Creating and Implementing Gift Acceptance Policies and Procedures

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The Key Questions

- What?
- Why?
- When?
- How?
- What to Include?
WHAT ARE GIFT ACCEPTANCE POLICIES AND PROCEDURES?
- Broad statements.
- Guides general course of action.
- Approved by governing Board.

- Implements policies.
- Specific statements.
- Defines course of action or conduct.
- May be approved by board of directors.
Policies and Procedures Are Not

- Not a legal treatise...
- But should be legally accurate with references where necessary.
- Not a detailed “cook book”...
- But can include specific procedures with detailed forms and checklists in an appendix.
WHY ARE GIFT ACCEPTANCE POLICIES AND PROCEDURES IMPORTANT?
Fulfill Mission

- Mission of organization.
- Philosophy of fundraising program in service to mission of organization.
Education

- **Staff**: executive leadership fundraisers, financial staff and others.
- **Board of directors**.
- **Professional advisors**: attorney, accountant, financial advisors
- **Donors**.
Enhance Fundraising

- Integration of all forms of giving.
- Enhances teamwork.
- Fundraising campaign reporting guidelines.
- Efficient and effective gift management.
- Coordination of donor recognition and stewardship.
Enhance Fundraising

- Equitable treatment of donors.
- Dealing with donor restrictions.
- Allow for the graceful “no”.
- Ability to deal with exceptional circumstances - the strategic “yes”.
Risk Management

- Legal compliance with federal and state laws.
- Limitation of liability assuring prudent due diligence.
- Documentation for historic record.
- Amend policies and procedures as needed.
Ethical Standards

- Model Standards of Practice for the Charitable Gift Planner at https://charitablegiftplanners.org/
- Association of Fundraising Professionals Ethical Standards at www.afp.org
- Donor Bill of Rights at www.case.org
- Independent Sector’s Principles of Good Governance and Ethical Practice
WHEN ARE GIFT ACCEPTANCE POLICIES AND PROCEDURES APPROPRIATE?
When?

- Inception of fundraising program.
- Inception of planned giving or endowment giving program.
- Preparation for capital or other campaign.
- After a “problem gift” raises concerns.
A “working” or dynamic - not static - document.

Procedure for making strategic amendments.
HOW ARE GIFT ACCEPTANCE POLICIES AND PROCEDURES CREATED?
Consider a Personal Process
Who is Involved?

- Board of directors
- Board committee
- Chief executive
- Fundraising staff
- Financial staff
- Legal counsel.
- Investment advisors.
- Consultants.
- Auditor.
- Donors.
What is a Successful Process?
Preparation

- Review samples from colleagues, peers, consultants, resources.
- Understand applicable law.
- Collect existing policies: minutes, legal counsel, memos, letters.
- Solicit input, ideas, complaints.
- Prepare an initial outline or checklist - share with others for input.
Consider Best Practices

- Proactive contact person.
- Organized discussion groups re: investment strategies, gift acceptance.
- Regular meetings of Development, Finance, Business, Investment staff.
- Advisory board of professional advisors.
- Consultants
- Legal Counsel
Best Practices

- Integrated structure for accounting, investment, administration, reporting
- Graphs, charts, software illustrations, information sheets for donor education.
- Tough, but fair and consistent, gift negotiations.
- Personal touch!
Successful Process

1. Prepare an initial draft.
2. Share with others for comments.
3. Edit and share revised versions.
4. Final draft for staff approval.
5. Final approval by governing Board.
6. Start with what is needed - amend as appropriate to reflect best practices, new laws, new programs.
What to Include?
"John Thompson - Hatter - Makes and Sells Hats for Ready Money" (picture of a hat)

2. "Makes" cut - customers do not care who makes the hat.
3. "and Sells" cut - customers expect to pay!
4. "Hats" cut - since there is a picture of a hat.
5. "for Ready Money" cut - credit not accepted, customers expect to pay!

Result: "John Thompson" (picture of a hat)
Policies

- Mission statement
- Independent counsel encouraged for donors
- Staff authorized to negotiate gifts
- Staff authorized for final approval
- When legal counsel approval is required
Policies

- Ethical standards
- Campaign reporting standards
- Donor recognition allowed
- Confidentiality respected
- Anonymity respected as requested
- Conflicts of interest avoided
Policies

- Financial accounting standards
- Authorization for gift annuities
- Compliance with state gift annuity regulations
- Compliance with state fundraising registration.

See: www.nasconet.org
Policies

- Charity as trustee of charitable remainder and lead trusts
- Requesting copies of documents
- Exceptions allowed - procedure
Planned Giving and Endowment Stewardship Program

Policies and Procedures

Approved by Ball State University Foundation
Board of Directors
Ball State University Foundation

Planned Giving and Endowment Stewardship Program

Policies and Procedures

EXECUTIVE SUMMARY

POLICIES OF THE FOUNDATION FOR PLANNED GIVING AND ENDOVENTMENT STEWARDSHIP

1. **Mission.** The mission of the Ball State University Foundation (hereinafter "Foundation") and its Planned Giving and Endowment Stewardship Program is to support the mission of Ball State University (hereinafter "University").

2. **Independent counsel encouraged.** Persons acting on behalf of the Foundation shall not provide legal and/or tax advice and shall in all cases encourage the donor to discuss the proposed gift with independent legal and/or tax advisors of the donor’s choice so as to ensure that the donor receives a full and accurate explanation of all legal and/or tax implications of the proposed charitable gift.

3. **Confidentiality.** The Foundation staff shall adhere to strict confidentiality with regard to any information, records, letters and personal documents pertaining to donors and gifts. Breaches of confidentiality by staff may result in disciplinary action.

4. **Charitable gift annuities authorized.** The Foundation is authorized to issue charitable gift annuities, immediate and deferred.

5. **Foundation as trustee.** The Foundation may serve as trustee of charitable remainder trusts, charitable lead trusts and pooled income funds where the Foundation is the sole named charitable beneficiary.

TYPES OF PLANNED GIFT ARRANGEMENTS: PROCEDURES

1. **Charitable Gift Annuity (Immediate and Deferred).** The minimum initial amount for an annuity agreement is $5,000. Additional gift annuities from the same donor may be issued for $2,500 per annuity. Rates offered for immediate and deferred gift annuities will be as currently recommended by the American Council on Gift Annuities.

2. **Charitable Remainder Trust.** The minimum amount for a charitable remainder trust for which the Foundation is trustee will be $100,000 (i.e., the initial amount donated to the trust).

3. **Pooled Income Fund.** The minimum initial contribution to the pooled income fund is $5,000. Additional contributions may be made at any time, and they shall be at least $2,500.

4. **Charitable Lead Trust.** The minimum amount for a charitable lead trust with the Foundation as trustee is $100,000.

5. **Life Insurance.** A donor may irrevocably assign a paid-up policy to the Foundation. A donor may irrevocably assign to the Foundation a life insurance policy on which premiums remain to be paid. A donor may name the Foundation as primary or successor beneficiary (but not owner) of a life insurance policy.
6. **Gift of Remainder Interest with Retained Life Estate.** The Foundation and the donor shall execute an agreement or contract that will stipulate that the donor shall continue to be responsible for all real estate taxes, property insurance, utilities, and maintenance.

7. **Bargain Sale.** The Foundation may purchase real estate, stock, personal property, or other property for less than fair market value. The price paid for the property should generally not exceed 60 percent of its appraised value.

8. **Bequest.** Sample bequest language for unrestricted and restricted gifts, including endowments, will be available to donors and their attorneys to ensure that the bequest is properly designated.

9. **Retirement Plan Designation.** Donors will be encouraged to designate the Foundation as primary or contingent beneficiary of a retirement plan pursuant to the plan’s appropriate designation procedure, such as a specific form.

10. **Qualified Conservation Easement.** As a general matter, the Foundation will consider gifts of qualified conservation easements only on real estate ultimately donated to the Foundation in fee such as by bequest or remainder interest.

11. **Endowment and Fund Gifts.** The Foundation accepts gifts for expendable, usually funded and permanent endowment funds. All endowments and funds, whether established by outright and/or planned gifts, will be documented with a written agreement signed by the donor and Foundation President.

12. **Donor Advised Fund.** The Foundation has established a supporting organization ("Cardinal Funds, Inc.") that will be used to accept and manage donor advised funds. A minimum gift of $50,000 is required to establish a donor advised fund. No more than 45% of the annual spendable amount of a donor advised fund may be spent on behalf of qualified charities or purposes other than the University. At least 55% of the annual spendable amount of a donor advised fund must be spent on the qualified programs of the University. All (100%) of the residual of a donor advised fund at the death or resignation of the advisor(s) shall be spent on qualified University programs as a permanent endowment.

**ASSETS FOR GIFTS: PROCEDURES**

1. **Gifts of Non-Cash Assets: Real Estate.** The Foundation has established a supporting organization ("Cardinal Properties, Inc.") that may be used to accept real estate gifts of all types.

2. **Gifts of Non-Cash Assets: Tangible Personal Property.** Donors may make gifts of tangible personal property such as automobiles, art, books, manuscripts, scientific or computer equipment, computer software, antiques, rags, collections of all types, boats, jewelry, cut crops/timber, animals, clothing and other property. Non-cash assets can be accepted by the Foundation so long as the Foundation or University assumes no unwanted liability, management or fiduciary duties, or unrelated business taxable income unless otherwise approved.

3. **Gifts of Non-Cash Assets: Intangible Personal Property.** Donors may make gifts of intangible personal property such as cash, publicly traded stock, closely held stock, corporate or municipal bonds, U.S. Savings Bonds, mutual fund shares, Federal Reserve items, partnership interests, mineral rights, and intellectual property.

4. **Transfer of Assets for Planned Gifts.** Mellon Bank serves as fiduciary agent for the Foundation’s pooled income funds, charitable gift annuities, charitable remainder trusts and charitable lead trusts.
DOCUMENTATION: PROCEDURES

1. Receipts for Gifts. The Foundation shall comply with all state and federal laws, regulations, rules and rulings with regard to providing donors a receipt for gifts.

2. Documentation of Gifts. The Foundation shall request appropriate documentation for all gifts.

3. Documentation of Gift Restrictions. With regard to the acceptance and documentation of gifts with restrictions requested by the donor, the Foundation shall comply with all applicable federal and state laws, rulings, rules and regulations.

RECOGNITION AND CREDITING: PROCEDURES

1. Crediting of Gifts. The University seeks to give credit to all donors for purposes of donor recognition and for achievement of development goals in an equitable manner for the appropriate amount of planned and outright gifts.

2. Recognition of Gifts. The Beneficence Society recognition will be awarded to all donors who confirm a revocable or irrevocable planned gift in any amount. Planned gift amounts shall be provided to the University for the purpose of its cumulative lifetime giving recognition of donors.
What to Include

Types of Planned Gifts
Ball State University Foundation
Planned Giving and Endowment Stewardship Program
Policies and Procedures

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Charitable Gift Annuities

- Immediate payment
- Deferred payment (commute, delay).
- Follow rates recommended by American Council on Gift Annuities at www.acga-web.org
- Comply with applicable state laws: investment, reserves, reports, fees
Charitable Gift Annuities

- Minimum amount: initial and subsequent gifts
- Minimum age required or compliance with minimum charitable deduction required
- Marketable assets acceptable for gift annuity
- Disclosure required by federal law
Charitable Gift Annuities

- Contract form approved by legal counsel
- Administration: staff or outsource
- Stewardship: payments, tax information, charity news
- Matured annuities: estate protocol
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<th>Number</th>
<th>Description</th>
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<tr>
<td>1.</td>
<td>Donor:</td>
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<td>Advance ID No.</td>
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<td>Donor's Soc. Sec. #</td>
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<td>Alumnus: Yes/No</td>
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<td>Date of Gift:</td>
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<td>Cost Basis (if applicable):</td>
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<td>Present Value:</td>
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<td>Other</td>
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<td>6.</td>
<td>If Deferred Gift, date of first Payment:</td>
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<td>7.</td>
<td>Frequency of Payments:</td>
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<td>Quarterly/Semi-Annually/Annually</td>
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<td>Special Election Form:</td>
<td>Yes/No</td>
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<td>9.</td>
<td>First Beneficiary:</td>
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<td>Second Beneficiary:</td>
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<td>Allocation:</td>
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<td>Endowed/Temporarily Restricted/Unrestricted</td>
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<td>11.</td>
<td>Campaign:</td>
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<td>Featured Objective:</td>
<td>Yes/No</td>
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<td>12.</td>
<td>Publicity:</td>
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<td>Listed/Article</td>
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<td>Deliver to Staff Accountant for Filing: (NOTE: Appropriate copies are filed</td>
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<td>in donor's Expectancy file.)</td>
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<td>Original Annuity Agreement</td>
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<td>Copy of Letter of Agreement</td>
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<td>Copy of Letter of Receipt</td>
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<td>Copy of Special Election Form (if applicable)</td>
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<td>Copy of Disclosure Letter (created by Planned Giving and signed by VP for</td>
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<td>1 Deposit Slip (if payments go to bank)</td>
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<td>Copy of Checklist</td>
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</table>
Name: ____________________________ Attention: ____________________________
Address: ____________________________
City: ____________________________ State: ___________ Zip Code: ___________
Phone: ____________________________ Bank Routing No.: ____________________________
Checking Account No.: ____________________________ Savings Account No.: ____________________________

CORRESPONDENCE: Mailing Address for Correspondence: (Must Check Advance For Current Address)
Summer

______________________________
______________________________
______________________________
Phone: ____________________________ Phone: ____________________________

Winter

______________________________
______________________________
______________________________

PAYMENTS: Mailing Address for sending payment directly to Beneficiary:
Summer

______________________________
______________________________
______________________________
Phone: ____________________________ Phone: ____________________________

Winter

______________________________
______________________________
______________________________

TAX FORM: Mailing Address for sending Tax Form 1099:
Summer

______________________________
______________________________
______________________________
Phone: ____________________________ Phone: ____________________________

Winter

______________________________
______________________________
______________________________

(FOR OPERATIONS ONLY):
FW Account Number: ____________________________

Make new file: ____________________________ Add to payments spreadsheet: ____________________________

Red (monthly pmts) Add vendor no. in FW
Burgundy (quarterly pmts) Add remarks
Teal (bi-annual pmts) Add designation
Blue (year-end pmts) ____________________________ Add to annuity spreadsheet
Yellow (deferred) Set-up ACH

New annuity spreadsheet
to Tom and Tracy
Charitable Trusts

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Pooled Income Funds
Charitable Trusts

- Charity as trustee - does state law allow?
- Significant fiduciary role
- Donor must have independent counsel
- Approval of trust document
- IRS templates available
- Lifetime or testamentary options
Charitable Trusts

- Minimum amount (initial, subsequent additions) and minimum age
- Payout percentage for charitable remainder and lead trusts
- Unitrust and annuity trust variations for charitable remainder and lead trusts
- Assets acceptable for trust
Charitable Trusts

- Annual Investment Policy Statements: due diligence.
- Stewardship: payments, tax information, charity good news.
- Use of agents: investment, tax reporting, check protocol.
Special Considerations: Charitable Remainder Trusts

- **Four types:** unitrust fixed percentage, net income, net income with make-up, annuity trust and “flip” (net income changes to fixed percentage unitrust)
- **Payout percentage:** 5% minimum
- **Charitable deduction value** must be at least 10% of original principal value
- **Tax exempt**
Special Considerations: Charitable Lead Trusts

- Grantor (income tax deduction) and non-grantor (gift/estate tax savings) trust options
- Unitrust or annuity format
- No minimum or maximum payout percentage
- Term of years not limited to 20 years
- Taxable trust
Special Considerations: Pooled Income Funds

- Required disclosure
- Appropriate assets for gifts (no tax exempt assets)
- All income is paid each year
- Investment strategies - consider different types of “pools”
Life Insurance

- Beneficiary and/or owner designation
- Prohibit charitable reverse split dollar
- Review process for proposals: premium financing, FOLI, CHOLI, annuity arbitrage, viatical or life settlements.

- See NACGP valuation guidelines at https://charitablegiftplanners.org/
Life Insurance

- Premium payment reminders
- Annual policy reviews.
- State insurable interest laws.
Remainder Interest in Personal Residence or Farm

- Due diligence of real estate (environmental review)
- Agreement relative to payment of:
  1. Property Taxes
  2. Maintenance
  3. Property Insurance
- Subsequent negotiations if life estate owners want to move
Bargain Sale

- Types of assets acceptable
- Due diligence
- Approval process
- Installment payments available
Bequests in Wills or Trusts

- Priority!
- Sample language for different types:
  1. Percentage
  2. Residual
  3. Fixed dollar
  4. Specific assets
  5. Endowments
Bequests in Wills or Trusts

- Correct legal name
- Requesting copies
- Approved uses
- Endowment agreements
- Estate administration
Ball State University Foundation
Estate Administration Checklist

Name of Estate ________________________________________________________________

Attorney Handling Estate ______________________________________________________

Date/ √

☐ Notify Advancement Services about Date of Death.

☐ Notice of Administration received by Foundation.

☐ Notify department or college, if appropriate.

☐ Attorney contacted. Requested copy of will and inventory if completed which should be sent to the
attention of the President of the Foundation.

☐ Request biographical information and a picture (obituary, if biographical information is not available).

☐ Will received by Foundation.

☐ Inventory received by Foundation. Copy to Vice President for Operations.

☐ Tentative amount of distribution expected: $ ___________________

☐ Partial distribution possible? □ YES □ NO

☐ If YES, date notices of distributions received: ________________________

☐ Circulate to President, VP of Operations, VP for Planned Giving, and AVP or Planned Giving.

☐ Notify BSU department* or other college of partial distribution received.

☐ *Notify Chairman or Dean of Department.

☐ Notice of a hearing date received by the Foundation.

☐ Preliminary accounting document received by the Foundation.

☐ Approval of final accounting document received by the Foundation.

☐ Final distribution received by the Foundation. Forward to the President of the Foundation who then
gives it to the financial clerk for processing.

☐ Type of distribution (check, property, etc.) _________________________________

☐ Circulate final distribution to President, VP of Operations, VP for Planned Giving, and AVP or
Planned Giving.

☐ Notify BSU department* or other college of final distribution.

☐ *Notify Chairman or Dean of Department.
Thank you letter sent to relative of donor or other appropriate person.


Reviewed by AVP for Planned Giving to record on expectancy spreadsheet.

Publicity (send note to Public Information Service).

File copy of Public Information sheet in next beneficence newsletter file for possible article.

Allocation of Fund Name:
Retirement Plan Designations

- Outright gift or for a planned gift instrument (CRT, gift annuity, etc.).
- Savings clause in bequest language.
- Copy of beneficiary designation.
- Approved uses.
- Endowment agreements.
Charitable IRA Rollover

- Protocol with agent(s) for direct wire transfers or payment by check
- **Limits:**
  1. $100,000 per IRA account holder
  2. Age 70 1/2 and older (taking RMD)
  3. Tax free - but no charitable deduction
  4. Not for DAFs, gift annuities, CRTs
  5. Can pay pledges or to endowment
Qualified Conservation Easements

- Is charity “qualified” to receive conservation easements
- Possible extension of enhanced tax benefits
- Documentation and due diligence (environmental review) is important
Endowment Gifts

- Applicable state law: Uniform Prudent Management of Institutional Funds Act (UPMI FA)
- Board approved policies:
  1. Investment Policy
  2. Spending Policy
  3. Fee Policy
Endowment Agreement

1. Name of endowment
2. Preferences for awards
3. History of donor
4. Outright and/or planned gifts
5. Incorporate by reference board approved investment and spending policies
6. Applicable state law (UPMI FA)
7. Amendments/variance power
Donor Advised Funds

- Is organization qualified to hold DAF
- Agreement template - variance power
- Due diligence required
- No private inurement or benefit
- No pledge payments from a DAF
- No premiums received for grants
- Special rules for scholarships with donor advising - no donor control
What to Include

Assets for Gifts
Real Estate

- Board approval
- Due diligence:
  1. Appraisal (paid by donor)
  2. Title Insurance (paid by charity)
  3. Environmental review (paid by charity)
  4. Marketability analysis (by charity)
  5. Review of debts, liens, mortgages
  6. Deed (paid by charity)
  7. Insurance (paid by charity)
Valuation of Non-cash Gifts

- U.S. Tax Court acknowledged property worth over $18 million was donated to a charitable remainder trust.
- ENTIRE charitable deduction disallowed - appraisal requirements not satisfied.
- No independent appraisal and not all information provided on 8283.
Non-Cash Gifts: Federal Requirements

- IRS Forms 8283 (donor) and 8282 (charity): Disclosure of value and subsequent sale of non-cash gifts.
- Pension Protection Act of 2006.
Noncash Charitable Contributions

Attach to your tax return if you claimed a total deduction of over $500 for all contributed property. See separate instructions.

Note. Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

Section A. Donated Property of $5,000 or Less and Certain Publicly Traded Securities—List in this section only items (or groups of similar items) for which you claimed a deduction of $5,000 or less. Also, list certain publicly traded securities even if the deduction is more than $5,000 (see instructions).

Part I Information on Donated Property—If you need more space, attach a statement.

|   | (a) Name and address of the donee organization | (b) Description of donated property
|---|-------------------------------------------------|----------------------------------
|   |                                                 | (For a donated vehicle, enter the year, make, model, condition, and mileage, and attach Form 1098-C if required.) |

Note. If the amount you claimed as a deduction for an item is $500 or less, you do not have to complete columns (d), (e), and (f).

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<tr>
<th></th>
<th>(c) Date of the contribution</th>
<th>(d) Date acquired by donor (mo., yr.)</th>
<th>(e) How acquired by donor</th>
<th>(f) Donor's cost or adjusted basis</th>
<th>(g) Fair market value (see instructions)</th>
<th>(h) Method used to determine the fair market value</th>
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Part II Partial Interests and Restricted Use Property—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I; complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

2a Enter the letter from Part I that identifies the property for which you gave less than an entire interest.
   If Part II applies to more than one property, attach a separate statement.

b Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year
   (2) For any prior tax years

c Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
   Name of charitable organization (donee)
   Address (number, street, and room or suite no.)
   City or town, state, and ZIP code

d For tangible property, enter the place where the property is located or kept

e Name of any person, other than the donee organization, having actual possession of the property

3a Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?

b Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire?

c Is there a restriction limiting the donated property for a particular use?
Form 8283 (Rev. 12-2006)  
Name(s) shown on your income tax return  
Identifying number  
Page 2

Section B. Donated Property Over $5,000 (Except Certain Publicly Traded Securities)—List in this section only items (or groups of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions of certain publicly traded securities reported in Section A). An appraisal is generally required for property listed in Section B (see instructions).

Part I Information on Donated Property—To be completed by the taxpayer and/or the appraiser.

4 Check the box that describes the type of property donated:
   □ Art* (contribution of $20,000 or more)  □ Qualified Conservation Contribution  □ Equipment
   □ Art* (contribution of less than $20,000)  □ Other Real Estate  □ Securities
   □ Collectibles**  □ Intellectual Property  □ Other
   □ Other

   *Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.
   **Collectibles include coins, stamps, books, genes, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

Note. In certain cases, you must attach a qualified appraisal of the property. See instructions.

5 (a) Description of donated property (if you need more space, attach a separate statement)

(b) If tangible property was donated, give a brief summary of the overall physical condition of the property at the time of the gift

(c) Appraised fair market value

6 (d) Date acquired by donor (mo, yr.)

(e) How acquired by donor

(f) Donor’s cost or adjusted basis

(g) For bargain sales, enter amount received

(h) Amount claimed as a deduction

(i) Average trading price of identical

See Instructions

Part II Taxpayer (Donor) Statement—List each item included in Part I above that the appraisal identifies as having a value of $500 or less. See instructions.

I declare that the following item(s) included in Part I above has to the best of my knowledge and belief an appraised value of not more than $500 (per item). Enter identifying letter from Part I and describe the specific item. See instructions.

Signature of taxpayer (donor)

Date

Part III Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during the tax year for other persons.

Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraisal property value. Furthermore, I understand that a false or fraudulent understatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (filing and abetting the understatement of tax liability). In addition, I understand that a substantial or gross valuation misstatement resulting from the appraisal of the value of the property that I know, or reasonably should know, would be used in connection with a return or claim for refund, may subject me to the penalty under section 6662A. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Sign

Here

Business address (including room or suite no.)

City or town, state, and ZIP code

Part IV Donor Acknowledgment—To be completed by the charitable organization.

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file Form 8282, Donor Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use?

Yes ☐ No ☐

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

Authorized signature

Employer Identification number

Printed on Recycled Paper

Form 8283 (Rev. 12-2006)
Sale of Donated Property

- IRS Form 8282: Reporting proceeds of sale of donated property by charitable organization.
- Filed if property is sold within three years of date of gift.
- IRS audit “red flag” if value of claimed for charitable deduction significantly exceeds the charitable organization’s sale value.
# Donee Information Return
(Sale, Exchange, or Other Disposition of Donated Property)

## Parts To Complete
- If the organization is an **original donee**, complete Identifying Information, Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III.
- If the organization is a **successor donee**, complete Identifying Information, Part I, Part II, and Part III.

### Identifying Information

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
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<tbody>
<tr>
<td>Name of charitable organization (donee)</td>
<td>Employer identification number</td>
</tr>
<tr>
<td>Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address)</td>
<td></td>
</tr>
<tr>
<td>City or town, state, and ZIP code</td>
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</table>

### Part I  Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property

1a | Name of original donor of the property | 1b | Identifying number(s) |
1c | Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) |
1d | City or town, state, and ZIP code |

**Note.** Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).

2a | Name of charitable organization | 2b | Employer identification number |
2c | Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) |
2d | City or town, state, and ZIP code |

### Part II  Information on PREVIOUS DONEES. Complete this part only if the organization was not the first donee to receive the property. See the instructions before completing lines 3a through 4d.

3a | Name of original donee | 3b | Employer identification number |
3c | Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) |
3d | City or town, state, and ZIP code |

4a | Name of preceding donee | 4b | Employer identification number |
4c | Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) |
4d | City or town, state, and ZIP code |

For Paperwork Reduction Act Notice, see page 4.
### Part III  Information on DONATED PROPERTY

1. Description of the donated property sold, exchanged, or otherwise disposed of and how the organization used the property. (If you need more space, attach a separate statement.)

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2. Did the disposition involve the organization’s entire interest in the property?

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<td>Yes</td>
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3. Was the use related to the organization’s exempt purpose or function?

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<td>Yes</td>
<td>No</td>
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4. Information on use of property.

- If you answered “Yes” to question 3 and the property was tangible personal property, describe how the organization’s use of the property furthered its exempt purpose or function. Also complete Part IV below.
- If you answered “No” to question 3 and the property was tangible personal property, describe the organization’s intended use (if any) at the time of the contribution. Also complete Part IV below, if the intended use at the time of the contribution was related to the organization’s exempt purpose or function and it became impossible or infeasible to implement.

### Donated Property

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5. Date the organization received the donated property (MM/DD/YY)

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6. Date the original donee received the property (MM/DD/YY)

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7. Date the property was sold, exchanged, or otherwise disposed of (MM/DD/YY)

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8. Amount received upon disposition

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### Part IV  Certification

You must sign the certification below if any property described in Part III above is tangible personal property and:

- You answered “Yes” to question 3 above, or
- You answered “No” to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720B, I certify that either: (1) the use of the property that meets the above requirements, and is described above in Part III, was substantial and related to the donee organization’s exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

<table>
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<tr>
<th>Signature of officer</th>
<th>Title</th>
<th>Date</th>
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### Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

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<th>Signature of officer</th>
<th>Title</th>
<th>Date</th>
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Valuation

- If the claimed charitable deduction exceeds $5,000, then a qualified independent appraisal is required of donor.
- Exception for publicly traded stock.
- Donor should pay for appraisal.
- See IRS Publication 561.
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Introduction

This publication is designed to help donors and appraisers determine the value of property (other than cash) that is given to qualified organizations. It also explains what kind of information you must have to support the charitable contribution deduction you claim on your return.

This publication does not discuss how to figure the amount of your deduction for charitable contributions or written records and substantiation required. See Publication 526, Charitable Contributions, for this information.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

Internal Revenue Service
Individual Forms and Publications Branch
SE.W:CAR:MP:TI
1111 Constitution Ave., NW, IR-6406
Washington, DC 20224

Get forms and other information faster and easier by:
Internet • www.irs.gov
Intangible Personal Property

- Stock, bonds, business interests, intellectual property
- Due diligence required
- Delivery:
  1. Hand delivery
  2. Mailing (stock power form or gold medallion guarantee)
  3. Depository Trust Company procedure with third party agent
Intangible Personal Property: Special Considerations

- S Stock: reduced deduction and potential unrelated business income tax
- Intellectual property: charitable deduction valuation
- Business interests: due diligence
- Publicly traded stock and bonds: immediate sale and reinvestment?
Tangible Personal Property

- Due diligence
- The graceful “no”
- Reduction rules for ordinary income property (inventory), unrelated use
- Related use verification letter.
- Resale or use.
- Insurance.
What to Include

Documentation
Gift Receipts

- Tax Court denied a $23,000 charitable income tax deduction, even though IRS conceded charitable gifts were made.
- Charity did not add phrase "you received no goods or services" on receipt.
- Law does not allow for corrections after the due date for income tax return.
Over $250 and any gift over $75 for which a *quid pro quo* of financial value is provided:

1. Name of organization
2. Amount of contribution
3. Description (not value) of non-cash gifts
4. If so, statement that no goods or services were provided in exchange for gift
5. Description and good faith estimate of the value of goods or services provided, if any
6. Date of gift (see page 2 of IRS Pub 1771)
Receipt Letters

- Non-cash gifts in general
- Publicly traded stock - do the math?
- IRA Charitable Rollovers
- Non-deductible gifts: time/services, loans of property
- Ordinary income property: art by artist, grain by farmer, inventory of business owner
Planned Gift Documentation

- **Summary of accounting and tax information:**
  1. Tax benefits review
  2. Tax reporting review (1099, K-1, 5227)
  3. Software illustration
  4. IRS 8283 form (blank, unsigned) for donor
  5. Independent counsel encouraged
Documentation

- Request copies of planned gift documents
- Documentation of gift preferences
- Variance or amendment power provisions.
- Pledges in writing - pay from estate if not satisfied during life
Protecting Donor Privacy

- Recognition permission
- Disclosure
- HI PAA: health care
- Gramm-Leach-Bliley: financial disclosure
- FERPA: educational institutions
- State public records laws
Reporting Contacts

- Integration of the fundraising “Pyramid”: annual giving, major gifts and planned giving
- Education of staff for planned giving “signals”
- Timely follow-up is essential
Prospect Contact Reports

- Name spelling
- Contact information
- Linkage
- Ability
- Interest
- Career
- Success stories

- Assets (stock, bonds, insurance, real estate, retirement plan, business)
- Tax issues? (income, estate, capital gains)
CONFIDENTIAL
CONTACT REPORT

DATE: __________________ STAFF: __________________

PROSPECT: ____________________________________

Home Address: __________________________________

City: __________________ State: ______ Zip Code: ______

Telephone: (_____ ) ____________________________

If Foundation or Business, Contact & Title: ________________

Business Address: __________________________________

City: __________________ State: ______ Zip Code: ______

Business Phone: (_____ ) ____________________ Fax: (_____ ) __________________

ORIGIN OF CONTACT: ( ) Staff ( ) Volunteer ( ) Visit ( ) Prospect

NATURE OF CONTACT: ( ) Telephone ( ) Chance ( ) Meeting/Appt.

( ) Other __________

PURPOSE OF CONTACT:

WHO, WHAT, WHEN, WHERE (if in addition to above info.):

ASSESSMENT OF RESULTS OF INTERACTION:

INTERESTS, CHARACTER, BACKGROUND, CURRENT INFO., INFO.
USEFUL/NEEDED FOR MOVE:

NEXT STEP:
Ball State University Foundation
Gift Planning Opportunity Checklist

Things you might have heard or noticed:

Estate Planning

- Currently involved in estate planning
- Currently writing will, trust, etc.
- Attorney and/or financial planner’s name: ____________________________
- Currently investigating life insurance

Personal Assets/Income

- Owns a business:
  - Has sold or plans to sell a business: for how much? __________________
  - when? ________________
- Retirement plan (IRA, 401(k), etc.)
- Owns art, antiques, collectibles
- Recently received an inheritance
  - from: __________________________
  - value: __________________________

Tax Concerns

- Concerned about income taxes
- Concerned about capital gains tax (appreciated securities, properties)

Personal Information

- Single
- Widow or Widower
- No or few children

Interest in Ball State University

- Experience at BSU: __________________________
- Other family members’ experience with BSU
  - Name(s) __________________________
  - Year/Age __________________________
- Recently increased Ball State Fund giving level

Relationship Information

- Mentioned interest in becoming Foundation board member:
- Friend serves on the Foundation or University board:

- Concerned about providing for loved ones
  - Who? __________________________
  - Ages? ________________
- Has asked about: living will, living trust, power of attorney, will, trust, executors, health care appointment, etc.

- Owns highly appreciated residence or other real estate: value?
- Owns highly appreciated stock: value?
- Owns savings bonds, commercial annuities
- Interested in investments (stocks, government issues, etc.)
- High income (over $100,000)
  - (over $500,000)
  - (over $1 million)

- Concerned about prospect of high estate tax
- Inquired about gift tax
- Concerned about taxes on retirement plan

- Moved or planning to move soon
- Retired or planning to retire soon
- Retiring Faculty
  - Department: __________________________

- Participated in Capital Campaign
- Loyal Ball State Fund contributor
- Has mentioned interest in planned giving
  - or that Ball State is currently named in a planned gift
- Has established a fund at Ball State:

- Interested in establishing a fund to benefit: __________________________
What to Include

Recognition and Crediting
Counting the Numbers

- NACPG planned gift valuation standards. See https://charitablegiftplanners.org/
- FASB accounting standards
- IRS approved tax benefits
- Donor recognition
- Work performance metrics
- Campaign reporting - see www.pppnet.org and www.case.org for sample standards
Expectancy Dollars by Type of Gift

Ball State University Foundation Planned Giving Program
Number of Expectancy Gifts by Type

Total Number of Gifts - 503

- Bequests = 232
- Life Insurance = 137
- Life Income Gifts = 107
- Other = 27

Ball State University Foundation Planned Giving Program
Donor Recognition

- Outright Gifts
- Cumulative Lifetime Gifts: Outright and Planned Gifts
- Planned Gifts
- Endowment Gifts
- Permission to Disclose names in public (plaque, website, annual report, published list, etc.)
I/We wish to be recognized with membership in Beneficence Society and would like to join with other members to ensure the continued growth of Ball State University.

NAME __________________________ TELEPHONE __________________________

ADDRESS ____________________________________________________________

CITY __________________________ STATE _________ ZIP ________________

NOTE: Beneficence Society membership does not require disclosure of the information asked below. However, we ask for this information in order to document and steward your gift, as well as to offer counsel if appropriate. All information is considered confidential.

I/We have provided for the future of Ball State University in the following manner:

☐ Bequest through will or trust
☐ Charitable gift annuity
☐ Charitable remainder trust
☐ Charitable lead trust
☐ Gift of life insurance
☐ Bequest of retirement plan assets
☐ Remainder interest in residence or farm
☐ Other: ____________________________________________________________

☐ Attached please find a copy of the page or paragraph that describes my gift provision.

The estimated current dollar value of my gift is $______________________________.

My gift is to be used as follows: ____________________________________________.

Please list my name (and/or my spouse’s name) for Beneficence Society in the following manner:

☐ Yes You have my/our permission to include my/our name(s) in published lists (publications, newsletters, donor recognition plaque, and website) recognizing Beneficence Society members.

☐ No

☐ Yes You have my/our permission to count the dollar value of my/our planned gift toward Ball State’s cumulative lifetime giving societies: Fellows ($25,000 and more), Quadrangle ($100,000 and more), and Founders ($1 million and more). I understand these societies offer additional recognition (plaques, publications).

☐ No

☐ Yes You have my/our permission to use my/our name(s) in internal and external published articles describing my gift and its positive impact on the future of Ball State University.

☐ No

Signature ____________________________________________________________

Date Signed _________________

Date of Birth _________________

E-mail Address __________________________

Signature ____________________________________________________________

Date Signed _________________

Date of Birth _________________

E-mail Address __________________________

Rev. 7/06
What to Include

Appendix
Appendix

- Checklists
- Routing Sheets
- Asset Transfer Procedure
- Trustee Agent Procedure
- Sample Contracts and Agreements
- Investment, Spending and Fee Policies