

Florida State University Policy 8-1

Policy Title Gift Acceptance and Counting Policies
Responsible Executive: Vice President for University Advancement
Approving Official: Vice President for University Advancement
Effective: September 28, 2018
History: New 10/1/2013, 07/01/2015, 9/28/2018

Florida State University Policy 8-1 Gift Acceptance and Counting Policies

(Revised 9/28/18)

TABLE OF CONTENTS

I.	INTRODUCTION.....	
	A. Vision and Mission.....	5
	B. Operating Principle.....	5
SECTION	1.0 GIFT AGREEMENTS.....	6.
	1.1 Gift Agreements Guidelines.....	8
	1.2 Changing Donor Restrictions.....	9
	1.3 Multiple Donors.....	9
SECTION	2.0 CASH AND CASH EQUIVALENTS.....	9
	2.1 Cash and Cash Equivalents.....	9
	2.2 Gift Sale Date.....	11
SECTION	3.0 PLEDGES.....	11
	3.1 Pledges and Documentation.....	12
	3.2 Pledge Duration.....	12
	3.3 Pledge Reminders.....	12
	3.4 Pledge Review.....	12
	3.5 Legal Entity.....	13
	3.6 Paying Pledges of Others.....	13
	3.7 Donor Directed and Donor Advised Funds.....	13
	3.8 Matching Gifts.....	14
	3.9 Amending a Pledge Period.....	14
SECTION	4.0 GIFT-IN-KIND.....	14
	4.1 Gift-In-Kind Acceptance.....	14
	4.2 Transmittal.....	15
	4.3 Exceptional Gift-In-Kind Acceptance Committee.....	15

	4.4	Gift-In-Kind of Vehicles.....	16
	4.5	Gift-In-Kind of Software.....	16
	4.6	Gift-In-Kind and Cultural Property.....	17
	4.7	Gift-In-Kind of Equipment and Intellectual Property.....	18
	4.8	Gift-In-Kind Included in Trust/Bequests.....	19
	4.9	Appraisals.....	19
	4.10	Items not Considered Charitable Contributions.....	19
SECTION	5.0	Planned Giving.....	20.
	5.1	Counting.....	20
	5.2	Gift Plans.....	20
	5.3	Life Insurance.....	25
	5.4	Insurance Beneficiary Designation.....	26
	5.5	Unanticipated Open Estates	27
	5.6	Use if Gift Agreements.....	27.
	5.7	Recognition of Planned Giving Donors.....	27
SECTION	6.0	REAL ESTATE.....	28...
	6.1	The Real Estate Foundation.....	29
	6.2	Minimum Standards for Real Property.....	30
	6.3	Real Estate Gift Analysis.....	31
	6.4	Appraisal.....	31
	6.5	Title Search and Title Insurance.....	32
	6.6	Survey.....	32
	6.7	Real Property Taxes and Other Carrying Cost.....	32
	6.8	Mortgaged Property.....	32
	6.9	Leases.....	33
	6.10	Special Deed Clauses.....	33
	6.11	College or Unit Agreement.....	33
	6.12	Environmental Requirements.....	33
	6.13	Unsolicited Deeds.....	34
	6.14	Helpful Information.....	34
	6.15	Real Estate Used to Fund Planned Giving Vehicles.....	34

	6.16	Time Share and Fractional Interest.....	35
	6.17	Non-Discrimination.....	35
	6.18	Exceptions.....	35
SECTION	7.0	GRANTS.....	35
SECTION	8.0	CONTRIBUTION WITH A NON-GIFT COMPONENT.....	37
	8.1	QUID PRO QUO (Events with Benefits)	38
	8.2	Sponsorships.....	38
	8.3	Auctions.....	39
	8.4	Door Prize Drawings.....	39
	8.5	Token Items.....	39
	8.6	Registration Fees.....	40
	8.7	Items for Resale.....	40
SECTION	9.0	GIFTS FROM FOREIGN ENTITIES.....	40
SECTION	10.0	ANONYMOUS GIFTS.....	41
SECTION	11.0	FACULTY AND STAFF GIVING.....	41
SECTION	12.0	EXCEPTIONS.....	41
SECTION	13.0	POLICY UPDATES.....	42
ATTACHMENT A: Internal Revenue Service (IRS) Appraisal Guidelines.....			42
ATTACHMMENT B: Real Estate General Review.....			46
GLOSSARY OF ACRONYMS.....			47

I. INTRODUCTION

A. Vision and Mission

Florida State University (FSU) is supported by various Direct Support Organizations (DSOs) that enhance FSU through organized engagement of alumni and friends, fundraising 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 FSUs overall advancement effort;
- investing and disbursing funds according to donors' wishes and University policy to promote the long term growth of the University and;
- engaging and strengthening relationships with alumni and friends of FSU.

B. Operating Principles

Our fundraising activities:

- support the mission of the University;

involve alumni, parents, friends, faculty, staff, students, corporations and foundations who support FSU.

Our donors have the right to be:

- assured their gifts are used for the intended purposes;
- protected from improper or careless use of their confidential information and;
- acknowledged and recognized appropriately for their support.

Our employees:

- work together as a team in cooperation with University administration, faculty, and staff;
- maintain high ethical and professional standards; and receive recognition and rewards for proven achievements

SECTION 1.0 GIFT AGREEMENTS

The terms of all gifts of \$25,000 or more to the DSOs that support FSU will be specified in an acceptable written document signed by the donor and authorized representatives of the University. Generally, and preferably, the written document is a formal gift agreement outlining the program to be supported, the donor's intended use of the funds, the unit charged with administration of the fund, and the schedule of contributions. However, for gifts to existing funds, the University DSOs may choose to accept other written forms of communication such as a signed letter, pledge form, memorandum of understanding or email from the donor to document gifts of \$25,000 or more. 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 the options listed above. The University mails an acknowledgement letter to the donor immediately following the commitment to the pledge.

Prior to obtaining a donor's signature, gift agreements in support of academic, research, and co-curricular initiatives for gifts of \$100,000 and above must be reviewed and approved by University General Counsel. The FSU Foundation Senior Director of Gift and Estate Planning or designee is responsible for coordinating with the Office of the General Counsel.

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

- For gifts larger than \$100,000:
 - Donor or donors
 - Dean or University vice president who will administer the gift
 - University General Counsel
 - Vice President for Research (for gifts supporting research)
 - President of the University
 - Provost/Executive Vice President for Academic Affairs; and
 - President of the Florida State University Foundation

- For gifts of less than \$100,000 where a gift agreement is used:
 - Donor or donors
 - Dean or University vice president who will administer the gift
 - Vice President for Research (for gifts supporting research)
 - Executive Vice President of the Florida State University Foundation

Gifts larger than \$100,000 in support of athletics must use the standard athletics gift agreement template, which is pre-approved by University General Counsel.

Any gift agreements for gifts larger than \$100,000 in support of athletics that deviate from the standard athletics gift agreement template must be reviewed and approved by University General Counsel prior to obtaining a donor's signature.

Gift agreements in support of athletics require the following signatures:

- For gifts larger than \$100,000 using standard athletics gift agreement template:

- Donor or donors
 - President of Seminole Boosters who will administer the gift
 - Vice President/Director of Athletics
 - President of the University
- For gifts larger than \$100,000 not using a standard athletics gift agreement template:
 - Donor or donors
 - President of Seminole Boosters, who will administer the gift
 - University General Counsel
 - Vice President/Director of Athletics
 - President of the University
- For gifts of less than \$100,000 where a gift agreement is used:
 - Donor or donors
 - President of Seminole Boosters, who will administer the gift
 - Vice President/Director of Athletics
 -

All agreements for gifts made exclusively to the Ringling Museum of Art Foundation require all of the following signatures:

- For gifts larger than \$100,000:
 - Donor or donors
 - Executive Director of the Ringling Museum of Art
 - Chair of the Ringling Museum of Art Foundation Board of Directors
 - University General Counsel
 - President of the University
 - Provost/Executive Vice President for Academic affairs
 - Vice President for University Advancement
- For gifts of less than \$100,000 where a gift agreement is used:
 - Donor or donors
 - Executive Director of the Ringling Museum of Art
 - Chair of the Ringling Museum of Art Foundation Board of Directors
 - Vice President for University Advancement

All agreements for gifts made exclusively to the Ringling Museum of Art Foundation will follow the same review process through the FSU Foundation as other gift agreements, even if the FSU Foundation is not a party to the agreement.

All donors who wish for their gift to benefit academic programs and be matched under the provisions of the state matching funds program must include 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.)

1.1 Gift Agreement Guidelines

1. When awarding scholarships, fellowships, professorships or grants, provisions that restrict gifts on the basis of race, creed, color, sex, religion, national origin, age, disability, veterans' or marital status, sexual orientation, gender identity, gender expression, or any other protected group status are prohibited, consistent with state and federal laws; however, language indicating a donor preference is permissible.2. Preferences for relatives or descendants in the awarding of scholarships or in the use of donated funds are prohibited.3. Gifts 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, is considered a directed scholarship and, will not be recorded as a gift to FSU. However, money received subject to such restrictions may be submitted directly to Student Business Services with a cover letter or other appropriate documentation identifying the student and reason for payment.

4. The terms of any gift should be: (1) as flexible as possible to permit the most productive use of the funds and (2) as consistent as possible with the original intent of the donor.

5. Gifts that restrict or impede the work or scholarly activity of a faculty member, fellowship holder or student will not be accepted.

6. 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.

7. 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 FSU that a donor not serve on committees involved in the selection or evaluation of students or faculty members who would benefit from the gift. Exceptions may be authorized in advance 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, the donor may not control more than 25 percent of votes.

8. Conditional pledges will not be accepted without the review and approval of the Vice President for University Advancement and vice president overseeing the college/unit benefitting from the gift. A conditional pledge requires a future event to take place before the promise becomes binding on the donor. The University discourages gifts made with the condition that some or all of the contribution be returned to the donor or disbursed to another non-profit organization not associated with FSU. The gift agreement should reference the process that will take place in the event the fund cannot be used for the purpose stated in the agreement, or if eligible scholarship applicants are not identified during a consecutive two-semester period. 9. Language should be included in the gift agreement if a donor intends to seek additional funds through a corporate matching gift program. A gift agreement template addendum regarding corporate matching gifts is available on the FSU Foundation's portal. The gift agreement should clearly state that a corporate match cannot reduce a donor's personal pledge, because neither the donor nor the University has influence or

control over whether a company fulfills a corporate matching gift. Personal guarantees of corporate matches should also be indicated, and a secondary pledge will be booked in these cases.

1.2 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 to by appropriate University officials in an amendment to the original gift agreement, signed by the original parties or their successors.

If donor is deceased, please refer to DSO funds management policy, specifically Florida Uniform Prudent Management of Institutional Funds Act (UPMIFA), which governs the changing of donor restrictions in such instances.

1.3 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.

SECTION 2.0 CASH & CASH EQUIVALENTS

2.1 Cash and Cash-Equivalent Gifts

Cash gifts are defined as currency, checks, credit cards, electronic fund transfer (EFT), wire transfers, Automated Clearing House (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.

- **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.

- **Checks:** 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 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. 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).
- **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.
- **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.
- **Wires:** Donors should contact a development officer or the appropriate business office to discuss this type of transaction prior to submission.
- **ACH:** Donors should contact a development officer or the appropriate business office to discuss this type of transaction.
- **Payroll Deductions:** The DSOs may accept gifts made via payroll deduction. Donors must submit a signed authorization form.
- **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 property is received by the DSO. Ordinarily, securities will be sold immediately upon receipt. In rare cases, securities may be held if they are deemed 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 Depository Trust Company (DTC). However, if a physical stock certificate is given it should have properly endorse transfer documentation. Donors should contact a development officer or the appropriate business office to discuss this type of transaction.

- **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 circumstance of the stock, the company, and the donor's reason for this gift must be documented and provided to the Vice President of 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.

- **Corporate Matching Gifts:** For counting purposes, donors receive gift credit for a matching gift from their employer. Donors receive this gift recognition credit when the DSO books the matching gift expectancy (pledge). The corporate entity received gift recognition credit on the date that the matching gift is received. For tax purposes, the official donor is the company matching the gift.

Section 2.2 Gift Date

- 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 envelop for cash and checks. Credit cards must be charged on or before December 31 for tax credit in a calendar year, regardless of postmark.
- Online gifts are credited on the date the transaction process by our credit card merchant, which goes by Eastern Time or the next business day.
- Marketable securities will be credited at the average of the high and low quoted selling price during the date received by FSU.
- 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.
- Gifts-in-kind will be credited on the date that the Unit Head approves the acceptance of the item donated. There is a gift-in-kind acceptance form, which requires the Dean or head of the unit receiving the GIK to sign and indicate the date they received it. (See Section 4.0, GIFTS-IN-KIND)
- Pledges will be credited on the date that the donor signs the gift agreement or pledge documentation, or confirms their intent via email.
 - The date used for tax purposes is at the discretion of the donor and/or his financial advisor.

SECTION 3.0 PLEDGES FSU 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 programs or for Annual Fund level pledges made via the Annual Giving, Donor Relations, or Gift Services Department. The University mails an acknowledgement letter to the donor immediately following the commitment to the pledge.
- **Written pledges of assets.** The University requires written documentation of pledges that are not made by its authorize phonaton, regardless of the pledge size or duration of the pledge period.

3.1 Pledge Documentation

For pledges greater than \$25,000, the DSOs of FSU strongly encourage a written gift agreement that stipulates the amount of the commitment, the purpose, payment period, gift administration, and donor recognition. However, written documentation from the donor in the form pledge form, signed letter or memo or email is also acceptable.

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

3.2 Pledge Duration

DSOs of FSU accept pledge periods of up to five years. Pledge periods greater than five years must be approved by the Vice President for University Advancement. If a donor is to be recognized with a naming opportunity, it should adhere to the Naming Policy of FSU.

3.3 Pledge Reminders

DSOs of the FSU 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.

3.4 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 \$1000, the DSO will individually determine whether to write off or write down the pledges, or contact the donors. If there has been no payment activity on the pledge for three years from the date of the current pledge review, a

letter will be sent to the donor inquiring about the state of the pledge. If no response is received from the donor within 30 days, the pledge will automatically be written off or reduced.

Campaign Pledges

Even though the duration of a fundraising campaign at FSU may be longer than five (5) years, the standard pledge period remains at five (5) years unless exceptions are made with the approval of the Vice President for University Advancement. If a period longer than 5 years is approved, the DSO 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.

3.5 Legal Entity

Only the individual or entity exercising legal control over his/her or its assets can make a pledge. Therefore, an individual cannot commit funds that might come from a donor-advised fund, community foundation, or corporate matching gift program. A countable pledge includes only those funds that will be given by that legal entity. Therefore, if a donor-advised fund enters into its own gift agreement with FSU, a pledge can be recorded with the donor-advised fund as the donor. If a donor has a recorded pledge and sends payments via their donor-advised fund, the pledge installment paid via the donor-advised fund will be written off.

3.6 Paying Pledges for Others

Typically 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 donor's behalf. Two exceptions to this are:

1. Pledge payments made by a business over which an individual donor has majority ownership.
2. Pledges made to secure priority seating at athletic events. Other exceptions may be granted with approval from the DSO Head or designee.

3.7 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.

A donor may also make a bequest to a DSO of FSU that will be paid through a donor-advised fund.

3.8 Matching Gifts

The DSOs of the FSU encourage donors to apply for any available matching gifts or to authorize the DSOs 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. Donors receive recognition credit on their donor records for corporate matching gifts, as those gifts are received. If a donor personally guarantees a multi-year match in the event his/her company does not fulfill the match, a secondary pledge will be booked.

3.9 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

SECTION 4.0: GIFTS-IN-KIND In-kind giving is a type of philanthropy that involves the noncash donation of materials or long-lived assets other than real estate and securities. Gifts-in-kind support the mission of the FSU and enhance the quality of education and research. Types of gifts-in-kind vary from items such as software, works of art, vehicles, equipment, etc. Per Council for the Advancement and Support of Education (CASE) 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. This section does not address real property which is covered in Section 6.0 Real Estate.

4.1 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 DSO subject to the following provisions:

- The gift is consistent with the mission of the University.
- 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, regardless of whether the donor agrees to pay.

- 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 used property valued below \$5,000, an appraisal is not required per the IRS.

For gifts-in-kind of new property (i.e. software, equipment directly from manufacturer), an independent appraisal is not needed. In these instances, documentation must be provided to substantiate that the item is valued appropriately based on open market pricing. Appropriate documentation include a company invoice, purchase receipt, or published value (paper or internet). Depreciation related to gifts of equipment may not be counted as part of the gift.

- Unless otherwise specified as a condition of the gift, the authorized DSOs of FSU, 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.

4.2 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.

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 FSU 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.

4.3 Gift-In-Kind Review and Approval

The decision regarding acceptance is dependent upon the review of the DSO accepting the gift-in-kind.

4.4 Gifts-In-Kind of Vehicles

If a donor wishes to give a motorized vehicle (i.e. car, motorcycle, boat, plane, etc.) of donated value exceeding \$500, the DSO must comply with IRS guidelines. Departments/Units should reach out to the respective DSO Chief Financial Officer prior to accepting the donated property to ensure compliance with these guidelines.

4.5 Gifts-In-Kind of Software

If a donor irrevocably transfers ownership of software to the institution, the property will 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 is 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 fair market value can be counted and reported since the store never had the intellectual property rights, those remain with the 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 purposes it will be considered a gift. However, for IRS purposes, it is considered a partial interest and therefore a tax receipt will not be issued.

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 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 FSU.
- Gift Value. The donor is responsible for providing FSU 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 on letterhead or via electronic submission) and the established retail value shall be used. If no established retail prices 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 the gift was donated.

Exceptions may be made regarding the gift value counting of software donations with the approval of the Vice President for University Advancement.

4.6 Gifts-In-Kind of Art and Cultural Property

The DSOs may accept gifts of art. In addition to the above policies on gifts of tangible personal property, the following provision also govern the acceptance³ 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 John and Mable Ringling Museum of Art shall be governed by its Collection Management Policy, as adopted by the John and Mable Ringling Museum of Art Foundation Board of Directors, and amended from time to time.
- All gifts of art and cultural property offered to FSU Libraries Special Collections and Archives Division shall be governed by FSU Libraries Collection Management Policy.

4.6.1 Valuation of Gifts

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

1. Works of art must be accompanied by a clear title to the work of art, a bill of sale, other proof of ownership or a signed statement attesting to ownership.
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. When unavailable, the donor must sign a statement attesting that, to the best of the donor's knowledge, the object is free and clear of all encumbrances and restrictions and has not been imported or exported into or from any country contrary to any state, national or international laws.
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 appropriate gift acceptance committee.
 - a. Proof of purchase price,
 - b. Proof of insured value
 - c. Donor's estimated value for gifts coming through an estate. At the time of the planned gift commitment, the gift will be booked as a bequest. Upon donor maturity, the item(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 the receiving college and/or unit, and the estate proceeds recorded accordingly if item(s) is/are being sold.

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, the Collections Support Committee exists and reviews each gift-in-kind of art to determine its acceptance and whether it meets the requirements for an acceptable appraisal. 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. 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, to help ensure consistency in donor gift credit across the University.

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.

4.7 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 from a similar vendor).

The donor shall provide a list and description of the item(s) to be donated as well as the 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.

4.8 Gifts in Kind Included in Trusts/Bequests

Personal tangible property included in trusts or bequests (though technically not a gift in kind) is addressed in Section 5.0 Planned Giving.

Real property is addressed in section 6.0 Real Estate.

4.9 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 statues 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-n-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-kin-kind was appraised
- The basis for and valuation method used to conduct the appraisal

Qualified appraisal must be made within 60 days of receipt by the direct support organization or the University to assure accurate current value.

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.

4.10 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
 - Gift cards
 - Items for auction** Auction items potentially valued at \$2500 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.

SECTION 5.0 PLANNED GIVING

Deferred gifts 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.

5.1 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. From time to time, the University may establish additional rules for counting deferred gifts during comprehensive fundraising campaigns. “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) or income beneficiary(s) according to the standard mortality tables, and the Applicable Federal Rate (AFR) used at the time of the gift.

5.2 Gift Plans

5.2.1 Bequests and Revocable Trust Designations:

Donors may 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 estate or a particular asset(s) of the estate. These commitments may be

revocable or irrevocable, depending on the vehicle 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) or
- A fully executed gift agreement per the guidelines outlined in Section 1.0.

If establishing a new fund, a gift agreement specifying the purpose of the estate gift will be completed and signed by the donor.

5.2.2: 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 to include written evidence of the value of the account or the portion of the account that is designated for FSU; or
- A fully executed gift agreement per the guidelines outlined in Section 1.0.

If establishing a new fund, a gift agreement specifying the purpose of the estate gift will be completed and signed by the donor.

5.2.3: 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 conform with law, will be set at a rate that produces a residual gift equal to at least ten (10) percent of the original gift value. The minimum Net Present Value 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.
- DSOs follow 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 administered and managed by the DSO are the original contract that is signed upon establishment of the CGA, an 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 work in partnership with an outside bank to manage all CGAs. Income payments and tax returns are administered by that outside bank.
- The documentation requirements for a CGA administered and managed externally are as follows:
 - A copy of the cover page, the page containing the relevant gift language and the signature page from the fully executed CGA contract; 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) or
 - A fully executed gift agreement per the guidelines outlined in Section 1.0.

If establishing a new fund, a gift agreement specifying the purpose of the estate gift will be completed and signed by the donor.

5.2.4: 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:
 - Requires a minimum gift of \$100,000
 - Recipient DSO may hire an approved outside management firm to oversee the investment and administration of CRTs.

To document a CRT managed by the recipient DSO:

- Documentation requirements for a CRT are met when the donor signs the legal document that establishes the trust itself.

2. CRT that is not managed by the recipient DSO:

To document a CRT not managed by the DSO one of the following is required:

- A copy of the CRT cover page, the page containing the relevant gift language pertaining to FSU, the signature page from the fully executed CRT and written evidence of an estimated value; 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) or
- A fully executed gift agreement per the guidelines outlined in Section 1.0.

In all cases above the DSO must make every effort to obtain the following information to gift:

- The income payout rate and the term for the CRT (i.e. 10 years, 15 years, 1 or more lifetimes);
- The number of income beneficiaries
- The percent of FSU's remainder interest, if less than 10 percent; and
- A trust valuation that is less than one year old
- All donors will be strongly encouraged to provide annual statements to the DSO showing the trust's value.

If establishing a new fund, a gift agreement specifying the purpose of the estate gift will be completed and signed by the donor.

5.2.5: Charitable Lead Trust (CLT):

A CLT differs from the CRT in that the income payments that 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 AFR, the age of the donor and the size of the gift. Like the CRT, the CLT can be structured as a Unitrust or an Annuity Trust.

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

- Requires 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.

To document a CLT managed by the recipient DSO:

- Documentation requirements for a CRT are met when the donor signs the legal document that establishes the trust itself.

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

To document a CLT not managed by the DSO one of the following is required:

- A copy of the CLT cover page, the page containing the relevant gift language pertaining to FSU, the signature page from the fully executed CLT and written evidence of an estimated value; 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) or
- A fully executed gift agreement per the guidelines outlined in Section 1.0.

In all cases above the DO must make every effort to obtain the following information to gift:

- The payout term for the CLT (i.e. 5, 10 or 15 years or longer).
- The number of income beneficiaries
- The percent of FSU's remainder interest, if less than 10 percent; and
- A trust valuation that is less than one year old
- All donors will be strongly encourage to provide annual statements to the DSO showing the trust's value.

If establishing a new fund, a gift agreement specifying the purpose of the estate gift will be completed and signed by the donor.

5.2.6: 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 a new fund.

5.2.7: 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.

5.3 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.

5.3.1: 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, 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 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 first year's premium/pledge must be made at the time of the issuance of the policy.
- Donor will sign a pledge form for a maximum of five years which will be calculated to provide for payment of the policy. The policy will be projected as a 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 the 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 remove the donor from the applicable legacy society.
 - 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.

5.3.2: 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 face amount of the policy will be recorded with a planned gift vehicle of life insurance.

5.4 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 wished to create a new fund.

The face amount of the policy will be recorded with a planned gift vehicle of bequest.

5.4.1 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 at \$1.

5.4.2: Contingency 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.

5.5 Unanticipated Open Estates

The DSO Planned Giving Office (or Office of Gift Planning) will facilitate these gifts and apply with the proper acceptance policies in consultation with DSO Head.

5.6 Use of Gift Agreements

All donors who make planned gifts that will create a scholarship, 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 unit 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 unit 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)

5.7 Recognition of Gift 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

SECTION 6.0 REAL ESTATE

The Direct Support Organizations (“DSOs”) of Florida State University (“University”) receive gifts of real estate for the benefit of the University. Real estate gifts may be held or sold depending on the type of real estate asset and the optimal strategy for maximizing the value and/or utility of the property to the University. Net proceeds derived from sales, leases, trades, or operations of donated real estate are used for the charitable purposes specified by donors.

The Florida State University Real Estate Foundation (“REF”), a DSO, was established to advise and assist the University and its other DSOs with gifts of real estate, and is available to participate in gift acceptance as required by these policies and as desired by the DSOs. For gifts of real estate where the beneficiary is not defined as a specific university unit, the REF will be responsible for accepting the gift and holding the asset for the benefit of the University.

The Boards of Directors of the respective DSOs, or the respective DSO staff as delegated by the board (“DSO Board”), determines acceptance, management and liquidation of real property according to the policies contained herein. The DSO Board will make inquiries prior to the acceptance of a real property gift concerning its condition, including but not limited to valuation, marketability, carrying costs and environmental risks. Real property gift transactions require “qualified” appraisals, title work, environmental reports, and other due diligence studies typical of real property transactions.

Appraisals and environmental reports are of particular importance in the gift acceptance process. They provide measures of protection to both donors and the DSOs from claims by third parties, including the Internal Revenue Service, or other governmental 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 the REF’s Vice President.

Following this review process that includes relevant DSO staff and, at times, other consultants, the sole authority for the acceptance of any real estate gift less than \$1,000,000 rests with the DSO

Board, while gifts with an appraised value in excess of \$1,000,000 require approval by the REF's Board of Directors ("REF Board") as described infra. Except as provided in Section 6.11, College or Unit Agreement, infra, the donor and/or university unit serving as cognizant beneficiary or purchaser of each real property asset must agree, in writing and prior to consideration by the DSO Board or REF Board, to pay all closing costs, due diligence expenses, and carrying costs (the "Expenses") related to the property until such time as the DSO conveys title to the property to another party by virtue of a sale, transfer, or other means. The Expenses include, but are not limited to legal fees, taxes, mortgage and interest payments, insurance, utilities, and other costs incurred by the DSO. For those properties designated for immediate resale, unless the DSO has agreed in writing to carry the Expenses and to be reimbursed for the Expenses from the sale proceeds of the property, the Expenses, once incurred by the DSO, may be payable on demand. If, however, a decision is made to retain the property for a period of time to maximize its ultimate benefit to the University (the "Holding Period"), the university unit benefiting from the donation of the property would be responsible for paying the Expenses noted above during the Holding Period. The donor's or university unit's written agreement 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 incurred during the Holding Period and to be reimbursed for them from sale proceeds or accumulated earnings.

6.1 The Real Estate Foundation

The REF is a resource available to the DSOs in accepting gifts of real property. Gifts with an appraised value in excess of \$1,000,000 require approval by the REF Board. Gifts less than \$1,000,000 may be brought to the REF for review and/or assistance, but do not require approval by the REF Board.

The REF assesses two fees, one pertaining to gift acceptance and the other to asset management. For gift acceptance on behalf of other DSOs, the REF assesses a one-time fee of 5% to be charged against the appraised value of the asset at the time of gift acceptance (the "Administration Fee"). However, for properties that are designated for immediate resale, the Administration Fee is not payable to the REF until such time as the REF conveys title to the property to another party by virtue of a sale, transfer, or other means, or three years following the date of gift acceptance, whichever occurs sooner. In the case of a property that will be held by the REF for an indeterminate period of time on behalf of a university unit, the Administration Fee is payable immediately following the REF's receipt of title to the property. This fee applies to gifts for which the REF is asked to review or assist (less than \$1,000,000) and for all gifts in excess of \$1,000,000 that require REF Board approval. For assets held or managed by the REF, an annual management fee will be assessed, and, unless otherwise agreed to in writing by the REF, billed to the university unit on an annual basis (the "Management Fee"). The Management Fee currently ranges from 50bps to 100bps (0.5% - 1.0%) and is dependent upon the effort required to manage and maintain the asset. This fee structure is established by the REF board, is subject to change, and is applied by the Vice President (or designee) of the REF. Provided, however, the REF's Vice President shall have the discretion and authority to waive either of these fees in relation to the Florida State University

Foundation for as long as the latter contributes significantly to the REF's annual operating budget. The REF actively solicits gifts of real property. In addition, in furtherance of its mission, the REF may acquire interests in real property by non-gift means for use by the University.

The REF markets gifts of real property unless the University intends to retain the property for active use. Proceeds from donated real property sales, leases, or trades are used for the charitable purposes specified by donors.

The DSO Board determines acceptance, management and liquidation of real property according to the following policy.

6.2 Minimum Standards for Real Property

Acceptance of any real property is subject to the following minimum standards. Unless otherwise agreed to in writing all costs of due diligence are the responsibility of the donor.

- A. Completion of the Real Estate General Review – Parts I and II
- B. Review and recommendation by the DSO President, or designee, or the REF Vice President, or designee, as applicable. The completed reviews must be at least 10 days prior to consideration by the DSO Board, if applicable.
- C. A Phase I Environmental Report (“Environmental Report”), although recently platted residential property may be excluded. The DSO Board may accept or reject this report and request a Phase II or III Environmental Report.
- D. Proof of clear chain of title.
- E. A plat rendering that includes adjacent properties. The DSO Board may also require a survey.
- F. A building inspection and a Wood Destroying Organism report completed by qualified companies.
- G. A “qualified appraisal” by a “qualified appraiser”, as those terms are defined by the IRS, which has been or will be performed within sixty days prior to the date of the gift acceptance, except as noted in Section 6.4 herein entitled “Appraisal”.
- H. All revenues, expenses, assessments, and claims due or accrued that are associated with the property shall be paid, provided for, satisfied, and/or made current on the date of gift, including taxes, assessments, and other expenses for which the DSO would ultimately become liable.
- I. Mortgage assumption or assignment ability acceptable to the DSO Board.

- J. Absence of referral fee(s) to secure the gift.
- K. Approval by the DSO Board of any special deed clauses associated with the property.
- L. An agreement, in writing, to pay all expenses incurred by the DSO and related to the property prior to sale or final disposition. In certain instances, the university unit may agree to reimburse the DSO its costs from the proceeds of the sale.

6.3 Real Estate Gift Analysis

Prior to acceptance or recording of any documents related to real property acquisitions, the DSO's Board President, or designee, or the REF's Vice President, or designee, as the case may be, 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.
- F. Other considerations specific to the acquisition (see Section 6.2 Minimum Standards for Real Property).

Warranty Deed

Title will be transferred to the DSO by 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. Exceptions to this provision are at the discretion of the Florida State University Office of General Counsel.

6.4 Appraisal

The Internal Revenue Service ("IRS") 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 a 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 for the year 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 when feasible and geographically competent, otherwise, an appraiser must meet the IRS definition of a "qualified appraiser". 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. However, 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. Donors may also recommend appraisers be considered who are not currently on the approved list. *Appraisers must possess the requisite education, expertise and competence to render an unbiased opinion, and have no direct or indirect interest, financial or otherwise, in the property or the transaction. Determination of an appraiser's qualifications is the sole responsibility of the DSO. The burden falls upon the DSO to review the qualifications of any appraisers suggested by the donor(s). If it is determined that there is bias, in appearance or in fact, that is adequate grounds to reject the appraiser. FSU's Vice President for University Advancement must approve any exception to the policies on appraisal, appraisers, or payment of appraisals.*

6.5 Title Search and Title Insurance

A title search is required for all real property transactions. A title insurance policy will be required for non-gift or gift acquisitions of mortgaged property or when the value of the property exceeds \$10,000.00. In all cases, satisfactory proof of title must be furnished.

6.6 Survey

An ALTA survey may be required for any real property transaction, but at a minimum all surveys must be performed and certified by a land surveyor and mapper licensed in the state in which the real property is located to meet the minimum technical standards set forth by that state's regulatory board for surveyors and mappers (the "Survey"). A Survey will be required for all gift and non-gift acquisitions of mortgaged property or when the value of the property exceeds \$10,000.00, unless the DSO Board and its legal counsel determine that existing surveys or drawings are adequate. It is the responsibility of the donor to pay for the Survey, if required.

6.7 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 at the time the title to the real property is transferred to the DSO. 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.

6.8 Mortgaged Property

The DSOs 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 DSO Board and its 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. A “qualified appraisal” by a “qualified appraiser” will have been performed within sixty days prior to the date of the gift.

6.9 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 Board. 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.

6.10 Special Deed Clauses

The DSO Board, and its legal counsel, must approve any special deed clauses.

6.11 College or Unit Agreement

Each university unit benefiting from a gift or acquisition of real property will agree, in writing, to pay the Expenses incurred by the DSO until such time as the DSO conveys title to the property to another party by virtue of a sale, transfer, or other means, as well as agree to pay the Administrative Fee and Management Fee, if applicable (the “Agreement”). The university unit must agree to either pay the Expenses, Administrative Fee, and Management Fee at such time as they are incurred and demanded by the DSO or allow the DSO to be reimbursed for the Expenses, Administrative Fee, and Management Fee from the proceeds of the sale of the property. The Agreement will authorize the DSO’s Board President, or designee, or the REF Vice President, or designee, as the case may be, to pay the expenses and identify the appropriate DSO or REF 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 property.

6.12 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:

- A. The DSO staff member responsible for coordinating the transfer of real property will notify the DSO’s Board President, or designee, or the REF Vice President, if applicable, of the proposed transaction as soon as possible.
- B. A Phase I Environmental Report will be performed on every real property asset, except recently platted residential property, prior to its acceptance by the DSO. The DSO, at its discretion, also may require environmental reports on recently platted residential property. It is the responsibility of the donor to pay for any Environmental Reports.
- C. If the Environmental Report indicates area(s) of significant concern or a recognized environmental condition (REC), a more comprehensive investigation including, but not limited to, a Phase II or Phase III Environmental Report will be undertaken

prior to acceptance of the property. All Environmental Reports will be performed by a consultant approved by the DSO.

- D. If the above procedures reveal any liability, the real property may be accepted only after a request, in writing, by the DSO's Board President, or designee, or REF Vice President, or designee, and a subsequent written approval of the applicable Board.
- E. All contracts for Environmental Reports will be prepared and reviewed by legal counsel to the DSO. All Environmental Reports must be reviewed by legal counsel prior to the DSO Board's approval of gift acceptance.
- F. The DSO will obtain an indemnification agreement from the transferor of real property regarding liability for any existing REC.
- G. In the case of an acquisition of real property by estate, all costs of environmental assessment and remediation will be borne by the estate before the real property is distributed to the DSO. If the remediation is too costly, or the potential for liability too great, the DSO may disclaim its interest in the real property.

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

6.13 Unsolicited Deeds

Unsolicited deeds will not be accepted. Upon the receipt of unsolicited deeds, the DSO Board through its legal counsel will immediately notify the grantor in writing that the real property has not been accepted and will not be accepted until the requirements of the policy governing real property transfers are met. Otherwise, a disclaimer of interest or notice of non-acceptance may be recorded by the DSO's legal counsel in the county in which the property is located.

6.14 Helpful Information

The appropriate development officer from the respective DSO should submit the following information, if available, together with the gift review form to the DSO Board through its staff:

- A. Deed, including legal description, showing ownership by the donor
- B. Prior appraisal
- C. Prior survey
- D. Prior title policies or abstracts
- E. Prior environmental assessments and building inspection reports
- F. Tax parcel identification number
- G. Copy of most recent tax bill

6.15 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, or in the case of the Seminole Boosters, its Vice President of Major Gifts will review the request in consultation with the DSO's chief financial officer and 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.

6.16 Time Share and Fractional Interests

- Time share units will not be accepted as gifts.
- Fractional interests may be considered. Any gift of a fractional interest in real property regardless of value must be approved by the REF and is subject to these Gift Acceptance Policies.

6.17 Non-Discrimination

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

6.18 Exceptions

Upon written request by the DSO's Board President, or designee, exceptions to Section 6 of these policies and procedures of will, except for Paragraph 6.17 above, Non-Discrimination, be considered on an individual basis by FSU's Vice President for University Advancement.

SECTION 7.0 GRANTS

The DSO's of FSU adhere to the guidance provided on the acceptance and counting of charitable grants by CASE and IRS Regulations.

Per the CASE Reporting Standard and Management Guidelines for Education (4th Edition), a grant is defined as a contribution received by an institution or 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 if what a donor calls a grant is, for internal recordkeeping, a gift. Ultimately, such contributions must also adhere to the IRS definition of a charitable 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.
3. 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 the Voluntary Support of Education (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:

- **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 from CASE gift reporting, though they can sometimes be counted in campaign totals. 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 five (5) years. If the original grant agreement is less than five (5) 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 (5) 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 of the FSU Foundation that include a research component will include consultation with- FSU Foundation, FSU Research Foundation, and the grantor.

SECTION 8.0 CONTRIBUTIONS WITH A NON-GIFT COMPONENT

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

- Quid Pro Quo
 - 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.

8.1 Quid Pro Quo

Admission to fundraising dinners and sporting events often has both a charitable and 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 market value of each benefit be determined prior to the solicitation and the fair market value of the benefit be stated in the solicitation. DSOs may have additional guidelines on recording transactions.

8.2 Sponsorships

Sponsors are often solicited for fundraisers events. Per the IRS, for the entire sponsorships to be treated as a gift, the sponsorship must be 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 percent of the sponsorship payment (subject to updates from the IRS).

Recognition on promotional materials and/or websites is limited to any or all of the following:

- 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 relationship (soft drink pouring rights, athletic uniforms to the exclusion of competitors) or opportunities to sell products or services on site.

Example: A company sends \$5000 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, the transaction is recorded as \$4,900 charitable and \$100 non-charitable, with this being clearly notated on the sponsor's tax receipt.

8.3 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 is encouraged to 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 the individuals who purchased items valued at \$2,500 or greater, will be recorded in Development Database 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. Subject to prior approval by the appropriate DSO Head, certain specialized auctions may have different procedures for valuation and gift counting

8.4 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.

8.5 Token Items

A constituent makes a contribution and receives an insubstantial (low-cost) item in return. The IRS determines thresholds each year for an item to be considered a token and not a quid pro quo. Per the IRS, in order for an item to be considered a token and not a quid pro quo, the following must be true or the following criteria must be met:

- Solicitation must be part of a fund-raising campaign.
- Donor must remit at least the minimum amount determined by the IRS.
- Token provided bears the organization's name or logo (i.e. calendars, mugs, pens or poster).
- The cost of the tokens must be insubstantial as defined 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 and the remittance exceeds the minimum threshold, the entire remittance of \$75 is a charitable gift.

8.6 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.

8.7 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.

SECTION 9.0 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 on behalf of any direct support organization 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 foreign person that exceeds \$100,000 during each fiscal year to the Board of Governors, unless otherwise prohibited by law. For purposes of this reporting requirement, if a foreign government or foreign person donates more than one gift to a university or direct support organization in a single fiscal year and the total value of those gifts exceed \$100,000, all gifts received from that government or person shall be disclosed to the Board of Governors annually on September 1.

SECTION 10 ANONYMOUS

Each DSO is authorized to accept publicly and institutionally anonymous gifts. Public anonymity is maintained for donors who do not wish for anyone outside of FSU to know of their gift. Institutional anonymity is maintained for donors who do not wish for anyone within or without of FSU to know of their gift. For institutionally anonymous gifts, only a handful of authorized staff have access to the donor's true identity, as required for the processing of gifts.

In the event the DSO is uncertain about the desirability/legality of accepting an institutionally anonymous gift, the DSO shall seek an opinion from the Office of the General Counsel, and the decision shall ultimately be made by the Vice President for University Advancement, DSO Head and the vice president of the related area: the Provost/Executive Vice President for Academic Affairs for matters pertaining to the FSU Foundation, FSU Real Estate Foundation or Alumni Association; The Vice President/Director of Athletics for matters pertaining to Seminole Boosters; the Vice President for Student Affairs for matters pertaining to Student Affairs; and the Vice President for Research for matters pertaining to research.

SECTION 11.0 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 retain signature authority over or control of any fund which they have donated to which may create an actual or potential personal benefit to the employee. Please refer to the specific DSO funds management policy for further details.

SECTION 12.0 EXCEPTIONS

Exceptions for special circumstances not addressed in the Gift Acceptance and Counting Policies above can only be granted with written approval by the Vice President for University Advancement and the President of FSU.

SECTION 13.0 POLICY UPDATES

This policy was effective as of 10/1/2013 and last updated September 28, 2018 and will be reviewed and updated at a minimum every 3 years.

Attachment A: IRS Appraisal Guidelines

Qualified Appraisal

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

A qualified appraisal is an appraisal document that:

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

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

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

- If you claim a deduction of \$20,000 or more for donations of art, you must attach a complete copy of the appraisal. See *Paintings, Antiques, and Other Objects of Art*, earlier.

- If you claim a deduction of more than \$500,000 for a donation of property, you must attach the appraisal. See *Deductions of More Than \$500,000*, earlier.
- If you claim a deduction of more than \$500 for an article of clothing, or a household item, that is not in good used condition or better, that you donated after August 17, 2006, you must attach the appraisal. See *Deduction over \$500 for certain clothing or household items*, earlier.

Prohibited appraisal fee. Generally, no part of the fee arrangement for a qualified appraisal can be based on a percentage of the appraised value of the property. If a fee arrangement is based on what is allowed as a deduction, after IRS examination or otherwise, it is treated as a fee based on a percentage of appraised value. However, appraisals are not disqualified when an otherwise prohibited fee is paid to a generally recognized association that regulates appraisers if:

- The association is not organized for profit and no part of its net earnings benefits any private shareholder or individual;
- The appraiser does not receive any compensation from the association or any other persons for making the appraisal; and
- The fee arrangement is not based in whole or in part on the amount of the appraised value that is allowed as a deduction after an IRS examination or otherwise.

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

1. A description of the property in sufficient detail for a person who is not generally familiar with the type of property to determine that the property appraised is the property that was (or will be) contributed,
2. The physical condition of any tangible property,
3. The date (or expected date) of contribution,
4. The terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor that relates to the use, sale, or other disposition of the donated property, including, for example, the terms of any agreement or understanding that:
 - a. Temporarily or permanently restricts a donee's right to use or dispose of the donated property,
 - b. Earmarks donated property for a particular use, or
 - c. Reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fundraising) any right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having the income, possession, or right to acquire the property,
5. The name, address, and taxpayer identification number of the qualified appraiser and, if the appraiser is a partner, an employee, or an independent contractor engaged by a person other than the donor, the name, address, and taxpayer identification number

- of the partnership or the person who employs or engages the appraiser,
6. The qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and any membership in professional appraisal associations,
 7. A statement that the appraisal was prepared for income tax purposes,
 8. The date (or dates) on which the property was valued,
 9. The appraised FMV on the date (or expected date) of contribution,

 10. The method of valuation used to determine FMV, such as the income approach, the comparable sales or market data approach, or the replacement cost less depreciation 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 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 than real property, the appraiser must have successfully completed college or professional-level coursework relevant to the property being valued, must have at least 2 years of experience in the trade or business of buying, selling, or valuing the type of property being valued, and must fully describe in the appraisal his or her qualifying education and experience.
2. The individual regularly prepares appraisals for which he or she is paid.
3. The individual demonstrates verifiable education and experience in valuing the type of property being appraised. To do this, the appraiser can make a declaration in the appraisal that, because of his or her background, experience, education, and membership in professional associations, he or she is qualified to make appraisals of the type of property being valued.
4. The individual has not been prohibited from practicing before the IRS under section 330(c) of title 31 of the United States Code at any time during the 3-year period ending on the date of the appraisal.
5. The individual is not an excluded individual.

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

Excluded individuals. The following persons cannot be qualified appraisers with respect to particular property.

1. The donor of the property, or the taxpayer who claims the deduction.
2. The donee of the property.
3. A party to the transaction in which the donor acquired the property being appraised, unless the property is donated within 2 months of the date of acquisition and its appraised value is not more than its acquisition price. This applies to the person who sold, exchanged, or gave the property to the donor, or any person who acted as an agent for the transferor or donor in the transaction.
4. Any person employed by any of the above persons. For example, if the donor acquired a painting from an art dealer, neither the dealer nor persons employed by the dealer can be qualified appraisers for that painting.
5. Any person related under section 267(b) of the Internal Revenue Code to any of the above persons or married to a person related under section 267(b) to any of the above persons.

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

In addition, a person is not qualified appraiser for a particular donation if the donor had knowledge of facts that would cause a reasonable person to expect the appraiser to falsely overstate the value of the donated property. For example, if the donor and the appraiser make an agreement concerning the amount is more than the fair market value of the property, the appraiser is not qualified appraiser for the donation.

ATTACHMENT B

Parts I and II of the Real Estate General Review are maintained by the FSU Real Estate Foundation and will be updated from time to time as necessary, separate the regular review of this policy.

Glossary of acronyms:

ACH	Automated Clearing House
ALTA	American Land Title Association
CASE	Council for the Advancement and Support of Education
CFO	Chief Financial Officer
CGA	Charitable Gift Annuity
CLT	Charitable Lead Trust
CRAT	Charitable Remainder Annuity Trust
CRT	Charitable Remainder Trust
CRUT	Charitable Remainder Unitrust
DSO	Direct Support Organization
DTC	Depository Trust Company
EFT	Electronic Fund Transfer
FMV	Fair Market Value
FSU	Florida State University
IRS	Internal Revenue Service
MAI	Member of the Appraisal Institute
REC	Recognized Environmental Condition
REF	Real Estate Foundation
SRA	Senior Residential Appraiser
UPMIFA	Uniform Prudent Management of Intuitional Funds Act
USPAP	Uniform Standards of Professional Appraisal Practice
USPS	United State Postal Service