

Florida State University Policy 8-1

TITLE OF POLICY: GIFT ACCEPTANCE AND COUNTING POLICIES

Responsible Executive: Vice President of University Advancement

Approving Official: Vice President of University Advancement

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I. INTRODUCTION

A. Vision and Mission

The Florida State University (FSU) is supported by various Direct Support Organizations (DSOs) that enhance FSU through organized engagement of alumni and friends, fund raising activities, and resource management.

The DSOs accomplish their missions in support of the University by:

- soliciting contributions for academic, research, athletic and co-curricular purposes as part of FSU'S overall advancement effort;
- investing and disbursing funds according to donors' wishes and university policy to promote the long term growth of the university;
- engaging and strengthening relationships with alumni and friends of FSU.

B. Operating Principles

Our fundraising activities:

- support the mission of the university and
- involve alumni, parents, friends, faculty, staff, students, corporations and foundations who support FSU.

II. POLICY

A. GIFT AGREEMENTS

The terms of all gifts of \$25,000 or more to the DSOs that support Florida State University will be specified in a written gift agreement, signed by the donor and the authorized representatives of the university, outlining the program to be supported, and the schedule of contributions.

Gifts of less than \$25,000 may also be committed through a gift agreement signed by the donors or an acceptable form of written communication, such as a signed letter, pledge form, memorandum of understanding or email from the donor. Emails directing gifts will also receive a written response from the appropriate direct support organization, confirming that the gift commitment has been received.

All gift agreements in support of academic, research, and co-curricular initiatives require all of the following signatures:

- For gifts larger than \$100,000:
 - The donor or donors
 - The dean or university vice president who will administer the gift
 - The Vice President for Research (for gifts supporting research)
 - The President of the University
 - The Provost/Executive Vice President for Academic Affairs
 - The President of the Florida State University Foundation.
- For gifts of less than \$100,000 where a gift agreement is used:
 - The donor or donors
 - The dean or university vice president who will administer the gift
 - The Vice President for Research (for gifts supporting research)
 - The Executive Vice President of the Florida State University Foundation.

All gift agreements in support of athletics require the following signatures:

- For gifts larger than \$100,000
 - The donor or donors
 - The President of the Seminole Boosters who will administer the gift
 - The President of the University
 - The Director of Athletics
- For gifts of less than \$100,000 where a gift agreement is used:
 - The donor or donors
 - The President of the Seminole Boosters who will administer the gift
 - The Director of Athletics

All donors who wish for their gift to benefit academic programs and be matched under the provisions of the state matching funds program must state in the agreement that the appropriate DSO shall apply for and receive any matching funds from federal, state, or private sources that might be available as a result of their gifts. (Note: Florida State University cannot guarantee state matching gifts or the continuation of the state matching gift program.)

1. Gift Agreement Guidelines

- a. The Florida State University discourages providing preference to individuals in a protected class (race, color, religion, national origin, age, marital status, and/or disability) when awarding scholarships, fellowships, or grants. If the Donor insists on including one or more of the Protected Class Preferences, such may be included in the Gift Agreement as a “preference,” and the following language must be included:

Preference may be given, to the extent allowed by law, to (candidates meeting one or more of the Protected Class Preferences). However, a candidate who otherwise qualifies for an award shall not be ineligible for the award simply because he/she does not meet a Protected Class Preference, and an otherwise more qualified candidate who does not meet the Protected Class Preference shall not be passed over in favor of an otherwise less qualified candidate who does meet the Protected Class Preference.

- b. Preferences for relatives or descendants in the awarding of scholarships or in the use of donated funds are prohibited.
- c. Gifts from any donor for a fellowship or scholarship, made on the condition or with the understanding that the award will be made to a student of the donor’s choice, will not be accepted. Money received subject to such restrictions may be credited to a depository account within the University Office of Student Financial Aid, but will not be recorded as a gift to FSU.
- d. The terms of any gift should be: (1) as flexible as possible to permit the most productive use of the funds and (2) as nearly as possible to be consistent with the original intent of the donor.
- e. Gifts that restrict or impede the work or scholarly activity of a faculty member, fellowship holder or student will not be accepted.
- f. No fellowship or scholarship gift will be accepted if the terms of the gift in any way include a commitment for the future employment of the student recipient.
- g. A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution. It is the preference of Florida State University that a donor not serve on committees involved in the selection or evaluation of students or faculty members who would benefit from the gift, unless authorized by the Vice President for University Advancement and the Provost/Executive Vice President for Academic Affairs. If approval is given to serve on such a committee, care must be taken that the donor does not control more than 49 percent of votes and that the donor does not possess perceived additional control by virtue of his ability to make additional gifts. Conditional pledges are those that place

requirements on the university to perform some task or take some action that it might not otherwise initiate. A conditional pledge may also depend on some future event over which neither the university nor the donor may have control. The university discourages the acceptance of conditional pledges.

2. Changing Donor Restrictions

The use of donated funds for a purpose other than that stipulated by the donor is prohibited. If another use is deemed necessary, consent for using the funds in a different manner may be sought from the donor or may be altered in accordance with the terms of the gift agreement. If the use becomes impossible or unlawful, court approval may be sought to alter the use. Similarly, for a donor to change the originally stated use of donated funds, the change must first be agreed to by appropriate University officials in an amendment to the original gift agreement, signed by the original parties or their successors.

3. Multiple Donors

More than one donor may agree to participate in a gift agreement for a common purpose or fund, in which case all parties to the agreement must sign individual pledge forms indicating their dollar commitments. If the various individuals or entities are planning different gift payment schedules, those different schedules should be clearly indicated.

B. CASH & CASH EQUIVALENTS

1. Cash Gifts

Cash gifts are defined as currency, checks, credit cards, Electronic Fund Transfer (EFT), wire transfers, ACH, payroll deduction, marketable securities, and corporate matching gifts and may be accepted in any amount. The DSOs of FSU accept all of the following methods of cash gifts, and encourage all donors to indicate with clarity the purpose and intention of their gift.

- a. Currency:** Currency can be mailed or hand delivered. The University recommends that all donations of currency collected on campus be hand delivered to the appropriate DSO office. Currency collected on campus shall be held no more than two business days before delivery to the appropriate processing office. Once the cash is received at the office, it will be counted, verified, and receipted.
- b. Checks:** Contributions made by check are considered to be effective for income tax purposes when the check is unconditionally delivered or mailed (as indicated by the postmark) as long as the check clears the donor's bank. Donors should indicate the purpose of their gift on the check and enclose any related documents needed to process their gift. All checks must be payable to either the appropriate DSO and shall in no event be payable to an employee, agent, or volunteer for the credit of the DSO. Checks

collected on campus shall be held no more than two business days before delivery to the appropriate processing office.

- c. **Credit Cards:** The DSOs accept the following credit cards as payment for a contribution: Visa, MasterCard, American Express and Discover. The IRS has ruled that a contribution charged to a bank credit card is deductible by the donor when the amount is actually charged since the cardholder becomes immediately indebted on the date of the charge.
- d. **Electronic Funds Transfer (EFT) via checking or savings account:** Donor must submit a signed authorization form and a voided check or deposit slip with bank routing and account numbers.
- e. **Wires:** Donors should contact a development officer or the appropriate business office to discuss this type of transaction prior to submission
- f. **ACH:** Donors should contact a development officer or the appropriate business office to discuss this type of transaction.
- g. **Payroll Deductions:** The DSOs may accept gifts made via payroll deduction. Donors must submit a signed authorization form.
- h. **Marketable Securities** – If there is an active market for the contributed stocks or bonds on a stock exchange, in an over-the-counter market, or elsewhere, the fair market value of each share or bond is the average price between the highest and lowest quoted selling prices on the valuation date. The valuation date of a contribution is the date that the transfer of the property takes place. Ordinarily, securities will be sold immediately upon receipt. In rare cases, securities may be held if they are deemed to be appropriate within the overall investment strategies of the DSOs. Marketable securities will be valued per IRS regulations. For campaign reporting, gifted securities are recorded at the valued amount without regard to expenses associated with the transaction. It is strongly recommended that gifts of securities be sent via ETC. However, if a physical stock certificate is given it should have properly endorsed transfer documentation. Donors should contact a development officer or the appropriate business office to discuss this type of transaction.
- i. **Closely Held Securities** – Securities that are not publicly traded may be accepted by the DSOs upon the recommendation of the Vice President for University Advancement. Development Officers shall make no commitments for the acceptance of these gifts without written acknowledgement from the Vice President for University Advancement. A detailed explanation surrounding the circumstances of the stock, the company, and the donor's reason for this gift must be documented and provided to the Vice President for University Advancement. Gifts of closely held stock will be counted at fair market value at the date of the gift, in accordance with IRS regulations or, if over \$10,000, by the value placed on them by a qualified independent appraiser as required by the IRS for valuing gifts of non-publicly traded stock.

- j. **Corporate Matching Gifts:** For counting purposes, donors receive gift credit for a matching gift from their employer. For tax purposes, the official donor is the company matching the gift.

2. Gift Date

- a. Cash gifts (checks, cash, credit cards) will be credited on the date deposited, except at the end of the calendar year, in which case the gift date will be the USPS postmark on the envelope.
- b. Online gifts are credited on the date the transaction is processed by our credit card merchant, which goes by Coordinated Universal Time (UTC), or the next business day.
- c. Securities will be credited at the average of the high and low quoted selling price during the day of receipt.
- d. Planned Gifts will be credited on the date of approval by the CFO of the respective DSO, or the date the DSO receives funds for an annuity or trust.
- e. Gifts-in-kind will be credited on the date that the DSO approves the acceptance of the item donated.
- f. Pledges will be credited on that date that the donor signs the gift agreement or pledge documentation, or confirms their intent via email.
- g. The date used for tax purposes is at the discretion of the donor and/or his financial advisor.

C. PLEDGES

Florida State University encourages and accepts pledges as a convenient method for donors to make gifts supporting the institution. Two types of pledges are accepted:

- **Oral pledges.** The only oral pledges counted by the university are those made by its authorized phonathon program. The university mails a confirmation notice to the donor immediately following the solicitation period.
- **Written pledges of assets.** The University requires written documentation of pledges that are not made by its authorized phonathon, regardless of the pledge size or duration of the pledge period.

1. Pledge Documentation

For pledges greater than \$25,000, the DSOs of FSU require a written gift agreement that stipulates the amount of the commitment, the purpose, payment period, gift administration, and donor recognition

For pledges of less than \$25,000, Florida State University requires written documentation from the donor in the form of a gift agreement, pledge form, signed letter, or email message.

2. Pledge Duration

DSOs of Florida State University accepts pledge periods of up to five years. Pledge periods greater than five years must be approved by the Vice President of University Advancement. If a donor is to be recognized with a naming opportunity, 50 percent of the gift must be received before the naming is considered, subject to the Naming Policy of Florida State University.

3. Pledge Reminders

DSOs of the Florida State University send pledge reminders within 24 hours following oral pledges to the authorized phonathon (as referenced in Section 3.0). For non-annual fund pledges (see above), the authorized DSO sends pledge reminders coinciding with the scheduled pledge payments as outlined in the written documentation.

4. Pledge Review

The authorized DSO will conduct an annual review of all open pledges to ascertain their viability and the likelihood of their fulfillment. Most unfulfilled, single-year annual fund pledges are written off, since the purpose of the annual fund is to generate operating support for a specific fiscal year. In the case of unfulfilled annual fund pledges over \$1,000, the university will individually determine whether to write off or write down the pledges, or whether the donors should be contacted.

Lists of large, outstanding annual fund pledges and partially paid or unpaid non-annual fund pledges are distributed to members of the advancement team, informing them that unless the donor provides an updated payment schedule, the institution will write off the pledge in six months

a. Campaign Pledges

Even though the duration of a fundraising campaign at Florida State University may be longer than five years, the standard pledge period remains at five years unless exceptions are made with the approval of the Vice President of University Advancement. If a period longer than five years is approved, the university will count the full value of that pledge during the campaign. If a donor makes a pledge on the very last day of the campaign, the full amount of that pledge will be counted in the campaign.

5. Legal Entity

Only the entity exercising legal control over his or its assets can make a pledge. Therefore, an individual cannot commit funds that may come from a donor-advised fund or a community foundation. A countable pledge includes only those funds that will be given by that legal entity.

6. Paying Pledges of Others

Only the donor who is making the pledge (the legal entity noted above) can pay the pledge. Payments cannot be made by others on that person's behalf. Two exceptions to this are.

- a. Pledge payments made by a business over which an individual donor has majority ownership.
- b. Pledges made to secure priority seating at athletic events.

7. Donor-Directed and Donor-Advised Funds

A donor-directed fund is established by the donor sending an asset to a financial institution or foundation for investment and safekeeping. The assets remain in the name of and under the control of the donor. At some future point, the donor will contact the financial institution or foundation and direct it to make a gift to a qualified charity. When that gift is made, the original donor who directs the gift is the legal donor and would get hard credit.

With a donor-advised fund, the donor gives an asset to a 501(c)(3) tax-exempt organization (such as a Community Foundation) as a gift to that entity. The asset is then in the name of and control of that entity. At some future time, the donor will contact the organization holding the fund and direct it to make a gift to a qualified charity. When that gift is made, the third party organization controlling the fund is the legal donor, and should get hard credit. Soft credit should go to the original donor (the individual) to the donor-advised fund. Donor-advised gifts from 501(c)(3) entities such as Community Foundations cannot be applied to personal pledges, because of potential tax penalties to the original donor.

8. Matching Gifts

The direct support organizations of the Florida State University encourage donors to apply for any available matching gifts or to authorize the university to apply for matching gifts. However, because the donor has no control over matching gifts, the matching gifts cannot be counted as part of the pledge.

9. Amending a Pledge Period

A donor may amend his or her pledge payment schedule if his or her personal circumstances change substantially and affect his/ her ability to fulfill the pledge as originally recorded.

D. GIFTS-IN-KIND

In-kind giving is a type of philanthropy that involves the noncash donation materials or long-lived assets other than real estate and securities. Gifts-in-kind support the mission of the Florida State University and enhance the quality of education and research at FSU. Types of gifts in-kind vary from items such as software, works of art, vehicles, equipment, etc. Per CASE and FASB guidelines and IRS regulations, all gifts-in-kind should be reported at face (or fair market) value. This policy shall conform to all relevant federal and state laws and regulations.

1. Gift-In-Kind Acceptance

A donation of a gift-in-kind of tangible personal property may be accepted on behalf of the university by the FSU direct support organizations subject to the following provisions:

- a. The gift is consistent with the mission of the university.
- b. Acceptance of the gift does not involve significant additional expense in its present and/or future use, display, maintenance, or administration. If such expenses are involved, identification of the items and hard dollar costs associated with carrying the gift must include the source of funding and the projected timeframe for carrying the gift. Subsequently, non-recurring obligations and the university personnel responsible for the fulfillment of such obligations must be identified. Any academic unit benefiting from a gift-in-kind must agree in writing to fund carrying costs or absorb the costs, whether or not the donor agrees to pay.
- c. For gifts-in-kind of used property potentially valued at \$5,000 and above, an independent qualified appraisal must accompany the gift-in-kind acceptance form and the donor must be apprised of IRS requirements and regulations, including IRS Publications 561 and 526 and IRS Forms 8283 and 8282. (For more information regarding appraisals, see section 4.9 and Attachment A). For gifts-in-kind of new property (i.e. software, equipment directly from manufacturer), an independent appraisal is not needed. In these instances, evidence must be provided that the item is valued appropriately based on open market pricing.
- d. Unless otherwise specified as a condition of the gift, the authorized DSOs of The Florida State University, in assuring that the donor's intent for the gift is honored, are empowered to retain the gift of property, turn it over to the university, or liquidate it for the benefit of the University. Gifts of fixed or inexhaustible assets will be transferred to the University upon acceptance by the respective DSO.

2. Transmittal

Every gift-in-kind should have an accompanying Gift-In-Kind Acceptance Form – which outlines all required information for completion and counting of a gift in-kind. If a gift-in-kind of used property is valued at \$5,000 or more, the donor is responsible for providing an independent gift appraisal. Other forms of valuation (for gifts in-kind valued under \$5,000) include an

itemized inventory list, vendor/donor documentation or an invoice letter which states an “at-price” of the donated item(s), published value through a catalog, etc., or determined by a qualified faculty/staff expert (with no conflict of interest). A formal gift agreement is required for all software gifts in-kind or those valued at \$25,000 or more.

For gifts-in-kind coming from corporate entities, especially items such as equipment and software, report the educational discount value (if an educational discount is offered). An educational discount is the value Florida State University would have paid if it purchased the item outright from the donor or similar donor. Regardless of what estimated value a donor places on a gift-in-kind, the DSO should only count as a gift the amount it would have paid for the item(s) were they not donated. Identification of an educational discount (or lack thereof) is required and should come directly from the donor in writing via hard copy or e-mail with letterhead.

3. Exceptional Gift-In-Kind Acceptance Committee

For significant gifts-in-kind, the decision regarding acceptance is dependent upon the review of the Exceptional Gift-In-Kind Acceptance Committee of the Direct Support Organization accepting the gift-in-kind. Significant gifts-in-kind are defined as those that exceed \$100,000, except for works of art accepted at the Ringling Museum in which case the threshold is \$1.0 million. Membership and support staff of the Exceptional Gift-In-Kind Acceptance Committee will be determined by each individual Direct Support Organization and subject to approval by the Vice President for University Advancement.

Gifts-in-kind requiring the Committee’s approval will be reviewed for decision as needed.

4. Gifts-In-Kind of Vehicles

If a donor wishes to give a motorized vehicle (i.e. car, motorcycle, boat, plane, etc.) an IRS form 1098-C is required in addition to the donor’s Social Security number. Should the vehicle be accepted for the sole purpose of liquidation for added revenue, the donor must first transfer the vehicle’s title via their respective county tax collector’s office. Subsequently, the FSU Foundation must fill out a title application for the state of Florida (Form 82040). If re-selling, the FSU Foundation does not need to register the vehicle. A bill of sale must be signed by a representative of the FSU Foundation as well as the buyer. Said bill of sale must be approved by FSU Foundation legal counsel.

5. Gifts-In-Kind of Software

A donor must irrevocably transfer ownership of software to the institution for the property to be considered a gift. There must be no implicit or explicit statement of exchange, purchase of services or provision of exclusive information.

If there is a complete transfer of ownership in the software – i.e., the underlying intellectual property, programming code, patent, etc. – such that the individual or company who conceived it and patented it can no longer market or sell it, then it's considered to be an irrevocable transfer of title to intellectual property and is an outright gift.

If a retail store gives a boxed copy of a particular version of a software program, then that single item is a gift, and its FMV can be counted and reported since the store never had the IP rights, those remain with creator of the software.

If a company gives a software license, and the right to use it for a specific period of time, for counting/reporting purposes that isn't a gift, it's a partial interest and can't be counted. (The donor can, however, be given soft credit.)

Software gifts should be treated with an established retail value like other gifts-in-kind and should be counted at the established educational discount value (if one exists) or the fair market value.

Software contributions can be fairly complex, and can be assessed in the following ways:

- Value to the institution. Count only software gifts that serve the academic or research purpose of Florida State University
- Gift value. The donor is responsible for providing Florida State University with a written confirmation of the dollar value of the gift at the educational discount price (if one exists). If no educational discount is available, it must be so stated in writing (either hard copy or e-mail with letterhead) and the established retail value shall be used. If no established retail price is provided, no amount can be counted/reported until such a value is determined, such as by a qualified independent appraisal or when the software product is available for purchase on the open market, regardless of when gift was donated.

6. Gifts-In-Kind of Art and Cultural Property

The DSO's may accept gifts of art. In addition to the above policies on gifts of tangible personal property, the following provisions also govern the acceptance of works of art by the FSU Foundation on behalf of the university:

- All gifts of art and cultural property offered to the FSU Museum of Fine Arts shall be governed by Museum of Fine Arts Collections Management Policy. In addition, the use of the Museum of Fine Arts Collection Management Policy may be required for gifts of art and cultural property to other colleges and units of FSU.
- All gifts of art and cultural property offered to the Ringling Museum of Art shall be governed by its Collection Management Policy, as adopted by the Ringling Museum of Art Foundation Board of Directors, and amended from time to time.

For the purpose of valuing works of art, the following criteria apply:

a. Valuation of Gifts

For the purpose of valuing works of art, the following criteria apply:

1. Works of art must be accompanied by clear title to the work of art and a bill of sale or other proof of ownership. Proof of ownership shall be a condition of acceptance for any art work.
2. Works of art should be accompanied by a complete provenance (the artwork's history of ownership), where available and applicable, due to issues concerning repatriation lawsuits for certain ethnic and cultural categories.
3. Works of art must be accompanied by a complete copy of an independent appraisal by a qualified appraiser, as defined in Section 170(f)(11)(E)(ii) of the Internal Revenue Code, as amended from time to time, and further described by IRS Notice 2006-96. Such appraisal must be made not earlier than 60 days before the date of contribution of the appraised property.
4. Ordinarily, the donor shall be responsible for payment of a qualified appraisal. In instances in which the donor is not interested in appraising a gift for IRS tax-deduction purposes, the following alternative methods of valuation may be accepted. with approval from the Exceptional Gifts Committee:
 - a. proof of purchase price,
 - b. insured value
 - c. donor's estimated value for gifts coming through an estate. Upon actual receipt of gift, the piece(s) should then be appraised by a qualified appraiser as defined in Section 170(f)(11)(E)(ii) of the Internal Revenue Code, as amended from time to time, and further described by IRS Notice 2006-96, at the expense of the FSU Foundation or the receiving college and/or unit, and the value should be adjusted accordingly. In this instance, an appraiser should be engaged directly by the FSU Foundation, the receiving college or the receiving unit or
 - d. the college or unit receiving the gift, the DSO , or both will bear the expense of the appraisal required to value the gift.
5. Where applicable, the donation shall include all intellectual property rights associated with the work of art, unless otherwise agreed to by the university and the donor.
6. At the Ringling Museum, a committee exists that reviews each gift-in-kind of art to determine its acceptance. This committee will be responsible for reviewing the appraisals for gifts-in-kind of art with a value less than \$1.0 million to determine whether it meets the requirements for an acceptable appraisal. All gifts worth in

excess of \$1.0 million will also be subject to review of the FSU Foundation's Exceptional Gift-in-Kind Acceptance Committee. Upon acceptance of a gift-of-kind valued at less than \$1.0 million, the Ringling Museum will attach a signed attestation form documenting that the gift has gone through their internal process to determine its acceptability..

Objects of art accepted, but not accessioned, may still be of value to units of the university, the FSU Museum of Fine Arts, or the Ringling Museum, for decorative, instructional or resale purposes. Gifts of this nature should go to the Exceptional Gift-in kind Committee of the appropriate DSO for approval and may be transferred to the university.

7. Gifts-In-Kind of Equipment and Intellectual Property

The university may receive gifts of equipment and intellectual property. Only unilateral transfers of equipment or intellectual property will be considered gifts.

Similar to section 4.5 (Gifts-In-Kind of Software), fair market value at the moment the gift is made determines the gift value. Fair market value will be affected by any discounts the university would receive if the university should purchase the equipment or intellectual property outright (either from the donor or a similar vendor).

The donor shall provide a list and description of the item(s) to be donated as well as its/their value and any appropriate background information or identification of educational discount. Depreciation related to gifts of equipment may not be counted as part of the gift. In addition, the DSO will make every effort to ensure that the gift of equipment or intellectual property is not an exchange transaction in which the donor receives goods or services in return.

Criteria to be considered for acceptance of the gift may include, if applicable, necessity for technical development of the gift, solicitation of research support, integration of the gift in university processes, costs of additional development, additional equipment needs, and facility requirements and/or renovations. All additional costs associated with acceptance of the gift and university personnel responsible for fulfillment of any additional obligations must be identified.

8. Gifts-In-Kind Included in Trusts/Bequests

Gifts-in-kind included in trusts or bequests can be accepted by the DSOs of FSU. However, an appraisal of the property gifted must be performed in order to record the realized value of the gift in FSU's system accurately. The college/unit benefitting from the gift is responsible for paying for the cost of the appraisal which must be performed in accordance with the IRS guidelines governing appraisals in Appendix A.

9. Real Property

FSU welcomes and actively solicits gifts of real property (i.e. land, commercial and residential real estate). In addition, in furtherance of its mission, DSOs may acquire interests in real property

by non-gift means for use by the university. The DSOs market gifts of real property unless the university intends to retain the property for active use. Proceeds from real property sales are used for the charitable purposes specified by the donors. For policies relative to the acceptance of gifts of real property, please refer to Section 6.0.

10. Appraisals

Appraisals and environmental reports are of particular importance to donors and the DSOs. They provide measures of protection to both parties from claims by third parties, including the IRS or government environmental agencies. For example the IRS requires “qualified appraisals” before donors are allowed to claim income tax deductions for charitable contributions. Also, federal and state environmental statutes can impose retroactive and/or joint liabilities upon donors (or their estates) or the DSO regardless of fault. These liabilities can be limited by due diligence exercised by both donors and the DSO.

As previously noted, any gift in-kind of used property potentially valued at \$5,000 or more can only be accepted with the complete copy of a qualified appraisal. A qualified appraisal must include the following information:

- A detailed description of the gift in-kind
- Its physical condition
- The date said appraisal was conducted
- The name and qualifications of the appraiser
- The fair market value on the date the gift in-kind was appraised
- The basis for and valuation method used to conduct the appraisal

It is important to note that neither the donor nor the gift recipient can serve as qualified appraisers with respect to the gift-in-kind being donated.

11. Items not Considered Charitable Contributions

Per CASE guidelines and IRS regulations, the following types of in-kind contributions are not considered charitable contributions:

- Contributed services – A person’s or organization’s time and/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 (examples include, but are not limited to: accounting, consulting, printing, web development/hosting, advertising space, etc.).
 - a. In these situations (if the donor wishes to make a charitable contribution and receive tax credit), CASE suggests that the donor bill the institution and turn around and make a cash donation of the same value.
 - b. However, in certain circumstances, the Florida State University may recognize contributed service(s) through an acknowledgement letter, but without the inclusion of tax credit language.
- Use of real property
- Discounts on purchases

- Costs of appraisals
- Shipping costs
- Sales tax
- Items for auction*
 - a. Auction items potentially valued at \$2,500 or more may be counted as a gift in-kind to the university. These items are subject to the same appraisal procedures noted in the aforementioned sections.

E. PLANNED GIVING

- The procedure for acceptance of these gifts will be governed by the Procedure Policy of each DSO.
- Unless otherwise noted, donors of all of these gifts will be admitted to the legacy society of the recipient DSO and may be eligible for other donor recognition societies..
- “Present Value”, as used in this document shall mean the computed value of a future gift, based on the life expectancy of the donor(s) according to the standard mortality tables, and the AFR used at the time of the gift.
- “DSO Head” will mean the president or CEO of that organization.
- “Letter of Intent for Deferred Gifts” is made as an attachment to this document.

1. Counting

Deferred gifts will be counted at face value regardless of the age of the donor, but the present value of all deferred gifts will be recorded for reporting purposes. The University may establish from time to time rules for counting deferred gifts during comprehensive fund-raising campaigns.

2. Gift Plans

Deferred gift plans that may be accepted by the DSOs of the University are described below. Other gift vehicles not included in this document may be added at a later time, pending approval of the University Vice President for Advancement.

a. Bequests and Revocable Trust Designations:

Donors can make deferred gifts by including special clauses in a Will or Living Trust. Typically, the donor structures the bequest: as a percentage of the total estate; as a specific dollar amount; as a portion of the residual of the estate; as a particular asset(s) of the estate. These commitments may be revocable or irrevocable, depending on the document used by the donor. In all cases, the following written confirmation of the bequest or trust provision is required to document the gift:

- A copy of the cover page, the page containing the relevant gift language and the signature page from the fully executed testamentary document; OR
- A fully executed estate gift confirmation form; OR
- A letter from the donor's attorney that explains the nature of the gift to FSU, including the estimated face value, the donor's intended purpose for the gift, and the current age of the donor(s)
- If not fully explained in the estate documents, a Gift Agreement specifying the purpose of the estate gift will be completed and signed by the donor if the donor wishes to create an endowed fund. If the donor wishes to add to an existing fund, the letter of intent for deferred gifts will suffice.

These gifts will be considered revocable unless otherwise specified.

b. *Retirement Plan, Commercial Annuity, and Payable on Death Beneficiary Designations:* When donors have made a University DSO a primary beneficiary of an existing retirement plan, commercial annuity, or non-qualified investment account, the following written confirmation of the beneficiary designation is required to document the gift:

- A copy of the beneficiary statement or change of beneficiary form specifying the recipient DSO as a primary beneficiary and a gift agreement directing the gift; OR
- A fully executed estate gift confirmation form; OR
- A letter from the donor's attorney/advisor that explains the nature of the commitment, current ages of the donor(s) and how the gift will be used , AND
- Written evidence of the value of the account or the portion of the account that is designated for FSU.
- A gift agreement will be required if the donor wishes to create an endowed fund. If the donor wishes to add to an existing fund, the letter of intent for deferred gifts will suffice.

These designations are treated as revocable commitments.

c. *Charitable Gift Annuity (CGA):* A CGA is a contract between a donor and the DSO, under which the DSO promises to pay up to two (2) annuitants a fixed amount of income for life, in exchange for the donor's contribution of cash or property to the DSO. Donors who wish to establish a standard payment CGA with a DSO must be at least 60 years old. Donors who wish to establish a deferred payment CGA can be any age; however, payments cannot begin until the annuitant reaches age 60 and the payout, to confirm with law, will be set at a rate that produces a residual gift equal to at least 10% of the original gift value. The minimum amount required to establish a CGA is \$25,000.

- Exceptions to these requirements must be approved by the DSO Head and senior planned giving officer.

- If the asset used to fund the CGA is something other than cash or publicly traded securities, approval will be required by the DSO Head and senior planned giving officer.
- The FSU Foundation follows the payout rates recommended by the American Council on Gift Annuities within the context of the law of the State of Florida.
- The documentation requirements for a CGA are the original contract that is signed upon establishment of the CGA, and addendum designating the ultimate use of the funds, or a Gift Agreement that governs the ultimate designation of the remainder gift if the donor is creating an endowed fund
- DSOs works in partnership with an outside bank to manage all CGAs. Income payments and tax returns are administered by that outside bank.

d. *Charitable Remainder Trust (CRT)*: There are two types of CRTs: the Unitrust (“CRUT”), and the Annuity Trust (“CRAT”). The CRUT pays the designated income recipient(s) a percentage of the trust principal revalued annually. The CRAT pays the designated income recipient(s) a fixed amount that will not change from year to year. Payout rates for CRTs are determined by a number of factors, including IRS guidelines for remainder amounts, the age of the donor and the size of the gift.

1. CRT that will be managed by the recipient DSO:
 - Must make a minimum gift of \$100,000
 - Recipient DSO may hire an approved outside management firm to oversee the investment and administration of CRTs.
2. CRT that is not managed by the recipient:
 - Donor should submit a copy of the fully executed CRT document to the DSO.
 - In cases where the donor is unwilling to submit this information, the donor must complete an Estate Gift Confirmation Form and include the following:
 - The income payout rate and the term for the CRT (e.g. 10 years, 15 years, 1 life);
 - The number of income beneficiaries
 - The percent of FSU’s remainder interest, if less than 100%; AND
 - A trust valuation that is less than one year old.
 - A letter from the donor’s attorney that explains the information above will also suffice.
 - All donors who make gifts through CRTs managed by another institution will be strongly encouraged to provide annual statements showing the trust’s value.
 - Documentation requirements for a CRT are met when the donor signs the legal document that establishes the trust itself, and a Gift Agreement that

governs the ultimate designation of the remainder gift if the donor wished to create an endowed fund. If the donor wishes to add to an existing fund, the letter of intent for deferred gifts will suffice.

e. *Charitable Lead Trust (CLT):* A CLT differs from the CRT in that the income payments are made to the charity for a term of years, and the remaining principal is then passed on to non-charitable recipients. Payout rates for CLTs are determined by a number of factors, including the term of years during which income will be paid to the DSO, the applicable federal rate, the age of the donor and the size of the gift. Like the CRT, the CLT can be structured as a Unitrust or as an Annuity Trust.

1. A CLT that will be managed by the recipient DSO:

- Must make a minimum gift of \$100,000.
- The recipient DSO may hire a qualified outside firm to assist in the investment and administration for these trusts.

2. A CLT that is not managed by the recipient DSO:

- Should submit a copy of the fully executed CLT document.
- In cases where the donor is unwilling to submit this information, the donor must complete a Estate Gift Confirmation Form and also provide:
- A trust valuation that is less than one year old;
- The income payout rate; AND
- The payout term for the CLT (e.g. 5, 10 or 15 years or longer).
- The documentation requirements for CLTs are met when the donor signs the legal document that establishes the trust itself, and a Gift Agreement that governs the ultimate designation of the remainder gift if the donor wishes to create an endowed fund.

f. *Retained Life Estate:* A gift of a remainder interest occurs when the donor transfers the title of the real property to the DSO, and reserves a life estate: the right to use and live in the home until he or she passes away, at which time the charity has the right to sell the property or retain it for other purposes.

- Gifts of a remainder interest in a home or a farm require special review by the DSO Head and the senior planned giving officer.
- Retained life estate agreements must be executed before these arrangements will be documented as charitable gifts.
- The agreement itself must outline the donor's responsibilities with respect to the property that is being given—namely, that the donor will remain responsible for the maintenance, insurance payments and payment of taxes. In all cases, the type of property that is being used to establish the life estate agreement with the DSO must meet IRS requirements.

- The donor must supply an up to date appraisal on the property.

A Gift Agreement that governs the ultimate designation of the remainder gift must accompany the documentation if the donor wishes to create an endowed fund.

g. Enhanced Life Estate: Certain states, including Florida, allow what is known as an Enhanced Life Estate. The University will not accept an Enhanced Life Estate.

3. LIFE INSURANCE

A Donor may make a life insurance gift to a DSO, making the DSO the owner and the beneficiary of their insurance policy, or by making the DSO the beneficiary or partial beneficiary of their insurance policy.

a. New Life Insurance Policies – TO BE OWNED AND MANAGED BY THE DSO

- The policy must make the DSO the sole owner and beneficiary.
- The face amount (death benefit) of the policy must be a minimum of \$100,000.
- The policy must be a permanent life policy that has been reviewed and approved by the DSO head and senior planned giving officer.
- The policy may not have an automatic loan provision attached
- Dividends must be used to buy Paid Up additions to increase the value of the gift.
- If any interest accrues on the policy it will also be applied toward the premium or to increase the value of the policy.
- Insurance companies being used must have top tier ratings with A.M. Best, with Standard & Poors and Moody's at the time the insurance policy is donated to the DSO.
- A completed life insurance application and illustration, along with a short history of the insurance company and its ratings, must be submitted to the DSO for review prior to issuance.
- All donors should make premium payments through the DSO who will then make payments to the insurance company, although the donor may elect to make premium payments directly to the insurance company.
- Premium payments made by the donor through the DSO will be recorded as outright gifts on the donor's record, while the face amount of the policy will be recorded as a revocable bequest.
- The original policy with its illustrations, accompanied by an Estate Gift Form or a Gift Agreement that will govern the ultimate designation of the remainder gift must be submitted.

- Payment of a minimum of the 1st year's premium/pledge must be made at the time of the issuance of the policy.
- Donor will execute a gift agreement for a maximum of five years which will be calculated to provide for payment of the policy. The policy will be projected as paid-up using current interest rate assumptions, when dividends are sufficient to pay the policy premium.
- Consideration will be given to extending the pledge beyond five (5) years for policies with face amounts over \$100,000. This will be a decision by DSO Head and the senior planned giving officer.
- It is understood that the DSO shall not be responsible for making premium payments in the event that a donor ceases to complete the payment schedule of the policy.
- If the donor does not pay the pledges causing the policy to lapse, then the DSO shall.
- If the donor does not fulfill the entirety of the pledge, the DSO shall have the right to alter or surrender the policy. If the policy is, in fact, reduced or surrendered, the gift record shall be reduced or written off accordingly.

b. *Existing Life Insurance Policies.*

Existing policies may be gifted to a DSO after review and approval.

- For gifts of existing policies, the donor (or owner) must relinquish all ownership and document that the DSO is the sole owner and beneficiary of the policy.
- There can be no outstanding loans on the policy.
- The policy must be a permanent life policy.
- Donor must provide a copy of the policy, including the current declaration page. The declaration page will show cash value, any outstanding loans, dividends and face value.
- For policies that are not paid up or have sufficient cash that allows the dividend to pay the future premiums, donor will execute a gift agreement for a maximum of five years that will be calculated to provide for payment of the policy that will result in a paid up policy at the end of the pledge period.
- The cash surrender value will be recorded as an outright gift, while the net face amount will be recorded as a revocable bequest.

4: INSURANCE BENEFICIARY DESIGNATION

The following requirements must be met for acceptance:

- A Change of Beneficiary Form indicating the DSO as beneficiary OR
- Verification from the insurance company that they have accepted the change in beneficiary

And

- A current declaration page of the policy indicating the type and face value of the policy.
- The policy being gifted must be a permanent life product.
- Documentation should include the use of the Estate Gift Form with gift designation information that will govern the ultimate designation of the remainder gift. A gift agreement will be required if the donor wishes to create an endowed fund.

a. TERM LIFE INSURANCE POLICIES

Term Life insurance policies are not accepted as gifts. Some donors may make a DSO a beneficiary of their Term Life Insurance policy. In that case, a DSO may recognize that gift with donor's inclusion in the DSO's legacy society as long as the policy remains in force. However, the gift will be counted as 0.

b. CONTINGENT BENEFICIARY

Whether in estate documents, life insurance, retirement accounts, or other accounts and instruments requiring beneficiaries, some donors have a need or desire to make a DSO a contingent, or secondary beneficiary. Such gifts may be accepted with the same documentation requirements as a primary beneficiary.

Such gifts will be counted as \$1.

5. UNANTICIPATED OPEN ESTATES

The DSO Planned Giving Office will facilitate these gifts and apply the proper acceptance policies in consultation with DSO Head.

6. USE OF GIFT AGREEMENTS

All donors who make planned gifts that will create a scholarship fund, professorship, eminent scholar chair, or other endowed fund are strongly encouraged to complete a Gift Agreement that is signed by the donors, the appropriate DSO official, and the appropriate college or program officials.

In situations where the donor is unwilling to complete a Gift Agreement, the DSO will work with the donor and his or her attorney to ensure that the language in the Will or Trust contains specific instructions that can be easily followed by future administrations. The goal is to ensure that the DSO and the recipient college or program is able to carry out the donor's intent. The DSO will make every effort to ensure that the language used in the donor's testamentary document is sufficient.

The fundraiser may also ask the donor to complete a letter that describes in detail his or her intentions with regard to the gift that will ultimately be received. In such a case, it is recommended that the letter make reference to the original source of the gift (e.g. a CGA contract or Will provision).

In any case where the donor is unwilling to sign a gift agreement, a copy of the DSO's Investment and Spending Policies will be sent to the donor alongside the acknowledgment letter and recorded in the donor's file.

7. RECOGNITION OF PLANNED GIVING DONORS

All donors who make a gift commitment using any of the vehicles described above will be recognized as members of the DSO's Legacy Society. There is no minimum gift amount required for membership in this group. However, in cases where the donor is unwilling or unable to provide the estimated gift value, but all other documentation requirements are met, the gift will be officially recorded as \$1.00.

F. REAL ESTATE

The DSO's market gifts of real property unless the university intends to retain the property for active use. Proceeds from donated real property sales, lease or trades are used for the charitable purposes specified by donors.

The Board of Directors of the respective organizations determine acceptance, management and liquidation of real property according to the following policy: The Boards will make inquiries prior to the acceptance of a real property gift concerning its condition, including valuation, marketability, carrying costs and environmental risks. Real property gifts and allied transactions require MAI or SRA appraisals, title work, environmental reports, and other due diligence procedures typical of real property transactions.

The appraisals and environmental reports are of particular importance to donors and the DSOs. They provide measures of protection to both parties from claims by third parties, including the Internal Revenue Service or government environmental agencies. For example, the IRS requires "qualified appraisals" before donors are allowed to claim income tax deductions for charitable contributions. Also, federal and state environmental statutes can impose retroactive, joint and several liability upon donors (or their estates) or the DSOs regardless of fault. This liability can be limited by due diligence exercised by both donors and the DSOs.

The following procedures are to be followed in the acquisition, use, management, sale, lease or trade of real property. Any questions about the procedures should be directed to FSU's Vice President for University Advancement. The procedures govern the acceptance of real property, special acquisitions, and the management and sale of real property.

Following a review process that includes relevant staff and, at times, other consultants, the sole authority for the acceptance of any real estate gift rests with the DSO's Board of Directors. Except as provided for in Paragraph J, College or Unit Agreement infra, the donor and/or university unit serving as cognizant beneficiary or purchaser of each real property must agree, in writing and prior to consideration by the board of directors, to pay all expenses and carrying costs of the property. These include, but are not limited to legal fees, taxes, mortgage and interest payments, insurance, utilities, and other expenses until the property is liquidated. If a decision is made to retain the property to maximize its ultimate benefit to the university, the university unit benefitting from the donation of the property would be responsible for paying the cost noted above on an ongoing basis. The donor's or university unit's agreements to this arrangement shall be sufficient to authorize the DSO to disburse funds for the expenses from the beneficiary fund, or, if that fund has insufficient cash assets, from another fund of the unit designated by its dean or chair. The DSO may also agree to carry such costs and will recapture any expenditures from sale proceeds.

1. MINIMUM STANDARDS FOR REAL PROPERTY

Acceptance of any real property is subject to the following minimum standards:

- a. Completion of the Real Estate General Review – Parts I and II (Attachment B).
- b. Review and recommendation by the DSO's Board Treasurer, or designee. The completed reviews must be submitted by a fundraiser from the DSO, or a fundraiser's designee, to the Treasurer, or designee, at least three weeks prior to consideration by the board of directors.
- c. A Phase I Environmental Report, prepared at the prospective donor's expense, except where the proposed gift is residential property. The board of directors may accept or reject this report and request a Phase II or III Environmental Report. These also are subject to approval by the committee.
- d. Proof of clear chain of title.
- e. A plat rendering that includes adjacent properties. The board of directors may also require a survey.
- f. A building inspection and termite inspection must be completed by qualified companies at the prospective donor's expense.

g. An MAI or SRA appraisal, whichever is appropriate, that has been or will be performed within sixty days prior to the date of the gift, except as noted in Section C herein entitled "Appraisal".

h. All revenues, expenses, assessments, and claims associated with the property paid and/or current on the date of gift, including taxes and other expenses for which the Real Estate Foundation would be ultimately liable, including without limitation, mortgages and liens, and lease or other revenues.

i. Mortgage assumption assignment ability acceptable to the board of directors.

j. Absence of referral fee(s) to secure the gift.

k. Approval by the board of directors of any special deed clauses associated with the property.

l. An agreement, in writing, to pay all expenses related to the property prior to sale or final disposition. In certain instances, the university unit may agree to repay the DSO its costs from the proceeds of the sale.

2. REAL ESTATE GIFT ANALYSIS

Prior to acceptance or recording of any documents related to real property acquisitions, the DSO's Board Treasurer, or designee, will expeditiously review the documentation, taking into consideration the donor's time constraints. They will consider the following about the real property to be acquired:

- a. Market conditions for resale or disposition.
- b. The condition of any improvements.
- c. The current and potential zoning, land use, and concurrency issues.
- d. Any costs associated with holding the real property for resale.
- e. Donor's comments in General Review Parts I and II.6
- f. Other considerations specific to the acquisitions (see Section L herein).

General Warranty Deed

Title will be transferred to the DSO by general warranty deed unless transfer is by a trustee, personal representative, or other fiduciary providing a deed appropriate to that capacity. The DSO's legal counsel will review all deeds.

3. APPRAISAL

The Internal Revenue Service requires an appraisal if the value of the real property is greater than \$5,000 and the donor wishes to claim a charitable income tax deduction. The appraisal must be performed and value rendered no earlier than 60 days prior to the date of the gift and no later than the due date of the donor's tax return in which the charitable deductions for the gift will be claimed. In the absence of an appraisal, the real property may be recorded on the books for its current ad valorem tax value provided that such property shall be recorded at no more than \$5,000.

Appraisals must conform to acceptable appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation as evidenced by USPAP. Appraisers must be state-licensed or certified. Appraisals must be performed by a Member of the Appraisal Institute (MAI) for commercial or residential properties or a Senior Residential Appraiser (SRA) for residential properties. The appraisal methodology must conform to the regulations and definition of market value.

It is the responsibility of the donor to pay for the appraisal. Appraisers should be engaged directly by the DSO. If not, the DSO will provide an approved list of appraisers from which the donor must select. The DSO will select appraisers on a non-preferential basis who (1) possess the requisite education, expertise and competence to render an unbiased opinion, and (2) have no direct or indirect interest, financial or otherwise, in the property or the transaction.

FSU's Vice President for University Advancement must approve any exception to the policies on appraisal, appraisers, or payment of appraisals.

4. TITLE SEARCH AND TITLE INSURANCE

A title search is required for all real property transactions. A title search and title insurance will be required for non-gift or gift acquisitions of mortgaged property. In all cases, satisfactory proof of title must be furnished.

5. SURVEY

A survey may be required for any real property transaction. A survey will be required for all gift and non-gift acquisitions of mortgaged property, unless the board of directors and the DSO's legal counsel determine that existing surveys or drawings are adequate. It is the responsibility of the donor to pay for the survey, if required.

6. REAL PROPERTY TAXES AND OTHER CARRYING COSTS

The donor is required to present evidence that all real property taxes and other carrying costs are paid and current. Donors will pay all or prorate the taxes and other carrying costs until the property is sold. If a decision is made to retain the property to maximize its ultimate benefit to

the university, the university unit benefitting from the donation of the property would be responsible for paying the real property taxes and other carrying costs on an ongoing basis.

7. MORTGAGED PROPERTY

The DSO's will rarely accept mortgaged property and never accept mortgaged property into a charitable remainder unitrust. However, when real property subject to a mortgage is acquired, the mortgage will be current and assumable and will be accepted only following approval by the board of directors and the DSO's legal counsel. Prior to the acceptance of mortgaged property, the following must be obtained:

- a. A minimum of a 50% equity value will have been established.
- b. A method for the payment of the remaining debt will be determined.
- c. An MAI or SRA appraisal will have been performed within sixty days prior to the date of the gift.

8. LEASES

When real property is acquired subject to a lease, leases will not be in default and will be assignable by the landlord. All property acquired subject to a lease will require approval by the DSO's board of directors. Upon approval, the leases will be assigned to the DSO and all deposits, advance rents, and other monies will be transferred to the DSO or otherwise accounted for as required by law.

9. SPECIAL DEED CLAUSES

The DSO's board of directors must approve any special deed clauses.

10. COLLEGE OR UNIT AGREEMENT

Each academic unit benefitting from a gift or acquisition of real property will agree, in writing, to pay taxes, insurance, mortgage payments, and other related expenses incurred by the DSO until the property is liquidated. The units may agree to allow the DSO to recoup these costs from the proceeds of the sale of the property. The written approval will authorize the DSO's Board Treasurer, or designee, to pay the expenses and it will identify the appropriate DSO account from which the monies are to be disbursed. Due to IRS regulations, this portion of the policy will not apply in cases where charitable remainder unitrusts are funded with real estate.

11. ENVIRONMENTAL REQUIREMENTS

No interest in real property, whether acquired outright, in trust, by bequest, as a secured interest, or otherwise, will be accepted by or on behalf of a DSO without first complying with the following procedures:

- 1033 a. The DSO staff member responsible for coordinating the transfer of real property will
1034 notify the DSO's Board Treasurer, or designee, of the proposed transaction as soon as
1035 possible.
- 1036 b. A Phase I Environmental Report will be performed on every real property asset, except
1037 residential property, prior to its acceptance by the DSO. The DSO, at its discretion, also
1038 may require environmental reports on residential property. It is the responsibility of the
1039 donor to pay for any Environmental Reports.
- 1040 c. If the environmental report indicates area(s) of significant concern, a more
1041 comprehensive investigation including, but not limited to, a Phase II or Phase III
1042 Environmental Report will be undertaken prior to acceptance of the property. All
1043 environmental reports will be performed by a consultant approved by the DSO.
- 1044 d. If the above procedures reveal any liability, the real property may be accepted only after a
1045 request, in writing, by the DSO's Board Treasurer, or designee, and a subsequent written
1046 approval of the board of directors.
- 1047 e. All contracts for environmental reports will be prepared and reviewed by the chief
1048 financial officer.
- 1049 f. The DSO will obtain an indemnification agreement from the transferor of real property
1050 regarding hazardous waste liability.
- 1051 g. In the case of an acquisition of real property by estate, all costs of environmental
1052 assessment and remediation will be borne by the estate before the real property is
1053 distributed to the DSO. If the remediation is too costly, or the potential for liability too
1054 great, the DSO may disclaim its interest in the real property.
1055

1056 All real property held by the DSO in any capacity shall be managed to minimize or eliminate any
1057 liability resulting from hazardous materials and to comply with all federal and state regulations
1058 related thereto. The sale or transfer of real property by the DSO will be handled so as to
1059 eliminate any future liability by the Foundation for hazardous substance remediation. The DSO
1060 will fully disclose to prospective transferees any and all information concerning the condition of
1061 any hazardous substances existing on the real property.

1062 **12. UNSOLICITED DEEDS**

1063 Unsolicited deeds will not be accepted. Upon the receipt of unsolicited deeds, the chief financial
1064 officer will immediately notify the grantor in writing that the real property has not been accepted
1065 and will not be accepted until the requirements of the policy governing real property transfers are
1066 met.

1067 **13. HELPFUL INFORMATION**

1068 The appropriate development officer from the respective DSO should submit the following
1069 information, if available, together with the gift review form to the board of directors:

- 1070 a. Deed, including legal description, showing ownership by the donor.
1071 b. Prior appraisal.
1072 c. Prior survey.

- d. Prior titles policies or abstracts.
- e. Prior environmental assessments and building inspection reports.
- f. Tax parcel identification number.
- g. Copy of most recent tax bill.

14. REAL ESTATE USED TO FUND PLANNED GIVING VEHICLES

As a general rule, encumbered real estate should not be used to fund any type of income-producing planned giving vehicle. However, unencumbered real estate may be used to fund specific types of planned gifts known as charitable remainder unitrusts. Section 664 of the Internal Revenue Code describes the types of charitable remainder trusts to be used in this situation. The rules involved are complex and specific. Should the donor request that the DSO serve as Trustee of such a charitable remainder unitrust, the FSU Foundation's Office of Planned Giving will review the request in consultation with the chief financial officer as well as the DSO's agent in managing these trusts.

FSU strongly discourages the use of real estate as a funding mechanism for all other types of income-producing vehicles, such as charitable gift annuities.

Time share units will not be accepted as gifts by FSU.

15: THE SALE AND MANAGEMENT OF REAL PROPERTY GIFTS

In accepting property for resale, the DSOs will seek to obtain the best price and terms within a reasonable period of time, unless the board of directors deems that holding or leasing of the property is in the DSO's best interest. During any holding or leasing period:

- The DSO is authorized to charge routine property carrying costs, such as taxes, insurance, maintenance, travel, surveying/engineering, title examination, closing and other costs, to the cognizant beneficiary of the property in accordance with the Procedures For Accepting Real Estate Gifts. These costs shall be reported regularly to the appropriate fund administrator.
- The properties will be listed for sale within a reasonable period of time. The Treasurer is authorized to execute listing contracts on behalf of the board of directors.
- A property's objective may be changed to the production of income or appreciation after consultation with all affected parties and with the consent of the board of directors.

16. SALES EFFORTS

The properties will be listed for sale within a reasonable period of time. The DSO's Board Treasurer, or designee, shall provide the board of directors, at its periodic meetings, with an inventory of all held by the DSO. The committee may solicit board assistance in liquidation efforts.

- Brokers participating in the local Multiple Listing Service (MLS) or the equivalent listing service for commercial properties shall be given preference. All efforts shall be made to retain a brokerage that can give the property the broadest national exposure.
- The DSO will strive to provide all brokers with equal access to its real estate inventory. This objective does not preclude the use of exclusive listings provided that broker fees are not in excess of customary local fees.
- Properties may be marketed in-house, although this practice is discouraged. The chief financial officer shall attempt to negotiate reduced fees when brokers present buyers arising from in-house marketing efforts.
- An auction sale may be approved by the board of directors for groups of lots or parcels when they are in the same subdivision or geographic location.

17. LISTING PRICES

- The listing price of property shall be set by the DSO based on review of information contained within the current appraisal and recommendation by the listing broker. If no offers have been received on the property within a reasonable period of time, the DSO's Board Treasurer, or designee, shall seek authority from the chair of the DSO's board of directors to reduce the listing price accordingly. In situations where it is in the Foundation's best interest not to have a listing price on property held for resale (i.e. large commercial properties, etc.) no listing price is required.
- No referral fee will be paid to any broker securing a gift of real property. Special consideration may be given to the procuring broker when listing the real property for sale, provided any such agreement to list is non-binding on the DSO and the fees are not in excess of customary local fees.
- Whenever possible, the DSO's staff will solicit recommendations regarding local brokers and the general marketing effort from local board members, friends of FSU or the donor.
- The payment of fees to brokers when they are principals is discouraged. In such an event, the proportion of the broker's interest in the transaction will reduce the fee.

18. ACCEPTANCE AND EXECUTION OF CONTRACTS

The DSO's Board Treasurer and/or the DSO's legal counsel will review and comment upon each sales contract prior to its presentation to the board of directors for review. Contracts will be subject to the following:

1. The DSO's Board Treasurer, or designee, is authorized to execute sales contracts under \$100,000 without board of directors approval, if the sales price is at least the approved price, and the contract contains standard terms. The Treasurer, or designee, will report all such transactions on a quarterly basis.
2. Contracts exceeding \$100,000 require the approval of the DSO's board of directors prior to execution by the Treasurer, or designee.
3. All other contracts require board of directors approval prior to execution by the Treasurer, or designee.

- 1151 4. The Treasurer, or designee, is encouraged to seek advice of the DSO's board of directors
1152 when negotiating sales contracts. Financed sales will be subject to the prior approval of
1153 the DSO's board.
1154 5. The secretary of the DSO's board, or his/her designee, will keep minutes of all actions of
1155 the board of directors.
1156

1157 **19. LEASING**

- 1158 • The DSO's Board Treasurer, or designee, may negotiate leases with FSU at less than
1159 market rents, provided the use of the real property is non-profit, complies with FSU's
1160 objectives and the DSO's mission, and does not result in any expense to the DSO. The
1161 leases may not create a negative cash flow for the DSO unless the beneficiary college
1162 agrees in writing to underwrite the losses.
1163 • All leases will be negotiated and executed in accordance with the FSU Board of Trustees'
1164 policies and procedures.
1165 • The DSO's legal counsel will review and approve all leases prior to execution.
1166 • Funding of depreciation shall be considered when computing break-even points for below
1167 market or nominal rent leases.
1168 • Upon approval by the DSO's legal counsel, the DSO's Board Treasurer, or designee, is
1169 authorized to execute a lease provided that the term is less than two years and/or the total
1170 rent is \$25,000 or less.
1171 • Approval by the board of directors will be required when the term of the lease is more
1172 than two years and/or the total rent is more than \$25,000.
1173 • The Treasurer, or designee, may delegate leasing and management functions to outside
1174 professional management firms when deemed appropriate.
1175

1176 **20. NON-DISCRIMINATION**

1177 The DSO will not discriminate or condone discrimination in its real property activities. It will
1178 conduct all affairs in compliance with all applicable state and federal equal opportunity, fair
1179 housing, equal credit opportunity or other anti-discrimination laws.

1180 **21. EXCEPTIONS**

1181 Upon written request by the DSO's Board Treasurer, or designee, exceptions to these policies
1182 and procedures will, except for Paragraph E above, *Non-Discrimination*, be considered on an
1183 individual basis by FSU's Vice President for University Advancement.

1184 **G. GRANTS**

1187 The DSOs of the Florida State University intend to follow the guidance provided on the
1188 acceptance and counting of charitable grants by the Council for the Advancement and Support of
1189 Education (CASE).

Per the CASE Reporting Standards and Management Guidelines for Education Fundraising (4th Edition), a grant is defined as a contribution received by an institution for either unrestricted or restricted use in the furtherance of the institution that typically comes from a corporation, foundation, or other organization, rather than an individual. An institution may determine what a donor calls a grant is, for internal recordkeeping, a gift.

Charitable grants fall into two categories, both of which are philanthropic in nature and thus countable in annual giving or comprehensive campaign reports:

1. **Nonspecific grant:** a grant received by the institution that did not result from a specific grant proposal. The institution does not commit specific resources or services and is not required to report to the donor on the use of the funds. It is this type of grant that many institutions may opt to designate as a gift for internal accounting purposes.
2. **Specific grant:** a grant received by the institution resulting from a grant proposal submitted by the institution. The institution commits resources or services as a condition of the grant, and the grantor often requests an accounting of the use of funds and of results of the programs or projects undertaken. Note: The grantors requirement of regular status of reports or other reports does not negate the philanthropic (and countable) nature of a specific grant.

In section 3.1.2, the CASE Standards state that research gifts are those “that the donor restricts for scientific, technical and humanistic investigation (excluding all clinical trials). This includes private grants for individual and/or project research as well as grants for institutes and research centers. It does not include corporate grants for programs in which the grantor receives a product or service commensurate with the fee paid (sponsored or contract research).” Sponsored research that is not contracted, and falls under the heading of “Grants”, should be included in VSE and CASE reporting totals.

The following is a list of items and/or criteria that do not negate the philanthropic intent of a grant and, therefore, the grant is considered countable as a gift. This list is not intended to be all-inclusive:

- ***The return of unexpended funds*** at the end of the grant period or determined date
- ***A detailed line item report*** that is required to be reported to the sponsor during or at the end of the grant period
- ***A budget (regardless of how detailed)*** that is approved by the grantor
- ***Fellowships*** that are received in the form of grants are countable as gifts. Fellowships are defined as funds that are typically given to graduate students to help defray the costs

of tuition and related expenses, or to postdoctoral scholars. While an expectation of services may exist solely to advance an educational experience, such funds are not compensation for any performance.

There are certain funding sources and/or criteria that will cause a grant to be excluded for gift reporting purposes. The following items are specifically excluded:

- **Government Funds** – Funds received from federal, state, local, and foreign governments (except funds received under Florida’s University Major Gifts Challenge Grant Program and University Facility Enhancement Challenge Grant Program)
- **Clinical Trials** - Grant funds used for a clinical trial
- **Time Restrictions** – Grants that are in excess of 5 years. If the original grant agreement is less than five years and then is extended or amended for additional years that extend the grant beyond five years, then we include those additional years as long as the amendments or extension themselves are not longer than five years

The **FSU Foundation, Inc.** solicits gifts and charitable grants from private sources for all approved University programs for which no services and/or products are required, with the exception of Intercollegiate Athletics.

The **FSU Research Foundation, Inc.** is responsible for administering awards funded with private monies for research and development activities of University faculty, staff, and students for which services and/or products are required and where there is a commitment of University personnel, equipment, or other facilities. The proposals for these activities to private entities are coordinated by the University Office of Research through the FSU Research Foundation.

Grants solicited by development officers in the Corporate and Foundation Development department of the FSU Foundation that include a research component will include three parties to the grant agreement - FSU Foundation, FSU Research Foundation, and the grantor.

H. CONTRIBUTIONS WITH A NON-GIFT COMPONENT

The following policy provides guidance to assure compliance with IRS regulations and DSO policies and covers the various activities that may occur as part of a fundraising event:

- Quid Pro Quo (Events with Benefits)
 - Dinners, receptions and other events.
 - Sporting Events (golf tournaments, tennis tournaments and races)
- Sponsorships
- Auctions
- Door Prize Drawings
- Token Items
- Registration Fees

- Items for Resale

Each of these activities may contain a charitable and/or non-charitable component and may be acceptable for deposit and gift acknowledgement.

1. QUID PRO QUO (Events with Benefits)

Admission to fundraising dinners and sporting events often has both a charitable and a non-charitable component. The non-charitable component (quid pro quo) is the benefit that a donor receives for the contribution made. IRS regulations require that the fair value of each benefit be determined prior to the solicitation and the fair value of the benefit be stated in the solicitation. It is the DSO's policy that the total value of the benefit cannot exceed 50% of the remittance. Therefore, the charitable portion must be at least 50% of the remittance.

Example: In the solicitation, it explicitly states that in return for a payment of \$200, the constituent will receive two meals with a fair value of \$20 each. The charitable component of the payment is \$160 and the non-charitable component is \$40. This meets policy because the \$40 benefit value is less than the \$100 (50%) limitation for this remittance.

2 SPONSORSHIPS

Sponsors are often solicited for fundraising events. Per the IRS, for the entire sponsorship to be treated as a gift, the sponsorship must be a qualified sponsorship. A qualified sponsorship is when a person or organization engaged in a business or trade makes a payment for which there is no expectation of any substantial benefit other than the use or acknowledgement of the entity's name or logo in connection with the fundraising activities. As defined by the IRS, substantial benefit occurs when the fair value of the benefit (quid pro quo) exceeds 2% of the sponsorship payment. If the quid pro quo exceeds 2%, then the sponsorship is treated as a payment with charitable and non-charitable components.

Recognition on promotional materials is limited to any or all of these:

- Sponsor's location, telephone number, internet address
- Value-neutral description of sponsor's product or service
- Sponsor's brand/trade name or product/service listing

In accordance with IRS regulations, "use or acknowledgement of an entity's name" does not include advertising which is defined as competitive pricing or product information. Other arrangements also not considered charitable gifts are exclusive vendor relationships (soft drink pouring rights, athletic uniforms to the exclusion of competitors) or opportunities to sell products or services on site.

Example: A company sends \$5,000 to sponsor a golf tournament. In return the company receives the following benefits: (a) name visibility on promotional materials and (b) two admissions to a golf tournament valued at \$50 per person. Since the total fair market value of

the benefit is \$100 which is 2% or less of the sponsorship payment, this is a qualified sponsorship and the entire sponsorship is treated as a gift.

3 AUCTIONS

A DSO may accept gifts of items for and proceeds from charity auctions. Items to be auctioned valued at \$2,500 or greater will follow the university's Gift-in-Kind acceptance policies. If the gift is accepted, the donor will be provided with individual gift credit and formal acknowledgment for the donated item. For items less than \$2,500, the host of the auction should provide the donor with a thank you letter acknowledging receipt. No individual gift credit or formal acknowledgement will be provided for items less than \$2,500.

Individuals who purchase items at an auction will not receive gift credit or acknowledgement unless they purchase an item valued at \$2,500 or greater. All auction proceeds, with the exception of proceeds from individuals who purchased items valued at \$2,500 or greater, will be recorded in Raisers Edge in a single transaction. Donors who purchased an item valued at \$2,500 or greater and paid more than the value of the item will receive gift credit and acknowledgement for the amount in excess of the value of the gift.

4 DOOR PRIZE DRAWINGS

Door prizes can be used as a fundraising activity. However, no contribution or payment can be required and all publications related to the event must state that fact. A suggested contribution may be requested, but if someone wants to receive a door prize ticket for free, it must be provided to them. If the prize that is being given away has a value of \$600 or more, then the DSO is required to send the winner a 1099 MISC form and report it to the IRS as taxable income. The winner's name, address, and social security number must be provided to the DSO as well as the documented fair value of the prize.

5 TOKEN ITEMS

A constituent makes a contribution and receives an insubstantial (low-cost) item in return. Per the IRS, in order for an item to be considered a token and not a quid pro quo, the following must hold:

- Solicitation must be part of a fund-raising campaign
- Donor must remit at least \$49.50
- Token provided bears the organization's name or logo (e.g., calendars, mugs, pens or poster)
- And the cost of the tokens must be insubstantial, defined by the IRS as follows:
 - Donor remits \$49.50 to \$495, the cost of the token cannot exceed \$9.90
 - Donor remits \$495 to \$4,950, the cost of the token must be 2% of gift or less
 - Donor remits more than \$4,950, the cost of the token cannot exceed \$99

These thresholds are updated periodically by the IRS.

Example: A constituent sends \$75 and receives a keychain and decal costing a total of \$8. Because the cost of the token items is insubstantial (less than \$9.90) and the remittance exceeds \$49.50, the entire remittance of \$75 is a charitable gift.

6. REGISTRATION FEES

Individuals may send in payments to register for workshops, camps and conferences. These types of events are not considered fundraising events. There is usually no gift component involved in a registration fee.

7. ITEMS FOR RESALE

Items sold do not have a charitable component. However, campus units may choose to sell items to enhance the visibility of their program or to build camaraderie among their constituents.

For items purchased for resale with DSO funds, the DSO pays the sales tax when the items are purchased. These items may not be sold for an amount more than what the item cost (total amount paid including sales tax). To calculate the cost of a resale item, take the total invoice amount including tax and divide by the number of items purchased. The selling price cannot exceed this amount.

Example: A constituent purchases a shirt for \$16. Because there is no charitable component to this transaction, there is no acknowledgement letter from the DSO.

I. GIFTS FROM FOREIGN ENTITIES

Only the FSU Research Foundation accepts gifts from foreign entities. Gifts that meet the criteria below are reported to the State University System of Florida each year:

Pursuant to Regulation 9.012, each university board of trustees shall disclose the amount, terms, restrictions, and requirements made a part of any gift given to a university or direct support organization by a foreign government or person that exceeds \$100,000 during each fiscal year. For purposes of this reporting requirement, all gifts from a foreign government or foreign person donated to a university or university direct support organization that, in the aggregate, exceed \$100,000 during a single fiscal year must be reported.

J. ANONYMOUS GIFTS

Each DSO is authorized to accept publicly and institutionally anonymous gifts. In the event the DSO is uncertain about the desirability/legality of accepting an institutionally anonymous gift, the ultimate decision of acceptance will be taken to the Vice President of Advancement.

K. FACULTY AND STAFF GIVING

To avoid any perception that University employee gifts are being used to support a program over which the donor has discretion, an employee may not make a gift to a fund on which they have signature authority. In the case of a Dean/Director or Vice President, because of their authority over a broad range of funds, gifts may be made to support any college endowment, scholarship, or other restricted fund outside their area of supervision.

L. EXCEPTIONS

Exceptions to any of the requirements summarized in the Gift Acceptance and Counting Policies above can only be granted by the Vice President for University Advancement. Written documentation approving any exception must be obtained.

III. LEGAL SUPPORT, JUSTIFICATION, AND REVIEW OF THIS POLICY

The Florida Constitution, Article IX, Section 7 provides that the Florida Board of Governors (BOG) shall establish the powers and duties of the individual boards of trustees (BOT), which are charged with governing the university. The BOG has enacted BOG Regulation 1.001 providing the individual Boards of Trustees with specific authorities with which to govern the universities. The Florida State University BOT has, in turn, delegated these governance functions by Resolution to the President of the University. Establishing a procedure of uniform policymaking is within the President's authority.

The Vice President for University Advancement shall be responsible for review of the provision of this policy and for making any necessary revisions every year.

 (signature of Approving Authority, date)

1437 **Attachment A: IRS Appraisal Guidelines**

1438 **Qualified Appraisal**

1439 Generally, if the claimed deduction for an item or group of similar items of donated property is
1440 more than \$5,000, you must get a qualified appraisal made by a qualified appraiser. You must
1441 also complete Form 8283, Section B, and attach it to your tax return. See *Deductions of More*
1442 *Than \$5,000*, earlier.

1443 A qualified appraisal is an appraisal document that:

- 1444 • Is made, signed, and dated by a qualified appraiser (defined later) in accordance with
1445 generally accepted appraisal standards,
- 1446 • Meets the relevant requirements of Regulations section 1.170A-13(c)(3) and Notice
1447 2006-96, 2006-46 I.R.B. 902 (available at
1448 www.irs.gov/irb/2006-46_IRB/ar13.html),
- 1449 • Relates to an appraisal made not earlier than 60 days before the date of contribution of
1450 the appraised property,
- 1451 • Does not involve a prohibited appraisal fee, and
- 1452 • Includes certain information (covered later).

1453 You must receive the qualified appraisal before the due date, including extensions, of the return
1454 on which a charitable contribution deduction is first claimed for the donated property. If the
1455 deduction is first claimed on an amended return, the qualified appraisal must be received before
1456 the date on which the amended return is filed.

1457 Form 8283, Section B, must be attached to your tax return. Generally, you do not need to attach
1458 the qualified appraisal itself, but you should keep a copy as long as it may be relevant under the
1459 tax law. There are four exceptions.

- 1460 • If you claim a deduction of \$20,000 or more for donations of art, you must attach a
1461 complete copy of the appraisal. See *Paintings, Antiques, and Other Objects of Art*,
1462 earlier.
- 1463 • If you claim a deduction of more than \$500,000 for a donation of property, you must
1464 attach the appraisal. See *Deductions of More Than \$500,000*, earlier.
- 1465 • If you claim a deduction of more than \$500 for an article of clothing, or a household
1466 item, that is not in good used condition or better, that you donated after August 17,
1467 2006, you must attach the appraisal. See *Deduction over \$500 for certain clothing or*
1468 *household items*, earlier.
- 1469 • If you claim a deduction in a tax year beginning after August 17, 2006, for an easement
1470 or other restriction on the exterior of a building in a historic district, you must attach the
1471 appraisal. See *Building in registered historic district*, earlier.

1472 **Prohibited appraisal fee.** Generally, no part of the fee arrangement for a qualified appraisal
1473 can be based on a percentage of the appraised value of the property. If a fee arrangement is based
1474 on what is allowed as a deduction, after Internal Revenue Service examination or otherwise, it is

1475 treated as a fee based on a percentage of appraised value. However, appraisals are not
1476 disqualified when an otherwise prohibited fee is paid to a generally recognized association that
1477 regulates appraisers if:

- 1478 • The association is not organized for profit and no part of its net earnings benefits any
1479 private shareholder or individual,
- 1480 • The appraiser does not receive any compensation from the association or any other
1481 persons for making the appraisal, and
- 1482 • The fee arrangement is not based in whole or in part on the amount of the appraised value
1483 that is allowed as a deduction after an Internal Revenue Service examination or
1484 otherwise.

1485 **Information included in qualified appraisal.** A qualified appraisal must include the following
1486 information:

- 1487 1. A description of the property in sufficient detail for a person who is not generally familiar
1488 with the type of property to determine that the property appraised is the property that
1489 was (or will be) contributed,
- 1490 2. The physical condition of any tangible property,
- 1491 3. The date (or expected date) of contribution,
- 1492 4. The terms of any agreement or understanding entered into (or expected to be entered into)
1493 by or on behalf of the donor that relates to the use, sale, or other disposition of the
1494 donated property, including, for example, the terms of any agreement or understanding
1495 that:
 - 1496 a. Temporarily or permanently restricts a donee's right to use or dispose of the
1497 donated property,
 - 1498 b. Earmarks donated property for a particular use, or
 - 1499 c. Reserves to, or confers upon, anyone (other than a donee organization or an
1500 organization participating with a donee organization in cooperative fundraising)
1501 any right to the income from the donated property or to the possession of the
1502 property, including the right to vote donated securities, to acquire the property
1503 by purchase or otherwise, or to designate the person having the income,
1504 possession, or right to acquire the property,
- 1505 5. The name, address, and taxpayer identification number of the qualified appraiser and, if
1506 the appraiser is a partner, an employee, or an independent contractor engaged by a
1507 person other than the donor, the name, address, and taxpayer identification number of
1508 the partnership or the person who employs or engages the appraiser,
- 1509 6. The qualifications of the qualified appraiser who signs the appraisal, including the
1510 appraiser's background, experience, education, and any membership in professional
1511 appraisal associations,
- 1512 7. A statement that the appraisal was prepared for income tax purposes,
- 1513 8. The date (or dates) on which the property was valued,
- 1514 9. The appraised FMV on the date (or expected date) of contribution,
- 1515 10. The method of valuation used to determine FMV, such as the income approach, the
1516 comparable sales or market data approach, or the replacement cost less depreciation
1517 approach, and

11. The specific basis for the valuation, such as any specific comparable sales transaction.

Art objects. The following are examples of information that should be included in a description of donated property. These examples are for art objects. A similar detailed breakdown should be given for other property. Appraisals of art objects—paintings in particular—should include all of the following.

1. A complete description of the object, indicating the:
 - a. Size,
 - b. Subject matter,
 - c. Medium,
 - d. Name of the artist (or culture), and
 - e. Approximate date created.
2. The cost, date, and manner of acquisition.
3. A history of the item, including proof of authenticity.
4. A professional quality image of the object.
5. The facts on which the appraisal was based, such as:
 - a. Sales or analyses of similar works by the artist, particularly on or around the valuation date.
 - b. Quoted prices in dealer's catalogs of the artist's works or works of other artists of comparable stature.
 - c. A record of any exhibitions at which the specific art object had been displayed.
 - d. The economic state of the art market at the time of valuation, particularly with respect to the specific property.
 - e. The standing of the artist in his profession and in the particular school or time period.

Number of qualified appraisals. A separate qualified appraisal is required for each item of property that is not included in a group of similar items of property. You need only one qualified appraisal for a group of similar items of property contributed in the same tax year, but you may get separate appraisals for each item. A qualified appraisal for a group of similar items must provide all of the required information for each item of similar property. The appraiser, however, may provide a group description for selected items the total value of which is not more than \$100.

Qualified appraiser. A qualified appraiser is an individual who meets all the following requirements.

1. The individual either:
 - a. Has earned an appraisal designation from a recognized professional appraiser organization for demonstrated competency in valuing the type of property being appraised, or
 - b. Has met certain minimum education and experience requirements. For real property, the appraiser must be licensed or certified for the type of property being appraised in the state in which the property is located. For property other

1560 than real property, the appraiser must have successfully completed college or
1561 professional-level coursework relevant to the property being valued, must have
1562 at least 2 years of experience in the trade or business of buying, selling, or
1563 valuing the type of property being valued, and must fully describe in the
1564 appraisal his or her qualifying education and experience.

1565 2. The individual regularly prepares appraisals for which he or she is paid.

1566 3. The individual demonstrates verifiable education and experience in valuing the type of
1567 property being appraised. To do this, the appraiser can make a declaration in the
1568 appraisal that, because of his or her background, experience, education, and
1569 membership in professional associations, he or she is qualified to make appraisals of the
1570 type of property being valued.

1571 4. The individual has not been prohibited from practicing before the IRS under section
1572 330(c) of title 31 of the United States Code at any time during the 3-year period ending
1573 on the date of the appraisal.

1574 5. The individual is not an excluded individual.

1575 In addition, the appraiser must complete Form 8283, Section B, Part III. More than one
1576 appraiser may appraise the property, provided that each complies with the requirements,
1577 including signing the qualified appraisal and Form 8283, Section B, Part III.

1578
1579 **Excluded individuals.** The following persons cannot be qualified appraisers with respect to
1580 particular property.

1581 1. The donor of the property, or the taxpayer who claims the deduction.

1582 2. The donee of the property.

1583 3. A party to the transaction in which the donor acquired the property being appraised,
1584 unless the property is donated within 2 months of the date of acquisition and its
1585 appraised value is not more than its acquisition price. This applies to the person who
1586 sold, exchanged, or gave the property to the donor, or any person who acted as an agent
1587 for the transferor or donor in the transaction.

1588 4. Any person employed by any of the above persons. For example, if the donor acquired a
1589 painting from an art dealer, neither the dealer nor persons employed by the dealer can
1590 be qualified appraisers for that painting.

1591 5. Any person related under section 267(b) of the Internal Revenue Code to any of the
1592 above persons or married to a person related under section 267(b) to any of the above
1593 persons.

1594 6. An appraiser who appraises regularly for a person in (1), (2), or (3), and who does not
1595 perform a majority of his or her appraisals made during his or her tax year for other
1596 persons.

1597 In addition, a person is not a qualified appraiser for a particular donation if the donor had
1598 knowledge of facts that would cause a reasonable person to expect the appraiser to falsely
1599 overstate the value of the donated property. For example, if the donor and the appraiser make an
1600 agreement concerning the amount at which the property will be valued, and the donor knows that
1601 amount is more than the FMV of the property, the appraiser is not a qualified appraiser for the
1602 donation.

1603 **ATTACHMENT B**

1604

1605 **REAL ESTATE GENERAL REVIEW – PART I**

1606

1607 (To be completed by either the owner/prospective donor or by the development officer using
1608 information provided by the owner/prospective donor)

1609

1610

1611 Legal description and location of property (e.g., lot xx, section xyz, subdivision, county, etc.)

1612

1613

1614 Is the property owned jointly with other individuals? Yes ____ No ____

1615

1616

1617 Name and address of each property owner and type of ownership:

1618

1619

1620

1621 Describe when and how each owner(s)/prospective donor (s) acquired the property. Indicate the
1622 property's "adjusted basis" or "tax cost (i.e. the original purchase price plus cost of
1623 improvements less depreciation claimed while owned).

1624

1625

1626 Has a professional appraisal been prepared within the last six months? Yes__ No__

1627

1628 • If so, please indicate appraiser's valuation and attach a copy of the report.

1629

1630 • If not, what is the owner/ prospective donor’s estimate of the property value? Describe
1631 the basis for this estimate.
1632

1633
1634 Has the property been on the market at any time during the last year? Yes__ No__
1635

1636 • If so, please indicate dates, offering price(s), and name and address of representing agent.
1637
1638
1639

1640 Is the property “marketable”? Yes__ No__

1641 • If yes, describe recent comparable sales.
1642
1643
1644

1645 Does the property currently produce income? Yes__ No__

1646 • If yes, please indicate the specific source and periodic amount.
1647
1648

1649 List each current lease arrangement relative to the property, including lease term, provisions for
1650 insurance, taxes, maintenance responsibilities, and notice requirements for vacation of the
1651 premises. Provide a copy of each lease agreement.

1652 Is the property encumbered? Yes__ No__
1653

1654 • If so, please list each mortgager or claimant, and the amount owed to each.
1655
1656

1657 Are all taxes, covenant fees, and maintenance expenses current? Yes__ No__
1658
1659

1660 Please provide an estimate of the annual expense borne by the property owner(s) for the
1661 following:

1662

- 1663 • Property taxes
- 1664 • Insurance
- 1665 • Utilities
- 1666 • Maintenance
- 1667 • Association dues/fees
- 1668 • Other

1669

1670 Please indicate current zoning classification and any pending rezoning issues.

1671

1672

1673 Please describe any problems unique to the property, e.g., zoning questions, neighbor disputes,
1674 property upkeep, controversial development planned for the area, etc., that have not otherwise
1675 been discussed in this questionnaire.

1676