



CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Standard Operating Procedures for Acceptance of Gifts-in-Kind (GIK)

I. PURPOSE AND DEFINITIONS

The purpose of these operating procedures is to maintain adherence to the policies and procedures mandated by the CSU Chancellor's Office, thereby protecting the interests of CSUSM and the Foundation during the acquisition or disposition of tangible or intangible personal property – henceforth referred to as GIK, gift-in-kind, or property.

Tangible GIK include, but are not limited to: books, works of art, manuscripts or archival materials, automobiles, films, video tapes, boats or sporting equipment, computer equipment, furniture, animals, office equipment, machinery, and lab equipment. Intangible GIK include, but are not limited to: computer software, patents, easements, and copyrights. The deduction allowable for these types of gifts depends on how long the donor has owned the property and if it is related to the charitable purpose of the University.

II. INTRODUCTION

The responsibility for accepting GIK in the manner set forth in the Standard Operating Procedures for Acceptance of Gifts-in-Kind rests with each Department and Area within the CSUSM campus. Appropriate documentation should always be retained and a copy provided to University Advancement Gift Processing (UAGP) at the time in kind gifts are processed. Gift Processing will follow up with appropriate campus entities to ensure that the Standard Operating Procedures have been followed.

III. GIFT ACCEPTANCE

The University will assess the financial desirability of receiving assets as gifts from potential donors and determine whether or not to accept a gift as offered. The University reserves the right to decline gifts from which it will realize little or no financial gain. It may refuse gifts that are offered for purposes that are inconsistent with its educational, research, and service missions. The University shall not accept gifts with restrictions that violate the University's ethical standards, or those that require expenditures beyond their resources, that compromise the academic freedom of the University community or that involve unlawful discrimination based on race, religion, gender, age, national origin, disability or any other basis prohibited by federal, state and local laws and regulations.

IV. GIFT PROCESSING PROCEDURE

- CSUSM can accept GIK and UAGP may issue a receipt whether it is related or unrelated to the charitable purpose of the University. Whether the gift is related or unrelated to the charitable purpose of the University can affect the allowable charitable deduction a donor may be permitted to claim under IRS regulations. For example, gifts of artwork to the Art Department are for a related use as would be lab equipment given to Engineering. Items donated for an auction are not related to the university's educational mission.

- UAGP will issue the gift receipt which will contain a description of the property with no indication of value. The donor's giving record will be hard credited with the estimated fair market value of the item.
- The value of the gift must be documented with an appraisal, sales receipt, or other independent documentation for all gifts where the value is \$5,000 or less. For a gift-in-kind in excess of \$5,000, an appraisal of the property may be required under IRS rules if the donor intends to take a tax deduction for the gift.
- A valid appraisal must be done by a qualified appraiser according to the IRS guidelines. The cost of the appraisal is the responsibility of the donor.
- The appraisal can be done as of no sooner than 60 days prior to the gift or can be done any time after the gift is completed up until the time the tax return for the donor is submitted.
- It is the responsibility of the donor to determine the value of a gift-in-kind for their tax purposes.
- A University employee shall never value personal property for a donor.
- If the property is a work of art that was created by the donor or something the donor has held for less than 366 days, he or she should be advised to check with their own tax advisor on the potential deductibility of the gift before the gift is accepted.
- The date of GIK will be either the date the property's ownership is completely assigned to the University via a deed of gift, even if physical possession will take place at a later date, or an employee of the University takes possession of the property.
- Filing of IRS [Form 8283](https://www.irs.gov/pub/irs-pdf/f8283.pdf)¹ for GIK exceeding \$5,000 in value is the responsibility of the donor. In the event the donor submits this form to the department/area benefitting from this gift, a copy must be sent to UAGP and the Property Office.
- The GIK form is set up in such a way that Property Office receives a copy of the form along with all supporting documentation once the form is completed.
- Generally, a GIK is made to the University and not to the Foundation. The University maintains insurance on personal property and the Foundation does not. Property Office in Materials Management Department maintains inventory of all property.
- The Property Office will review the GIK form and supporting documentation for the asset gifted, and will determine what is capital in nature for recording in the university accounting system as inventory so that it will be covered by University insurance.

¹ IRS Form 8283: <https://www.irs.gov/pub/irs-pdf/f8283.pdf>

- The Property Office will ensure that all campus property is maintained, controlled, and disposed of in a manner consistent with CSU policies and State regulations. Additional information may be found on the [Property Office²](#) website.
- GIK that are disposed of within the [time required by the IRS³](#) in relation to the gift date must be reported to the IRS on [Form 8282⁴](#). The Property Office will prepare this form and send to the IRS with a copy to the development officer for transmission to the donor.

V. GIFTS-IN-KIND OF SERVICES

- These include, but are not limited to, such activities as printing of materials, appraisals, and design work, for example. These services provide valuable support to the University. The contribution of services, no matter how valuable to CSUSM, is not tax deductible according to the IRS. Therefore no hard or soft credit is recorded for such gifts. See [IRS Publication 526⁵](#) for additional information.

VI. MISCELLANEOUS GIFTS

- Whenever the donor is provided something in exchange for the gift such as tickets for a dinner, concert, or other event, the advancement officer or a department representative is responsible for providing UAGP with the fair market value associated with attending the event. It is the responsibility of the office sponsoring the event to retain the records proving the value of the ticket, dinner, or other tangible benefit for IRS purposes. Failure to keep the information could result in fines and potential loss of tax-exempt status.
- Other types of gifts that may require special receipts and review prior to accepting the gift include: inventory, art, artistic property created by the donor or the donor's spouse or received as a lifetime gift from the artist, computer hardware and software, real property subject to depreciation recapture, and [Section 306 stock⁶](#).
- Alcohol donations may be accepted by the non-profit organizations on campus for fundraising purposes. Details can be found [here⁷](#).

² Property Office: http://www.csusm.edu/policies/active/documents/property_accounting.html

³ Disposition of Donated Property: <https://www.irs.gov/charities-non-profits/charitable-organizations/charitable-organizations-substantiating-noncash-contributions>

⁴ IRS Form 8282: <https://www.irs.gov/pub/irs-pdf/f8282.pdf>

⁵ IRS Publication 526: <https://www.irs.gov/pub/irs-pdf/p526.pdf>

⁶ Section 306 stock: http://www.taxhub.net/SCOR207_02_03.html

⁷ Alcohol Use on Campus: http://www.csusm.edu/policies/active/documents/alcohol_use_campus.html

VII. AUCTIONS AND RAFFLES

- Purchase of a raffle ticket is not a gift under IRS regulations and no gift credit or gift receipt will be issued. See the [State of California Department of Justice website](#)⁸ regarding taxation issues related to raffle winnings.
- Items donated for sale at an auction are not considered for a related use (to the University's educational purpose) [according to the IRS](#)⁹. Therefore, the receipt that will be issued will list the item donated, but no value. Auction donors must be made aware of this fact.
- The description of the donated items should be submitted to UAGP on a GIK form.
- The donor's giving record will be hard credited for the fair market value or the appraised value of the item, provided the item does not represent a service or partial interest (see [IRS Publication 526](#)).
- A gift receipt can only be issued to a purchaser of an auction item if the price paid by the successful bidder exceeds the listed fair market value of the item. The amount of the receipt will be the difference paid above the fair market value of the item.
- The fair market value must be clearly indicated in the information posted about the item at the auction and that information should accompany the "Auction Item Donation Tracker" sheet.

VIII. ADDITIONAL TOOLS AND RESOURCES

- Event Item Donation Form
- Auction Item Donation Tracker
- Non-Auction Item Donation Tracker
- Conducting Fundraising Auctions at CSUSM: Frequently Asked Questions
- CSUSM Gift-in-Kind Acceptance Form (available online; to be used for all non-event in-kind donations)
- CSUSM Foundation and UARSC Hospitality Policy

⁸ State of California Department of Justice Office of the Attorney General – Raffles:
<https://oag.ca.gov/charities/raffles>

⁹ Charity Auctions: <https://www.irs.gov/charities-non-profits/charitable-organizations/charity-auctions>