three years" after receipt
- Whether it intends to use the property for an unrelated use. If the University plans to use the property for an unrelated use (for example, selling it, possibly after some interval), the answer is "Yes."
- Appraiser must print their name and title, in addition to signature. The appraisal must be signed and dated by a qualified appraiser not earlier than 60 days before the date the property was contributed.

Before submitting Section B of Form 8283 to the SFSU (donee for acknowledgment), the donor must complete at least their name, identifying number, and description of the donated property (line 3, column (a)). If real property or tangible personal property is donated, the description its physical condition (line 3, column (b)) at the time of the gift.

Only the Vice President for Advancement or his/her designee is authorized to sign a Form 8283 on behalf of the University. When signing a donor acknowledgement (Part V), please check that the donor submitted the updated form 8283 rv. December 2020 <https://www.irs.gov/instructions/i8283>

When the GIK Acceptance Form, supporting materials, and Form 8283 are submitted to the Advancement Services for review and approval, the Senior Director of Advancement Services will coordinate the process for obtaining the Vice President's signature on the Form 8283. The signed Form 8283 will be returned to the Donor Relations & Scholarship Coordinator to forward to the donor, with copies to be retained for gift and donor files.

If a GIK valued at \$5,000 and above is sold by the University within three years of its acceptance and if donor presented the University with the form 8283 for signature (and it's in the file), an authorized designee of the receiving entity (the University, Ucorp or the Foundation) will file the [IRS Form 8282 – Donee Information Return](#) with the IRS and the Director of Advancement Services will send a copy to the donor. Therefore, a GIK Acceptance Form on gifts appraised at more than \$5,000 must be separately inventoried in order to comply with this requirement.

Department should notify the Advancement Office if a GIK is sold within the three-year period.

According to the [U.S. Department of Labor Pension Protection Act of 2006](#):

- Gifts of all tangible personal property can be deducted at FMV provided the gift is for a related use.
- If the donee disposes of the property within the tax year in which the contribution was made, the deduction is limited to the lesser of the donor's basis or sales price unless the charity certifies that it had been used for a related purpose or it had been planned to be used but that became impossible or infeasible.
- If the donee disposes of the property in a subsequent year within three years of the contribution, the donor must include as ordinary income the amount by which the deduction exceeded the cost basis.
- \$10,000 penalty for any person who identifies property as related use property knowing that the property is not intended for such use.

### **Acceptance of Gifts-in-Kind**

1. Using the above guidelines, the Director of Development should determine that the appropriate College/Department/unit wants or needs the gift, or that it can be sold to benefit of University. Be mindful of the IRS rules regarding selling a gifted item within three years. Consult the AVP for Development prior to agreeing to accept a gift that requires special handling.
2. Notify the donor that the University would be pleased to accept the gift, or provide a truthful but tactful reason why the University cannot accept the gift. If the estimated value is \$5,000 and more, remind the donor of the IRS rulings and the need for an outside appraisal, and assure the donor that the VP for Advancement will sign Form 8283 at the time of accepting the gift.
3. Complete a Gift-in-Kind Acceptance Form and rout for appropriate signatures with supporting documentation (Donor- Intent Form, donor's letter, email, appraisal, Form 8283). Write a letter of thanks to the donor describing the item but not listing the dollar value.

### **Gifts of Services/Gift Certificates**

Gifts of services (e.g., guest rooms or spa treatments donated by a resort hotel), gift certificates for services or tickets to events donated by the provider, rent, donated labor, or professional services are not allowable as tax-deductible gifts. Donors of such services should be acknowledged by the benefiting unit but not receipted (letter without the tax footnote).

The value of person's or organization's time or service is not considered a charitable contribution and is not countable, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service (e.g. accounting, legal work, consulting, or printing). SFSU encourage volunteers providing professional services to bill the institution for the service, accept payment for the institution, and then make a cash gift to the institution. This cash donation is usually 100% tax-deductible. In contrast, the individual could not claim the same deduction for their time.

Another example, a school event or dinner and one of the guests picks up the check and

pays the bill. In this situation only a portion of the bill that includes the cost of food and beverage can be counted as a gift-in-kind donation but not the cost service and tips. If the institution pays the bill and the individual-guest issues the check to the institution that covers the cost of the whole bill, than a full amount of the check will be a tax deductible donation.

### **Computer Equipment**

Gifts of computer equipment are valued according to CSU policy and CASE guidelines, which is generally their educational discount value. Gifts of software must be approved by the campus Gift Policy Committee.

### **Special Collections**

GIK that consist of collections such as works of art, memorabilia, artifacts or other types of tangible personal property – must be considered on a case-by –case before they can be accepted. The VP for Advancement’s approval is required to accept and record a gift of a special collection.

### **Self-created works**

Since the 1970’s, an artist may not claim the fair market value of self-created works donated by the maker to a qualifying nonprofit organization. The artist may only claim the cost of materials used in creating the works.

### **Royalties**

Royalties from vendor affinity agreements, such as alumni credit card programs, are exchange transactions and are not countable.

### **Record Retention**

Per IRS rules and regulations, gift-in-kind donations of \$250 and above will be held in Central Files with no disposal date. All other donations will be kept in hardcopy for three years and electronic/digital format for perpetuity. For donations from Canadian residents, our retention policies extend to six years. (Please see Appendix A for details.)

### **Pertinent IRS guidelines:**

IRS Publication 526, Charitable Contributions, <https://www.irs.gov/pub/irs-pdf/p526.pdf>

IRS Publication 561, Determining the Value of Donated Property, <https://www.irs.gov/pub/irs-pdf/p561.pdf>

IRS Form 8283 – Non-cash Charitable Contribution, <https://www.irs.gov/pub/irs-pdf/f8283.pdf>

IRS Form 8283 Instructions <https://www.irs.gov/instructions/i8283>

IRS Form 8282 – Donee Information Return, <https://www.irs.gov/pub/irs-pdf/f8282.pdf>

IRS Publication 1771 – Charitable Contributions – Substantiation and Disclosure Requirements (Acknowledgements), <https://www.irs.gov/pub/irs-pdf/p1771.pdf>

## **APPENDIX A GIFT-IN-KIND DONATION POLICIES FOR CANADIAN DONORS**

San Francisco State University is considered a Schedule VII university under the *Income Tax Act* of the Canada Revenue Agency (CRA). For San Francisco State University to retain its registration with the CRA and remain in good standing with this agency, we adhere to the following procedures for gift-in-kind donations by Canadian resident donors.

All information can be found in the CRA bulletin IT-110R3 Gifts and Official Donation Receipts, which is available on the CRA website, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).

### **Fair Market Value**

The fair market value of all Canadian gift-in-kind donations must be valued and set by the receiving organization (San Francisco State University). The value is NOT determined by the donor. Fair market value estimates must be acquired by online research and retail information captured from websites or other sources that list the values of the item(s). San Francisco State University Director of Advancement Services will verify the Fair Market Value and if any question arises, he/she will present to the Gift Policy Committee for a decision. Copies of the fair market value documentation must be digitally signed by the Director of Advancement Services and attached to the Gift-in-Kind Acceptance Form.

### **Official Donation Receipts**

The organization should be aware that it is not required to issue a donation receipt to a Canadian donor. However, a Canadian donor who is either an individual or a corporation is required by the Act to have an official donation receipt in order to claim a tax deduction.

Regulation 3501 of the Act identifies specific areas that are required on all donation receipts:

- “Official receipt for income tax purposes” shall appear on the acknowledgement letter or receipt
- The name of the Canada Revenue Agency and its web address, [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca), must appear on the letter/receipt
- The receipt must contain a unique serial number generated from the Gift Receipt Number field in our Advance database.
- The place or locality where the receipt was issued should be indicated.

When issuing a replacement receipt if the situation arises, San Francisco State University Advancement staff should issue a new replacement receipt with a new serial number, a note on the new receipt that replaces the previous one and references the old serial number.

Records and receipts pertaining to Canadian donors should be retained for six years per the CRA Circular 78-10R5 entitled, “Books and Records Retention/Destruction which is available on the website: [www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities).