



# FLORIDA STATE UNIVERSITY FOUNDATION

## FUNDRAISING AND OTHER ADVANCEMENT ACTIVITIES

### Guidelines for Non-Gift Items

Updated January 18, 2017

The following instructions provide guidance to campus units to assure compliance with IRS regulations and FSU Foundation policies.

### QUID PRO QUO

Scenario #1: When a constituent makes a contribution and receives a benefit in return.

Example: In return for a payment of \$200, the constituent receives two tickets valued at \$20 each.

FSU Foundation Policy: The total value of the benefit (non-gift items) cannot exceed 50% of the remittance. The charitable portion must be at least 50% of the remittance.

Solicitation: The fair market value of each benefit is determined prior to the solicitation and is stated in the solicitation and in all materials associated with the contribution. If unable to determine the fair market value, a reasonable estimate can be used. To assure the gift is properly recorded and acknowledged, the form should prompt the donor for a complete name (first, middle name, last and suffix) and an address. Prior to printing any promotional materials, provide a draft of the solicitation to FSU Foundation Gift Services for review to ensure acknowledgements accurately reflect the gift/non-gift portions.

Sample solicitation language: The charitable portion is your remittance less the \$20 cost per ticket.

Acknowledgement: Every constituent making a charitable contribution to the FSU Foundation receives an acknowledgement letter or email (online donors under \$250 receive email only). These letters serve as the donor's official tax receipt from the university. In this example, the letter confirms receipt of \$200 of which \$160 is a charitable gift.

Transmittal: The campus unit sends these gifts accompanied by the appropriate **gift** transmittal form (available at <http://foundation.fsu.edu> under Internal Business Forms) to the FSU Foundation. On the form, the gift and non-gift items are itemized for each donor. The solicitation or other documentation given to the donor should accompany the transmittal form. If each individual donor has filled out a form, then each individual form should be submitted; if not, one copy of the solicitation is sufficient.

Reports: Charitable contributions that include a non-gift component are recorded in CRM and appear in the constituent's giving history. Only charitable gift transactions are reported on web-based Weekly Gift Reports. Transactions are listed **by donor**. In addition to acknowledgement letter sent by the FSU Foundation, campus units are encouraged to use these reports to thank donors for their gifts.

Contact: Alexia Chamberlynn,  
Senior Director, Gift Services



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FSU Foundation  
850-644-9193  
[achamberlynn@foundation.fsu.edu](mailto:achamberlynn@foundation.fsu.edu)

### **QUALIFIED CORPORATE SPONSORSHIPS**

Scenario #2: When a person or organization engaged in a business or trade makes a payment for which there is no expectation of any substantial return benefit other than the use or acknowledgement of the entity's name or logo in connection with the activities of the organization that receives such payment.

Example: A company sends \$2,500 to sponsor a golf tournament. (a) The corporation receives name visibility on promotional materials. (b) The sponsor also receives admission for four participants in the golf tournament valued at \$125 per person.

FSU Foundation Policy: 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.

Solicitation: Materials encouraging corporate sponsorships may reference provisions for name visibility for the sponsor but should not offer advertising or sales opportunities. The example above meets the requirements for a charitable contribution.

The second element of the transaction (admissions for four participants) illustrates a "Quid Pro Quo" situation. The fair market value of each benefit is determined prior to the solicitation and is stated in the solicitation and in all materials associated with the contribution. If unable to determine the fair market value, a reasonable estimate can be used. To assure the gift is properly recorded and acknowledged, the form should prompt the donor for the name of the entity, a complete name for the contact person (first, middle name, last and suffix) and an address. Prior to printing any promotional materials, provide a draft of the solicitation to FSU Foundation Gift Services for review to ensure acknowledgements accurately reflect the charitable/non-gift portions.

Sample solicitation language: (a) Your corporate sponsorship assures your organization's name and logo will be featured prominently on program materials and at the event. (b) If you choose to have up to four participants attend the event, the charitable portion will equal your remittance minus the \$125 fee per participant.



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**Acknowledgement:** Every constituent making a corporate sponsorship to the FSU Foundation receives an acknowledgement letter or email (online donors under \$250 receive email only). These letters serve as the donor's official tax receipt from the Foundation. In the example above, the letter confirms receipt of \$2,500 of which \$2,000 is a charitable gift.

**Transmittal:** The campus unit sends corporate sponsorships accompanied by the appropriate **gift** transmittal form (available at <http://foundation.fsu.edu> under Internal Business Forms) to the FSU Foundation. On the form, the gift and non-gift items are itemized for each donor. A copy of the solicitation or other documentation given to the donor should accompany the transmittal form. If each individual donor has filled out a form, then each individual form should be submitted; if not, one copy of the solicitation is sufficient. The name of the corporate contact person should be on the transmittal to assist in addressing the acknowledgement letter.

**Reports:** Corporate sponsorships including those with a non-gift component are recorded in Raiser's Edge on the donor's record and appear in the constituent's giving history. Only charitable gift transactions are reported on web-based Weekly Gift Reports. Transactions are listed **by donor**. In addition to acknowledgement letter sent by the FSU Foundation, campus units are encouraged to use these reports to thank donors for their gifts.

**Contact:** Alexia Chamberlynn  
Senior Director, Gift Services  
FSU Foundation  
850-644-9193  
[achamberlynn@foundation.fsu.edu](mailto:achamberlynn@foundation.fsu.edu)

### TOKEN ITEM

**Scenario #3:** When a constituent makes a contribution and receives an insubstantial (low-cost) item in return.

**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, the entire remittance of \$75 is a charitable gift.

**FSU Foundation Policy:** 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 fundraising campaign
- 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:
  - If donor remits \$53.50 to \$535.00, the value of the token items can be up to \$10.70



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- If the donor remits \$535.00 or more, the value of the token items can exceed \$10.70, provided the value of the token items does not exceed 2% of the amount given or \$107.00, whichever is LESS

These thresholds are updated periodically by the IRS. This document, posted on the FSU Foundation's website under Internal Business Forms, will be updated as required.

Solicitation: To assure the gift is properly recorded and acknowledged, the form should prompt the donor for a complete name (first, middle name, last and suffix) and an address. Provide a draft of the solicitation and the cost of the associated token to FSU Foundation Gift Services for review.

Sample solicitation language: Your entire gift in support of our program is considered a charitable contribution. Display the enclosed decal with pride!

Acknowledgement: Every constituent making a charitable contribution to the FSU Foundation receives an acknowledgement letter. These letters serve as the donor's official tax receipt from the university. In this example, the letter confirms receipt of \$75 all of which is a charitable gift. In addition, the letter states that the donor has received no goods or services.

Transmitted to the FSU Foundation: The campus unit sends these gifts accompanied by the appropriate **gift** transmittal form (available at <http://foundation.fsu.edu> under Internal Business Forms) to the FSU Foundation. The solicitation or other documentation given to the donor should accompany the transmittal form. If each individual donor has filled out a form, then each individual form should be submitted; if not, one copy of the solicitation is sufficient.

Reports: Charitable contributions are recorded in CRM and appear in the constituent's giving history. These transactions are reported on web-based Weekly Gift Reports. Transactions are listed **by donor**. In addition to acknowledgement letter sent by the FSU Foundation, campus units are encouraged to use these reports to thank donors for their gifts.

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Senior Director, Gift Services  
FSU Foundation  
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[achamberlynn@foundation.fsu.edu](mailto:achamberlynn@foundation.fsu.edu)

### **RESALE**

Scenario #4: When the constituent purchases an item. Campus units may choose to sell items to enhance the visibility of their program or to build camaraderie among their constituents.

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



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FSU Foundation Policy: For items purchased for resale with Foundation funds, the Foundation 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.

Items purchased for retail cannot be sold for a profit because sales tax would be due on the profit and the Foundation is not set up to collect and remit sales tax on behalf of individual departments. Please refer to the University sales tax guidelines if you wish to sell items for a profit at <http://controller.vpfa.fsu.edu/services/tax/frequently-asked-questions>  
The FSU Foundation accounting staff member referenced below will assist the campus unit in calculating the maximum sales price.

Solicitation: While there may be promotional materials or order forms, they should not include these words – gift, contribution, charitable, donation, grant, deductible. These constituents are not donors by virtue of making such purchases.

Sample promotional language: Show your spirit by purchasing a shirt. Consider buying several for friends!

Acknowledgement: Because there is no charitable component, no acknowledgement is sent.

Transmittal: Remittances from the sale of the shirts are sent to the FSU Foundation accompanied by a non-gift transmittal form (available at <http://foundation.fsu.edu> under Internal Business Forms).

Reports: Because this example has no charitable component, typically it is not recorded in CRM and will not be viewed on the constituent's record. Non-gift items are reported only through web-based Funds Management Reports. These transactions are viewed **by fund** and date.

Contact: Lynda Williams, Accounting Manager  
FSU Foundation  
850-644-0751  
[lwilliams@foundation.fsu.edu](mailto:lwilliams@foundation.fsu.edu)

### **AUCTIONS**

FSU, the FSU Foundation, Seminole Boosters, the Alumni Association and the Ringling Museum do accept gifts of items for and proceeds from charity auctions. These gifts will be processed as follows:

#### Donors of items to be auctioned

*Items valued at \$2,500 or greater*



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Donors of items to be auctioned valued at \$2,500 or greater will receive individual gift credit and acknowledgement. Donor must provide an appraisal or company invoice to substantiate value. For these items, a Gift-in-Kind approval form must be submitted to the appropriate processing office.

### *Items valued below \$2,500*

Donors will not receive individual gift credit or acknowledgment. These items are not booked in the financial database.

### Purchasers of auction items

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 individuals who purchased an item valued at \$2,500 or greater will be processed as gift income in a single transaction, recorded to the CRM record 'FSU Auction Proceeds'. Donors who purchased an item valued at \$2,500.00 or greater and paid over the value of the item will receive gift credit and acknowledgement for the amount over the item's value, and the gift will be booked on their individual record. If they paid under the value of the item, it will be included in the other auction proceeds as stated above.

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### **ADDITIONAL INFORMATION**

The mission of the Florida State University Foundation, Inc. is to enhance the academic vision and priorities of the Florida State University through its organized fundraising activities and funds management. It is the non-profit corporation that receives, acknowledges and disburses gifts made to colleges and other academic programs.

Checks should be made payable to the FSU Foundation. Items for deposit to funds held at the FSU Foundation should be sent with the appropriate transmittal forms via campus mail or USPS mail or hand delivered to the address below.

Florida State University Foundation, Inc.  
2010 Levy Avenue Bldg B Suite 300  
P.O. Box 3062739  
Tallahassee, FL 32306-2739

850-644-6000  
<http://foundation.fsu.edu>



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The Florida State University cash handling policies encourage daily deposits and stipulate that all deposits must be made within 5 business days.