



CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

**Division of University Advancement  
Gift Acceptance Policies and Procedures  
*Updated August 2016***



## Table of Contents

Page 1-2	California State University, Dominguez Hills' Mission, Vision, & Values
Page 3-4	Presidential Memorandum: Delegation of Authority to Accept Gifts
Page 5	California State University, Dominguez Hills Philanthropic Foundation Executive Summary
Page 6	Advancement Services – Privacy Policy
Page 7-8	Statement of Information Release Policies
Page 8-9	Fundraising Clearance Policy
Page 9-10	Development Contact Reports
Page 11	Gift Acceptance Committee
Page 12-13	Common Fundraising Vocabulary and Definitions
Page 14-30	Gift Types
	Page 14-15    Cash
	Page 15      Securities
	Page 15-16  Gifts-in-Kind
	Page 17-18  Restricted Gifts
	Page 18-21  Real Property
	Page 21-23  Matching Gifts
	Page 23-25  Pledges
	Page 26-31  Planned Giving
Page 32-36	Fundraising and Event Administration
Page 36-39	Sales Tax Accounting and Reporting Procedure
Page 40-43	Gift Acceptance, Recording and Acknowledgment Policies and Procedures
Page 44-46	Donor Gift Reconciliation Policies and Procedures
Page 46-47	Gift Acknowledgment Policies and Procedures
Page 48-50	Gift Valuation
Page 51-52	Determining the Date of Gift
Page 53-54	Gifts of Computer Software
Page 55	IRS Tax Free Distributions
Page 56-57	CASE State of Ethics
Page 58	Donor Bill of Rights
Page 59-60	AFP Code of Ethics
Page 61-62	Access to Donor Records Policy

---

# California State University, Dominguez Hills'

## Mission, Vision & Core Values

### *Our Mission*

We provide education, scholarship and service that are, by design, accessible and transformative. We welcome students who seek academic achievement, personal fulfillment, and preparation for the work of today and tomorrow.

### *Our Vision*

A vital educational and economic resource for the South Bay, CSUDH will be recognized as a top-performing Comprehensive Model Urban University in America. By 2016, we will be known as a campus community and gathering place where:

- Diversity in all its forms is explored, understood, and transformed into knowledge and practice that benefits the world.
- Technology is embraced and leveraged to transcend educational boundaries as we reach out to students, both locally and globally.
- Sustainable environmental, social, and economic practices are a way of life.
- Students from our community who aspire to complete a college degree are provided the pathway and guidance to succeed.
- Faculty and staff across the University are engaged in serving the dynamic needs of the surrounding communities.
- Student life is meaningful and vibrant.
- Our accomplishments and those of our alumni are recognized nationally and internationally.
- Ultimately, our students graduate with an exemplary academic education, a highly respected degree, and a genuine commitment to justice and social responsibility.

## *Our Core Values*

The following core values are fundamental to our success:

- ***Accountability.*** We recognize and live up to our responsibility to our students, campus resources and finances, staff, faculty alumni, supporters, and the community at large.
- ***Collaboration.*** All segments of the campus community work together to support our vision as well as our students' success.
- ***Continuous Learning.*** We strive to continually improve teaching, scholarship and service.
- ***Rigorous Standards.*** We identify, implement and support excellence in all our practices.
- ***Proactive Partnerships.*** We actively engage with our communities and its members to promote educational opportunities and excellence for our students.
- ***Respect.*** We celebrate and respect diversity in all forms.
- ***Responsiveness.*** We are here to serve the needs of students, this community and society.

PM 2015-03  
Dr. Willie J. Hagan  
President

Supersedes PM 12-03

### **Gift Acceptance Policies**

The Division of University Advancement and the California State University, Dominguez Hills Philanthropic Foundation (CSUDHPF) are responsible for raising and managing private donations for California State University, Dominguez Hills. University Advancement provides specialized fund raising support and services, and is responsible for the acceptance and receipting of all gifts. The California State University, Dominguez Hills Philanthropic Foundation has the responsibility of managing and administering contributions on behalf of the University and its related organizations.

California State University, Dominguez Hills Philanthropic Foundation encourages the solicitation and acceptance of private donations made to CSUDH for purposes that will enhance the educational environment and further fulfill its mission. It is through philanthropic giving, that an additional margin of excellence can be offered so that CSUDH's faculty can have better teaching and research tools and students can have the best possible support to ensure their academic success. It is also through giving that alumni, as well as the business and philanthropic community, can become personally invested in CSUDH and partner in its growing success.


At CSUDH, a gift is defined as an irrevocable transfer of personal or real property. For this transfer to be considered a donation, and the donation can take many forms (cash, appreciated securities, real property, etc.), the donor must divest him/herself of all reasonable control. The recording and management of pledges and gifts will be performed in accordance with the policies and procedures set forth by the Council for the Advancement and Support of Education (CASE), the California State University (CSU), and all other governing bodies.

For a gift to qualify for a charitable tax deduction, it must be made to California State University, Dominguez Hills Philanthropic Foundation; a registered 501 (c) (3) organization with the United States Department of the Treasury as well as the State of California. All Donations must first go to the Office of Advancement Services for recording and processing prior to deposit in the appropriate account(s).

Gifts that may expose the University to adverse publicity, require expenditures beyond our resources, involve the University in unexpected responsibilities because of their source, condition or purpose, or are not consistent with our mission will not be accepted.

By virtue of this memo, pursuant to the requirements of the Chancellor's Office EO 676, authority is delegated to the Vice President of University Advancement to accept and receipt gifts, bequests, and donations on behalf of California State University, Dominguez Hills. In acting pursuant to the delegation, due diligence must be performed to ensure that all gifts accepted by the campus will aid in carrying out the primary functions of CSUDH. Further, all gifts, bequests, devises, and donations which are accepted must be used in accordance with restrictions specified by the donor. In the performance of these activities, CSUDH shall adhere to the spirit as well as the letter of all applicable laws and regulations.

Date: 7/28/2015

Signature: 

Dr. Willie J. Hagan  
President  
California State University, Dominguez Hills

## **California State University, Dominguez Hills Philanthropic Foundation**

### **Philanthropic Foundation Mission**

The mission of the CSU Dominguez Hills Philanthropic Foundation is to actively promote, pursue and steward private support for the advancement of California State University, Dominguez Hills.

### **Philanthropic Foundation Goals**

These goals have been established for the CSUDH Philanthropic Foundation:

- Provide advice and counsel to the university president.
- Support the university's long-term goal of being recognized as one of the top-performing comprehensive model urban universities in the United States.
- Engage high-level volunteers in activities that directly support the students, faculty, and programs of the university.
- Expand support for capital projects including physical spaces such as labs and facilities.
- Promote CSUDH through the ambassadorship of the board of directors.
- Provide CSUDH with expertise, fiduciary oversight, and advocacy focused on enhancing the role that private giving plays in achieving the mission of the university.
- Manage investment of endowments and planned gifts.

Members of the Philanthropic Foundation board of directors are among the university's most extraordinary partners and supporters, tasked with providing advice and counsel to the President, broadening engagement of external partners and creating a culture of philanthropy for the university. Leaders in business, the professions and civic affairs, they give of their time and talents to guide the Philanthropic Foundation's operations and support the university's strategic vision for the future.

## **Advancement Services**

Advancement Services is the backbone of the University's Advancement operation. Advancement Services gathers, organizes, manages, and disseminates information to guide the sound and effective advancement and overall business decisions of the University.

Advancement Services establishes principles, adhere to strict guidelines set forth by the Internal Revenue Service (IRS), the Office of the Chancellor (CO), CASE and other governing bodies. We apply technical solutions to minimize risk and maximize philanthropic investment in CSUDH. Additionally, we manage the database, provide reports, update and maintain biographical records, and serve as the prospect research and growth function of the Development team.

**Lastly, the Advancement Services team manages all internal compliance issues, thus requiring all fundraising solicitations or fundraising events and materials by any University entity be submitted for approval.**

Advancement Services:

- Manage Database; update and maintain biographical information
- Technical Security and Privacy
- Provide Reports and Analysis
- Prospect Research and Development
- Gift Accounting & Acknowledgement
- Federal, State, Local, and Professional Governing Bodies

## **Privacy Policy**

California State University, Dominguez Hills maintains a donor database of biographical and gift/pledge information about alumni, parents, friends and other prospects in accordance with the general needs and expectations of the University community. The information contained in this database is intended exclusively for purposes related to CSUDH programs.

It is the desire of Advancement Services to support the ongoing activities of CSUDH by providing assistance for programs, communications, and events that bring together constituents of the University. In order to provide the best possible service to those with legitimate needs for such information, and at the same time maintain the confidentiality of the information entrusted to us by our constituents, the following policies have been developed.



## Statement of Information Release Policies

Organizations may request information from the Donor database in support of approved activities.

The following information may be released from the donor database:

- Public information, which is limited to:
  - Full Name
  - Degree(s) and date of degree(s) awarded
  - Major
  - Class Year
- In addition to public information, the above requesters can request in-depth information such as (if available):
  - \*Will only be provided in partnership with University Advancement
    - Gift and Pledge Data
    - Employment
    - Alumni Activities
    - Student Activities
    - Family Members
    - Degrees obtained from other institutions

The following are acceptable internal uses of information from the database:

- Alumni Relations
- Fundraising
- Public Relations
- Government Relations/Advocacy
- Departmental Communications
- University Research
- Continuing Education Programs
- Student Recruitment

Information in the donor database is not available for release for non-related commercial or political purposes.

Any entity/organization/individual requesting information that includes more than the public information, must sign a confidentiality form

If the information provided will result in the preparation of lists or directories that are published in a book, magazine, newsletter or other forms for general distribution among our constituent groups, each individual who might be included must be provided the opportunity to indicate whether he/she wishes to be excluded (opt-out).

Requests of data from the donor database for contract services of outside vendors (i.e. direct mail firms, marketing, and merchandise firms, etc.) to process and distribute information obtained from the donor database must provide:

- A signed confidentiality form, and
- A secured “FTP” or other secured site to upload lists, or
- A password protected online solution

### **University Fundraising Clearance Policy**

The Office of Advancement Services is responsible for all philanthropic solicitations and stewardship activities of individuals, corporations, foundations, and other entities. In addition, the Advancement Services office under the auspices of the Office of University Advancement, is charged with adhering to strict guidelines set forth by the Internal Revenue Service (IRS), the Office of the Chancellor (CO), the Council for Advancement and Support of Education (CASE) and other governing bodies. Thus, all fundraising and fundraising material: including brochures, pamphlets, websites, and the alike by any individual, department, and/or organization will need to be vetted and approved by the Office of Advancement Services.

In addition to fundraising clearance policies above, any individual, entity, program, department, college, or other organizations on campus must vet all corporate contacts and solicitations, all Foundation contacts and solicitations, and all individual contacts and solicitations through the Office of Advancement Services.

We require all on-campus entities to consult with the Advancement Services Office before conducting any fundraising programming. The Advancement Services Office has a vast knowledge of appropriate tools and strategies to approach individuals and funders. In addition, the Advancement Services Office can provide assistance to increase the impact of fundraising initiatives.

- The following need to be coordinated with the Development Office:
  - Annual solicitation of alumni, parents, faculty, staff, friends, and other community members
  - Gift Clubs designed to solicit financial support

- Special fundraising appeals to various University constituencies regarding scholarships, memorial funds, fellowships, financial aid programs, professorships, endowed scholarships, etc.;
- All university sponsored fundraisers.

## **Development Contact Reports**

A Development Contact Report is a written document that contains substantive information obtained by a Development Officer or other University staff member following a contact with a prospect or donor.

Development Contact Reports provide an institutional history of development activity as well as record the results of the fundraising efforts conducted by the Development Office.

A Development Contact Report should be filed after an interaction with a prospect or donor. They can be filed on **visits, phone calls, emails, letters** and **events** and for the purposes of **cultivation, solicitation, stewardship** and **discovery** (cold calls).

### **What information should be included in a Development Contact Report?**

- Prospect's Name
- Date of Contact
- Participants' Names
- A summary of activity
- If solicitation: a proposal with next steps and follow up action

### **What information should NOT be included?**

When preparing Development Contact Reports, please use great discretion. While all Development Contact Reports are considered confidential, highly sensitive and personal information should NOT be included and is generally not critical to the nature of the fundraising process. Additionally, please keep in mind the following guidelines:

- As a public institution, prospect records can be requested and shared with others at any time
- Nothing should be included in the Development Contact report that would be embarrassing to the prospect
- Nothing on the prospects medical history should be included (per HIPPA privacy regulations)

### **When to file a Development Contact Report?**

A Development Contact Report should only be filed when significant or strategic information is obtained.

### **When should a Development Contact Report NOT be filed?**

- Events where no data crucial to fundraising is exchanged
- Visit invitations (i.e. "...I'll be calling you to schedule a visit")
- Annual gift appeals (i.e., multiple individual Development Contact Reports for multiple renewal/new gift requests)
- Reports on meetings where no substantive information was learned.

Filing reports ensures the integrity of the information and preserves the institutional history. If, after several letters and phone calls a prospect is unresponsive and apparently disinterested in meeting, a Development Contact Report should be filed to record that information.

## **Gift Acceptance Committee**

The California State University, Dominguez Hills Philanthropic Foundation is legally obligated to adhere to the terms and conditions of every gift. For this reason, the terms of each gift must be considered with the utmost care to be sure they are feasible, do not unduly hamper the usefulness and desirability of the gift, and are in conformity with CSUDH policy.

The Vice President, University Advancement may convene the Gift Acceptance Committee. The California State University, Dominguez Hills Gift Acceptance Committee is comprised of the following individuals, however the President or the Vice President for University Advancement may appoint additional members to the Committee, as they deem appropriate.

- Vice President, University Advancement--Chair
- Vice President, Academic Affairs and Provost or designee
- Vice President of Administration and Finance
- Vice President of Student Affairs (as needed)
- Vice President of Information Technology (as needed)
- President's Designee (as needed)
- Philanthropic Foundation Chief Financial Officer
- Associate Vice President for Development

Types of gifts reviewed by the committee may include, but are not limited to:

- Gifts of real property or an interest therein
- Gifts of closely-held securities, promissory notes, partnership interests, stock options or other negotiable instruments
- Gifts of undivided interest or future interests
- Bargain sales or gifts subject to any encumbrance
- Gifts with unusual restrictions or requirements
- Gifts that present the potential for an obligation on the California State University, Dominguez Hills Philanthropic Foundation under local, state, or federal law that either may be unwilling or unable to assume

It is the responsibility of any person connected with the University when presented with a gift or while working with an estate to bring all gifts that meet the above guidelines to the attention of the Vice President of University Advancement prior to accepting such gifts.

## **Common Fundraising Vocabulary and Definitions**

The policies contained in this manual provides descriptions and definitions pertinent to that particular topic. As such, some of the more generic terms we use may not be adequately described. Below is a list and description of some commonly used terms.

### **Gifts**

A gift is defined as any transfer of personal or real property made voluntarily and without benefits. The donor must absolutely and irrevocably divest him or herself of title, dominion, and control of the property and irrevocably transfer the present legal title and dominion and control of the entire gift to the organization receiving the gift. In order to qualify for a charitable tax deduction, the gift must be made to an organization recognized as charitable by the IRS. Therefore, all charitable gifts to the organization must be given to the California State University, Dominguez Hills Philanthropic Foundation.

The difference between a private grant and a contract depends on the intention of the awarding agency and the legal obligation incurred by an institution in accepting the award. A grant, like a gift, may be a donation; and is bestowed voluntarily and without expectation of any tangible compensation. A contract carries an explicit quid pro quo relationship between the source and the institution. Private grants, therefore, are considered for our purposes to be gifts.

### **Contract**

An agreement between the institution and another entity to provide an economic benefit for compensation. The agreement is binding and creates a quid pro quo relationship between the institution and the entity.

### **Non-Gifts**

Payments for goods or services are considered operating revenue and may not be deposited to gift accounts. This includes the pre-determined fair market value of goods or services received.

Because it is illegal for any tax-supported agency in the state of California to make a donation, checks from tax-supported agencies will not be processed as gifts.

Scholarships payments where the donor solely has selected the recipient(s) of the award(s) are not gifts and should not be processed as such. These should be referred to Financial Aid and processed by that office.

Volunteer efforts and the services supporters provide, without charge, are not tax-deductible to donors beyond out-of-pocket expenses associated with the service. CSUDH does not consider these as gifts and does not issue gift receipts or acknowledgements for neither the service rendered nor the expenses incurred.

**Grant**

A financial donation given to support the university, a specific college, project, or program.

**Expendable**

Gifts, grants, and sponsorships given or paid to the University, which are to be expended in support of various programs or projects.

**Non-Expendable**

Gifts or bequests, given to the University to establish or increase endowment funds and to become non-expendable/non-lendable principal of the endowment funds.

**Unrestricted Gifts**

Gifts or bequests given to the University, wherein the donor does not specify how the gift is to be utilized.

**Restricted Gifts**

Gifts or bequests given to the University, wherein the donor has specified that the gift is to be used to support specific programs or projects.

**Capital Funds**

Resources earmarked for (1) building construction, renovation, remodeling; (2) equipment; or (3) books and other non-disposable items.

**Endowment**

Funds which are kept intact and invested; a portion of the earnings (5% target allocation; subject to approval by the Philanthropic Foundation Board of Directors) from which are applied to purposes designated at the outset by the donor. The proportion of earnings applied in this manner and the proportion reinvested for growth of principal are determined by the Chief Financial Officer of the California State University Dominguez Hills Philanthropic Foundation.

All endowment agreements will be signed by the Vice President of University Advancement or designee, the donor, the CFO of the Philanthropic Foundation, and Vice President/Dean or appropriate Director of the benefiting College or program (if applicable).

**Pledge**

A pledge is defined as a personal commitment to make a philanthropic contribution. In most cases, a pledge is paid subsequently by the donor, usually in installments not exceeding five years. Pledges must be documented and are counted at face value.

## Gift Types

### Cash Gifts

- Definition:
  - Currency, coin, checks, payroll deductions, EFT (electronic funds transfer), money orders, bank drafts, and gifts made via credit card.
- Policy:
  - University Advancement will accept monetary gifts as long as they support the mission of the University.
  - Checks must be made out to the California State University, Dominguez Hills Philanthropic Foundation or CSUDHPF.
  - For information on IRA tax free distributions, please consult your tax advisor or financial planner.
- Procedure:
  - All cash gifts should be sent immediately, within 48 hours (2 working days) of receipt from a donor to the Office of Advancement Services and not held in the department or college.
  - Individuals responsible for opening gift/campaign mail in the Office of Advancement Services will immediately endorse the check when received with a stamp or print on the back of check *“Pay to the Order of California State University, Dominguez Hills Philanthropic Foundation; For Deposit Only”*
    - Individual will then need to complete the Deposit Log Report for each day
  - When it is not possible to deposit a “cash” gift by the end of business day, the gift(s) should be placed in a locked safe until ready for deposit on the next business day.
    - For any gifts not received by the Office of Advancement Services, the designated individual who received the gift, must first date stamp it and the envelope, if available, and ensure it is in a locked drawer or safe box until ready to be delivered in person to the Office of Advancement Services.
    - The gift should be delivered in person to the Office of Advancement Services no later than 48 hours after receipt.
    - The designated individual should endorse the check with their name and initials and the date and time.



- Credit card transactions must be processed on the day they were received.
  - Credit card information must be immediately redacted at the end of processing.
- If questions remain regarding donor wishes, adjustments may be made at a later date with the proper documentation.

## Securities

- Definition:
  - Document (such as a stock, bond, or limited partnership) showing ownership in a financial enterprise, or a debt of obligation.
    - Publicly traded securities are regularly traded on a public stock exchange.
    - Closely held securities are shares of stock in privately held for-profit corporations which are not traded on public stock exchanges.
- Policy:
  - The Gift Acceptance Committee must approve gifts of all non-publicly traded (closely held) securities prior to acceptance, taking into consideration measures such as
    - potential legal and/or financial liabilities
    - valuation
    - marketability
    - restrictions
    - nature of the business from which the asset is derived
    - any other issue that may arise either in the gift negotiation or in a corresponding shareholder's.
  - Title to gifts of Securities should be transferred to the California State University, Dominguez Hills Philanthropic Foundation.
- Procedure:
  - For gifts of Securities, contact the California State University, Dominguez Hills Philanthropic Foundation Chief Financial Officer

## Gifts-in-Kind

- Definition:
  - Non-monetary items of tangible personal property or other physical assets that are valuable to the University. Examples might include: books, artwork, and equipment.
- Policy:
  - Gifts are to be made to the California State University, Dominguez Hills Philanthropic Foundation.

- In accordance with Internal Revenue Service regulations, the donor is responsible for determining the value of an accepted gift.
  - Before presenting a gift of tangible property to California State University, Dominguez Hills, donors should first establish the fair market value of the gift with a recognized independent appraiser.
  - A qualified appraisal dated no more than 60 days prior to the date of contribution is required by the IRS to substantiate a donor's charitable deduction for gifts-in-kind.
  - University personnel are not qualified appraisers, and federal regulations do not permit the university to give appraisals or estimates of value.
  - Fees accrued from the appraisal process are not tax-deductible.
- Once accepted, the donated item(s) become the property of California State University, Dominguez Hills, which retains the right to dispose of a gift-in-kind as it sees fit, unless another arrangement has been made with the donor.
- Procedure:
  - Donors intending to provide a gift-in-kind to the University should reach out to the Vice President of University of Advancement for gift acceptance.
  - The Vice President of University Advancement must approve all gifts-in-kind prior to acceptance.
  - Tax Deduction Issues
    - A donation within a tax year valued at \$250 or more requires a written acknowledgment from the recipient. Accordingly, CSUDH will mail the required receipt.
    - If the value of a gift is \$500 or more, the Internal Revenue Service requires donors to file IRS Form 8283 and comply with its regulations pertaining to non-cash charitable contributions.
    - If the donation is valued at more than \$5,000, the donor must obtain an independent qualified appraisal and submit an appraisal summary with the return claiming the deduction. A copy of the appraisal must also be given to CSUDH.
    - Any gift in kind receipt will have no value on the receipt
  - Internal entities must fill out and submit the gift-in-kind acceptance form when receiving a gift-in-kind from a donor.

- All gifts-in-kind forms must be electronically or in hard copy format be maintained centrally and with donor files.

## Restricted Gifts

- Definition:
  - Gifts, pledges, or deferred gifts given to the University, wherein the donor has specified that the gift is to be used to support specific programs or projects.
- Policy:
  - Restricted gifts are welcome to the University and must observe current federal and state laws prohibiting discrimination based on race, sex, gender, nation of origin and the alike.
  - All gifts to California State University, Dominguez Hills Philanthropic Foundation must adhere to Title IX and Title V of the Federal Privacy and Civil Rights Law and other regulatory guidelines.
  - Acceptance of a gift imposes a legal obligation to comply with the terms established by the donor. Therefore, the nature and extent of this obligation must be clearly understood.
  - California State University, Dominguez Hills and the California State University, Dominguez Hills Philanthropic Foundation reserves the right to refuse any gift that is not consistent with its mission. (Page 1)
  - Restricted Gifts to University-related entities listed below should adhere to the following:
    - Student Financial Aid
      - Gifts to Student Financial Aid are accepted and must adhere to the above restrictions.
    - Membership Based Associations (i.e. Black Faculty Staff Association, BFSA)
      - Dues are considered fees and are not reported as gifts. However, exceptions apply if the organization has no significant operations or perceived benefits.
    - Student Clubs/Fraternities/Sororities
      - Fees to student clubs are dues and are not considered as gifts.
    - Associated Students, Inc. (ASI)

- ASI may accept donations in its name when such donations enhance the educational mission of the campus.
    - Any gift solicitations and acceptance must be approved by University Advancement according to the policies above.
    - Any gift acknowledgment is the responsibility of the Office of Advancement Services.
    - Verify that Memorandum of Understanding (MOU) has been met.
  - Loker Student Union
- Procedure:
  - The terms of each restricted gift will be reviewed by the Associate Vice President of Development, the Office of Advancement Services, and the unit involved to ensure they do not hamper the usefulness and desirability of the gift.
  - If a gift is deemed undesirable, the donor will be counseled to remove or modify the restrictions.

## Real Property

- Definition:
  - Any subset of land that has been legally defined and the improvements to it made by human efforts: buildings, wells, dams, ponds, mines, canals, roads, etc.
- Policy:
  - California State University, Dominguez Hills Philanthropic Foundation must receive a current appraisal of the fair market value of the property and donor's interest in the property California State University, Dominguez Hills would receive if the proposed gift were approved.
  - University Advancement will inform the donor that the California State University, Dominguez Hills Philanthropic Foundation may dispose of all gifts of real estate if it is in the interest of the University.
  - Regardless of the value placed on the property by the donor's appraisal, the University will attempt to sell at a reasonable price in light of current market conditions and the donor needs to be informed that any such sale occurring within three years of the date of gift will be reported to the IRS on form 8282.

- In most cases, IRS regulations require either the donor pay for the appraisal directly, or if the charity (California State University, Dominguez Hills Philanthropic Foundation) pays for the fee, the donor will be issued an IRS Form 1099 characterizing the fees as miscellaneous income.
- Site Visit: For gifts of real estate, University Advancement will verify the condition of the property. The representative should take note of the improvements and amenities, if present. Defects in paint, plumbing, appliances, roofs, walls, etc., should be observed. If necessary, the opinion of a contractor should be secured if a major problem is suspected.
  - For other gifts, University Advancement will verify the condition of the property and note any discrepancy between the appraisal and the property.
- In order to protect the University and the California State University, Dominguez Hills Philanthropic Foundation from high risk associated with accepting property with environmental risk, all proposed gifts of real property, including gifts from estates, may be required to provide an environmental audit performed at the donor's expense. All prospective donors should be alerted to this potential process as discovery of a potential problem may have an economic impact on them.
  - The Vice President of University Advancement may allow an exception to this requirement, and only on residential property which has been used solely for residential purposes for a significant period of time. In cases, where this exception applies and no environmental audit is undertaken, the California State University, Dominguez Hills Philanthropic Foundation may require the donor to execute an environmental indemnity agreement.
  - In rare cases, where a property has been gifted to the University after a donor's death without University knowledge, the Vice President of University Advancement can choose to decline the gift outright or engage the gift acceptance committee to assess the feasibility of accepting the property. All of the same steps outlined above must still be taken.
- The existence and amount of any carrying costs, including but not limited to property owners' association dues, country club membership dues and transfer charges, taxes, and insurance must be disclosed and funded by the donor and in rare occasions the program benefited by the gift.

- A copy of any title information in the possession of the donor, such as the most recent survey of the property, title insurance policy, and/or attorney's title opinion must be furnished.
- Title to gifts of Real Property should be transferred to the California State University, Dominguez Hills Philanthropic Foundation.
- Approval/Acceptance Process
  - University Advancement working with the California State University, Dominguez Hills Philanthropic Foundation Chief Financial Officer and will submit a written summary of the proposed gift. The summary should normally include the following:
    - Complete legal description of the real property and copy of warranty deed, if possible
    - Tax status of the property and any current or proposed assessment
    - Current zoning and any proposed changes
    - Mortgage balance, if any
    - Lease or rental information, if appropriate
    - Any oil, gas, mineral, or other rights that may or may not be transferred
    - An appraisal of the property's and, if different, the University's interest in the property's fair market value and marketability
    - Real estate listing information if property currently on the market
    - Any potential for income and expenses, encumbrances, and carrying costs prior to disposition
    - Any environmental risks or problems revealed by audit or survey
    - Any special arrangements requested by the donor concerning disposition (e.g., price considerations, time durations prior to disposition, realtors or brokers with whom the donor would like California State University, Dominguez Hills Philanthropic Foundation to list the property, etc.).
  - If a proposed gift of real property is approved, the Vice President of University Advancement (or designee), normally Advancement Services, will prepare an acknowledgment and receipt of the gift on behalf of the California State University, Dominguez Hills Philanthropic Foundation.

- The gift will be completed by the execution and delivery of a deed of gift or other appropriate conveyance.

## Matching Gifts

Corporate matching gifts to employee donations are an increasingly important source of funds for California State University, Dominguez Hills and can serve as a first step to a major corporate gift. University Advancement will continue to pursue these contributions with vigilance and in accordance with Policy Number 15401.00 of the Integrated California State University Administrative Manual Policy.

- Definition:
  - A gift contributed on the condition that it be matched, often within a certain period of time, in accordance with a specified formula.
  - A gift by a corporation matching a gift contributed by one or more of its employees.
  - Approving Authority
    - A person to whom authority has been delegated in writing to certify matching gift claims. This approving function shall be segregated from the record keeping function which, among other duties, ensures matching gifts are designated in accordance with donor intent.
  - Donee
    - The entity receiving both the donor gift establishing eligibility for a matching gift program and the conditional gift distributed by the matching gift program. Though it is customary for donor gifts to be accepted by an authorized auxiliary organization, the donee may be the University.
  - Matching Gift Claim
    - The certification form, either paper or electronic, submitted to the matching gift program acknowledging the receipt of a donor gift, certifying the charitable status of the donee, and providing any additional information requested by the matching gift company. As determined by the matching gift company, this claim may be the responsibility of the donor without any action required by the donee.
  - Qualifying Gift
    - The donor gift received from an individual eligible to participate in a matching gift program, provided for an eligible purpose, and given to an eligible donee. As determined by the matching gift company, a qualifying gift may be monetary, in-kind, or volunteer hours.
- Policy:
  - **Approving Authority Responsibilities**

In most instances, the donor must initiate the matching gift, at which time the Office of Advancement Services is expected to act on a qualifying gift and submit a claim or application, the Gift and Records Coordinator is responsible:

- Verify receipt of the qualifying gift, review eligibility requirements when provided, and review documentation requested by the matching gift company.
  - Maintain a record of proof through the Daily Gift Deposit form (hard copy or electronic form when appropriate) to show that a review of matching-gift eligibility was performed. The Daily Deposit form can be viewed on the Advancement Services website at <https://www.csudhfoundation.com/forms/>
  - Make appropriate inquiries and document matching gift eligibility when the:
    - Source of funds is other than the employee/retiree such as a donor advised fund, United Way, or a relative.
    - Qualifying gift includes personal benefits such as memberships or tickets to a fundraising event, performance, or athletic game.
    - Donor requests in writing that the matching gift be designated for a purpose that differs from the qualifying gift designation.
  - Transmit matching gift claim, thereby certifying review of the qualifying gift.
  - Be available for questions concerning transactions, and communicate with the donor and matching gift program as appropriate in confirming transactions.
  - Issue acknowledgment letters or gift receipts (where appropriate) to companies that provide matching gifts of \$250 or more. A copy of each acknowledgment or gift receipt will be saved internally with the donor records.
  - Review gift record on at least an annual basis to determine whether follow-up action is required, whether the claim should be recorded as uncollectable and whether received matching gifts were properly assigned.
- Some matching programs will automatically match gifts made through payroll deductions, eliminating the need to complete a matching gift application.



- **Record Keeping Responsibilities**

Record keeping responsibilities may be assigned to one or more staff members and should include:

- Maintaining records of donor contributions and matching gifts in such a manner that there is a clear record of the qualifying gift, the related matching gift, and the designated purposes.
- **Secondary review of matching gift eligibility**
- Documentation of this eligibility review shall be maintained for three years.
  - 3 instances when secondary review is required:
    - Source of funds is other than the employee/retiree such as a donor advised fund, United Way, or a relative.
    - Qualifying gift includes personal benefits such as memberships or tickets to a fundraising event, performance, or athletic game.
    - Donor requests in writing that the matching gift be designated for a purpose that differs from the qualifying gift designation.
- Procedure:
  - Advise donor to contact the Human Resources department for more information on making gifts to California State University, Dominguez Hills through payroll deduction.

## Other Assets

- Including but not limited to promissory notes, assignment of promissory notes, partnership interests and restricted or non-publicly traded securities, numeral rights, deeds of trust, stock options, and other negotiable instruments.

## Pledges

- Definition:
  - A promise that is written, signed, and dated, to fulfill a commitment at some future time; specifically, a financial promise payable according to terms set by the donor. Such pledges may be legally enforceable, subject to state law.
- Policy:

- To be recorded as a documented pledge, all pledges in any amount and for duration beyond one fiscal year must be signed by the donor. An email signature is acceptable.
- Pledges through the University's Phonathon program are booked, regardless of amount and without donor signature.
- At a minimum, a pledge card or letter should include:
  - the donor's name
  - amount of the gift
  - the time table of payment (not to exceed 5 years)
  - gift designation
  - imposes no conditions on the University
  - must be irrevocable.
- Procedure:
  - Pledge Collection and Write-off Procedures
    - Each month, pledge reminders will be mailed or emailed to donors according to an agreed upon payment schedule.
    - Each month, the pledge aging report will be generated by the Database Coordinator and will be emailed for review by management. The reviewing managers are the Senior Director of Annual Giving, College Directors of Development, or the Associate Vice President of Development.
  - Major Gift write-offs
    - Pledges that are not fulfilled within 120 days from the due date are considered "lapsed" and are forwarded by the Advancement Services Office to appropriate Directors of Development for follow up.
    - Follow up activity will be recorded by the managing Director of Development or the Associate Vice President of Development in the donor database as a "contact report".
    - Follow up activity includes: emails, phone calls, postal mail, and other communication tools with the prospect documented in the donor database using specific contact report options.

- After review and confirmation of “lapsed or “long-outstanding pledges”, the respective managers will email the Database Coordinator to “write-off” the pledge.
- Annual Fund write-offs
  - In the case of a Phonathon pledge, the University will try to collect on a pledge for 120 days from the date of the pledge.
    - 30 Days—Pledge reminder will be sent via postal mail. A copy of the reminder will be saved electronically for each prospect.
    - 60 Days—Pledge reminder will be sent via postal mail and email using University email or 3<sup>rd</sup> party email vendor such as Constant Contact. A copy of the reminder mail piece and email will be saved electronically for each prospect.
    - 90 Days—Pledge reminder will be sent via postal mail with a follow up call by student Phonathon callers. A copy of the reminder will be saved electronically for each prospect. In addition, an electronic calling log will be produced by the calling software used for University fund solicitations.
    - 120 Days—Follow up phone call from Phonathon Callers. Phonathon software reports through the automated call-center can serve as follow-up activity. In addition, an electronic calling log will be produced by the calling software used for University fund solicitations.
  - After 120 days, the pledge will be flagged to be “uncollectable.”
    - Generally, a pledge will be written-off one full year after the pledge date.
    - Phonathon pledge write-offs will be reviewed and approved by the Senior Director of Annual Giving
- Proof of pledge collection must be maintained or stored centrally for auditing purposes.

## Gift Agreements

- All scholarship fund donations must have a standard template gift agreement signed by the donor, the Chief Financial Officer of the California State University, Dominguez Hills Philanthropic Foundation, the Vice President of University Advancement or designee, and the Dean of the College or division Vice President.

## Gift Agreement Exemptions

- Donations that fall under the two conditions below are exempted from this requirement:
  - When a scholarship is initiated at the departmental level with many small donations, no lead donor, and/or gifts to the general college/department scholarship funds.
  - When a gift does not meet the threshold for 1) endowed scholarship (minimum \$10,000+), 2) named annual scholarship (minimum \$1,000+ a year for three years)
  - Departments/Colleges are required to submit account set-up forms with awarding criteria that is subject to review for compliance by the Office of Advancement Services
  - Minimum gift amounts are subject to change anytime with review from the Vice President of University Advancement

## Planned Giving

A planned gift is a set of ways a donor can leave money/assets to the University at his/her death; or a way to invest money so that the donor receives benefits during his/her life and then bequeaths the remaining funds to the University.

Examples of planned giving vehicles would be bequests, charitable trusts, life insurance policy, pooled income funds, charitable gift annuities, and more.

Planned gifts should be directed to the Associate Vice President of Development or designee.

## Bequests

- Definition:
  - Bequests are donations provided to California State University, Dominguez Hills by an individual donor through their will or trust.
  - Typically, the donor structures the bequest in one of three ways:
    - A percentage of the total estate
    - A specific dollar amount
    - A portion of the residual of the estate.
- Policy:
  - The following written confirmation of the bequest is required:

- 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 or the donor's attorney that explains the nature of the gift to California State University, Dominguez Hills, including the estimated face value and the donor's intended purpose for the gift; OR
  - Leo Cain Society membership form
- All bequests, will or estate plan documents which provide funds or other assets for the use of California State University, Dominguez Hills must be made payable to, or transferable to the California State University, Dominguez Hills Philanthropic Foundation, or the approved corporate body is to receive, manage and disburse such assets.
  - When gifts of property from the estate of deceased donors are not acceptable, the legal counsel of the University shall communicate this decision to legal representatives of the estate as soon as possible.
  - The Associate Vice President of Development is available for consultation on gifts of bequests.

## Charitable Trusts

- Definition:
  - An irrevocable trust established to provide payments for the life of one or more people or for a term not to exceed 20 years, with the irrevocable remainder being distributed to one or more qualified charities.

\*The following are a common set of trusts.\*

## Charitable Remainder Unitrusts (CRUT)

- Definition:
  - A gift vehicle which irrevocably transfers the remainder interest of an assets value to California State University, Dominguez Hills Philanthropic Foundation upon the death of the named income beneficiaries or at the end of a specified term of not more than twenty years.
  - The donor can name themselves or other recipients with payments made in specific time intervals (i.e. quarterly, monthly, etc.)

Common Types of Unitrusts:

- *Standard Unitrusts*
  - Pays a fixed percentage of the net fair market value of its assets, as valued annually; normally 5-7%.
  - Additional contributions can be made any time.
- *Net Income Unitrusts (NICRUT)*
  - Stipulates that the trust will distribute either the actual amount of income earned or the established percentage payout rate, whichever is LESS.
- *Net Income Unitrust with make-up Provision (NIMCRUT)*
  - Uses excess income from one year to pay the beneficiary income lost during years when earnings were insufficient.
- *Remainder Annuity Trust (CRAT)*
  - Similar to a Unitrust except that the designated income beneficiary and a second beneficiary receive a fixed income from their gift for a lifetime or a certain number of years.
  - The donor cannot make future contributions.
- Policy:
  - Rate of Payment
    - In accordance with current IRS regulations, the fixed percentage cannot be less than five percent and is established when the trust is created and cannot be changed. The maximum payment limitations are depended on the ages of the beneficiaries, type of trust, anticipated investment strategy and prevailing economic conditions.

## Life Insurance

- Definition:
  - A contract between an insurance policy holder and an insurer, where the insurer promises to pay a designated beneficiary sum of money upon the death of the insured person.
- Policy:
  - Gifts of life insurance may be accepted without any approval if the insurance policy is fully paid and in the case where the donor intends for California State University, Dominguez Hills Philanthropic Foundation to immediately cash its surrender value. The California State University,

Dominguez Hills Philanthropic Foundation must own the insurance policy rather than the beneficiary of said policy.

- Gifts of life insurance which are partially paid, or, on which no payments have been made at the time of gift, will be reviewed for acceptance on a case by case basis by the Vice President for University Advancement, or designee. Thus, the donor is expected to make a written pledge to continue to pay any premiums of the policy.
- If no payment is received from the donor for the premium payment, whole life policies will be cashed in for the surrender value of the policy, in accordance with Council for Advancement and Support of Education (CASE)/ National Association of College and University Business Officers (NACUBO) guidelines.
- Premium payments for insurance policies are tax-deductible.
- Procedure:
  - Approval/Acceptance Process
  - The Associate Vice President of Development, or designee, will prepare a written summary of any proposed gift of a life insurance policy which fails to meet all of the criteria specified above and submit to the Vice President for University Advancement. The summary should at least include:
    - Description of the type of life insurance policy, face value, premium payment schedule, interest rate, age of insured, and other relevant policy information.
    - The purpose of the gift and its beneficiary on campus.
  - The Vice President of University Advancement (or designee) will review the material and make a determination as to whether to accept or reject the proposed gift.
    - Any revisions to the agreement can be made as a condition of approval.
    - The final determination can be communicated to the donor in writing.
  - If a proposed gift of life insurance is approved, Advancement Services will prepare acknowledgement and receipt of the gift on behalf of California State University, Dominguez Hills Philanthropic Foundation.
  - The gift will be completed upon the execution and delivery of the life insurance policy to California State University, Dominguez Hills Philanthropic Foundation.

## Charitable Gift Annuities

- Definition:
  - A gift annuity is when the donor makes an irrevocable gift in exchange for life income payments. A charitable gift annuity is a contract between the donor and the California State University Foundation under which the foundation guarantees payment of the annuity.
  - Two features in particular make charitable gift annuities appealing.
    - An individual may specify whether he or she wants an immediate annuity, with payment to begin no later than one year from the date of the gift, or a deferred gift annuity, from which payments are not to begin until a specified future date.
    - The income stream from such an arrangement can be higher than current market rates.
- Policy:
  - California State University, Dominguez Hills has a memorandum of understanding with the California State University Foundation (CSUF) to participate in the California State University (CSU) system wide charitable gift annuity program and will follow its terms and conditions.
  - The California State University Foundation is the donee and all checks should be made out to the California State University Foundation.
  - The Planned Giving Officer (or designee) will draft a charitable gift agreement between the California State University Foundation and the donor.
  - **Minimum Funding Level**
    - Initial charitable gift annuities shall be issued for at least \$10,000
  - **Minimum Age Levels**
    - The minimum age of beneficiaries for all life income gifts is fifty-five (55) years of age at the time income payments begin. If payment is deferred, the annuity date and payment shall be no more than twenty (20) years.
    - No gift annuity shall be more than two (2) lives.
  - **Rate of Payment**



- The fixed rate of payment for life is established when the annuity contract is signed.
  - Criteria for determining the rate depends upon the age(s) of the annuitant(s).
  - When there is more than one recipient, the rates will be lower.
  - The older the annuitant(s) at the time the annuity is established, the higher the fixed rate that can be offered.
  - The California State University Foundation, as well as most other charities, relies on the rates recommended by the American Council on Gift Annuities, except in cases where the donor prefers to accept a lower rate.
  - The rates are actuarially determined with the goal of having at least half the gift asset passed on to the charity and the other half paid out to the non-charitable beneficiaries in the form of annuity payments.
- Gift annuity agreements shall be issued only if the charitable gift, computed using standard government table, exceeds ten percent (10%) of the amount transferred.
- **Funding Asset**
  - As a rule, the California State University Foundation on behalf of California State University, Dominguez Hills will not accept a gift annuity for tangible personal property or real estate holdings.
  - Any deviation from this requires approval of the California State University Board of Governors Executive Committee.
  - Charitable gift annuities may be funded by gifts of cash or appreciated stock and/or the alike, subject to prior approval by the California State University Foundation.

## **Fundraising and Event Administration**

It is the responsibility of the Office of Advancement Services to act as the managing and coordinating agency for all California State University, Dominguez Hills fundraising activities. As such, all solicitations of funds from private individuals, foundations, businesses, corporations, and organizations must be coordinated through the Office of Advancement Services. This includes all literature, brochures, booklets, newsletters, websites, and solicitation materials used to attract private funds.

In addition to fundraising clearance policies above, any individual, entity, program, department, college, or other organizations on campus must vet all corporate contacts and solicitations, all Foundation contacts and solicitations, and all individual contacts and solicitations through the Office of Advancement Services.

We require all on-campus entities to consult with Advancement Services before conducting any fundraising programming. The Development Office has a vast knowledge of appropriate tools and strategies to approach individuals and funders. In addition, the Development Office can provide assistance to increase the impact of fundraising initiatives.

California Government code 13402 and 13404 require that a system of internal administrative and accounting control be implemented so that the reasonable assurances can be given that measures to secure guard assets, check the accuracy and reliability of accounting data promote operational efficiency and encourage adherence to prescribed managerial policies be followed. The element of satisfactory system of internal controls include authorizations and record keeping procedures which are adequate to provide effective oversight of assets.

### **Definitions**

Events conducted for the sole or primary purpose of raising charitable funds where participants make a charitable contribution and a purchase for the fair market value of goods or services.

- Examples of common fundraising events:
  - Auctions
  - Raffles
  - Dinners
  - Golf tournaments
  - Concerts

- Examples of occasions not considered fundraising events:
  - (Most) Alumni Relations events
  - Sport camps
  - Unrelated trade or business activities that generate fees for service

## Planning

Departments wishing to conduct fundraising events should start by considering various aspects related to the event such as:

- Purpose, plans, and goals of the event
- Date, time, and location of the event
- Number of individuals needed to run the event
- Preparation of a profit and loss budget for the event
- Number of participants and participant fee, if applicable
- Outside agencies/sponsors expected to be utilized in event
- Preparation of literature to be distributed in connection with the event
- Facility rental and/or food catering agreements
- Approval process (see under Event Authorization form)

## Approval of Event and Materials

- Prior to any solicitation of funds, contractual commitments, sponsorships, literature distribution, spending, or other fundraising activities, the departmental unit must obtain approval by the Office of Advancement Services.
  - Fundraising events with gross receipts greater than \$5,000 must be approved in writing by a delegated authority when the fundraising event utilizes the university name, logo or trademarks and represents that the university will benefit from the proceeds. **Prior to the event**, the delegated authority shall review the fundraising event's budget, drafts of solicitation materials, and action plan to comply with federal, state and local regulations.
- The event budgets, drafts of solicitation materials, and action plans for compliance with federal, state, and local regulations are to be reviewed by a delegated authority prior to the event.
- Any literature, including brochures, booklets, and letters used to solicit funds to the University shall be reviewed and approved through the Office of Advancement Services so that the most accurate information appropriate to a particular fundraising effort is reflected. Accordingly, the Office of Advancement

Services will be responsible for establishing and maintaining a master calendar that incorporates the schedule of all fundraising mailings and solicitations. Mailers that are not associated with a particular fundraising event are not included in the scope of this policy; however, all mailers should still be coordinated with the Office of Advancement Services.

## **Fundraising Events required details and supporting documents**

- **Raffles/Opportunity Drawings**
  - Annually, the Office of Advancement Services or the California State University, Dominguez Hills Philanthropic Foundation will register the University in the attorney general's Registry of Charitable Trusts.
  - Any entity planning to hold a raffle is required to contact the Office of Advancement Services prior to the event taking place.
  - Each winner will need to fill out IRS form 5754 if the benefit amount is over \$600.
  - Following the raffle or auction the following is to be provided:
    - Revenue Received
    - Ticket Sales
    - Auction Items
    - Raffles
    - Donation Items
  - The California Attorney General's Office dictates that any non-profit is limited to two raffles/opportunity drawings a year. Everything is to be vetted by the Office of Advancement Services.
- **Fundraising Event Authorization Form** – requires Vice President of University Advancement's signature. California State University policy requires fundraising events that have budgeted revenue of \$5,000 or more be approved by the University's designated person. The Vice President of Advancement has been designated as California State University, Dominguez Hills' approving officer. For the approval purposes, please provide the following items to Advancement Services office six (6) months prior to the event:
  - The budget for the event (an Excel spreadsheet is preferred)
  - All contracts or agreements (if applicable)
  - The flyer and other promotional materials
  - A description of the event and its fundraising purpose

- The following phrase needs to be added to all promotional materials and event announcements: **Proceeds from this event will benefit California State University, Dominguez Hills' <name of the program>.**
- After the event is over, entities must provide a complete accounting of the following items to the Office of Advancement Services:
  - Revenue received, broken out by ticket sales, sponsorships, auction items, raffles, merchandise, etc.
  - Amount of donations received
  - For auctions, please provide contact information for both the donor of the item auctioned and the winner of the auction.
  - For raffles, California State University Dominguez Hills will submit IRS form W-2G, while IRS Form 5754 must be completed by the winners of prizes with a fair market value of \$600 or more. Winners must provide SSN and driver's license information (number and the state).
- All cash and checks must be delivered to Office of Development (ATTN: Advancement Services) and use the California State University, Dominguez Hills Philanthropic Foundation Donation Deposit Form.
- Required Information for reporting:
  - Date and location of the raffle
  - Total funds received
  - Total expenses for conducting the raffle
  - Charitable or beneficial purpose for which proceeds will be used
  - Name of the eligible organization receiving the proceeds

### **Accounting Expenses and Revenue**

- Accounting for fundraising expenses and cash receipts need to be meticulously recorded and readily available for reporting in the California State University, Dominguez Hills Philanthropic Foundation's 990 form.
- Expenses and revenues of an event should all be recorded in the same unit. Expenses should not be recorded in one business unit and revenues in another business unit.

### **Auctions**

- Special accounting and gift processing treatment is needed to track auction sales. All departments who conduct an auction must know the following information:
  - Fair market value (FMV) of the donated item

- Department purchase price
- Buyer gift portion
- Sales tax portion, if applicable
- Summary accounting of all the auction transactions
- Auctions which include the sale of tangible personal property must charge the applicable state sales tax rate based on the auction sale price

### **Sales Tax Accounting and Reporting Procedures**

**This procedure complies with the California Board of Equalization Publication 18, *Tax Tips for Nonprofit Organizations*.**

#### **Background:**

In California, sales tax applies to the sale of tangible personal property (referred to as “merchandise” or “goods”) unless the sale is covered by a specific legal exemption or exclusion. Individuals, businesses, and groups that sell taxable merchandise in California must pay sales tax on their taxable sales. Sellers may charge their customers for sales tax reimbursement (referred to as “sales tax”).

Tax generally applies regardless of whether the items you sell or purchase are new, used, donated or homemade. Although many nonprofit and religious organizations are exempt from federal and state income tax, there is no similar broad exemption from California sales and use tax. Generally, nonprofit groups’ sales are taxable, as are their purchases. In other words, nonprofit and religious organizations, in general, are treated just like other California sellers and buyers for sales and use tax purposes.

#### **Criteria:**

Sale of merchandise or goods is generally taxable unless it’s covered by a specific exemption or exclusion. Nonprofits commonly conduct a variety of activities that are considered sales. These include (but are not limited to) the following:

- Sales of food, meals, beverages, and similar items under a number of different circumstances.
- Sales of tickets that buyers will exchange for food, beverages, or other physical products.
- Sales of booklets, books, pamphlets, and so forth.
- Sales of tickets for fundraising events when the ticket price includes amounts for food or beverages.

- Sales of items at rummage sales, bazaars, carnival booths, community events, and other fundraisers.
- Sales of merchandise in Internet, live, and silent auctions.
- Sales of tickets for game booths where *prizes are guaranteed* to each ticket purchaser, even when the prizes have little value. Examples include white elephant, fish pond, grab bag, and “pitch-’til-you-win” games.

### **Revenue Subject to Sales Tax and Reporting:**

Event ticket pricing:

Special events administered by the Philanthropic Foundation may include both taxable and nontaxable activities. Special attention is needed when providing food, drinks, prizes, admission to entertainment, and so forth, for a single amount designated as a donation. Generally, if you charge a single donation for a fundraising event involving taxable sales, the *entire ticket charge* will be taxable unless you do both of the following:

- **List the taxable charges separately on the event tickets. *If the organization chooses to sell the fundraising tickets for an event at a “tax-included” price, it needs to let its customer know that they are paying a price that includes tax and that language should be included on the ticket and other literature provided to the attendees at the event.***
- Keep separate records of taxable and nontaxable charges. *Example:* You hold a fundraising dinner, where the \$75 ticket price includes dinner and drinks (which are taxable—see below) and entertainment (which is non-taxable). If your tickets list only one price, that full amount is taxable. However, if the tickets state “Ticket price includes \$35 for dinner and drinks” and your event income records reflect this breakdown, tax would apply only to the \$35 charge for dinner and drinks. Amounts you receive from tickets sold, but not used, are not taxable. You should keep records that show the difference between any advance sales you make and the number of tickets actually turned in at your event.

### **Meals Served at Fundraising Events**

Tax generally applies to charges for drinks, food, and meals included in the ticket price of fundraising dinners or special events. The business or organization that *serves the meals* at a fundraising event is responsible for reporting the taxable sales and paying the tax due. If your organization serves the meals at your event, you are liable for the tax. This is true whether the meals are furnished by members of your organization, purchased or donated to you. Tax is due based on the ticket price for the meal. *If the charge for the meal is not separately listed on the event ticket, the entire ticket price is taxable.*

If the Philanthropic Foundation contracts with someone else to serve the meals at your event, you generally are not responsible for paying tax on your ticket sales. Instead, the business that serves the meals must report the sale of the meals and pay the tax due; based on the amount they charge you. For example, your organization might contract with a restaurant or hotel to provide and serve meals for a certain price. The food server would be liable for the sales tax, based on the amount the server charged you for the meals.

### **Raffles and Auctions**

Tax applies to ticket charges for raffles, games, or game booths where every ticket purchaser is guaranteed to win a prize, even though the prizes may have very little value. Sales tax does not apply to the price of raffle tickets where prizes are not guaranteed to every ticket purchaser.

Tax generally applies to the sale of any “tangible” items sold at auctions, silent auctions, rummage sales, bazaars, carnival booths, community events, and other fundraisers. The sales tax is calculated on the retail selling price of the auction item. Example: You sell an auction item that has a fair market value of \$200.00. The item sells for \$100.00 at the auction. The sales tax is calculated on the sale price of \$100.00. **If the organization chooses to sell a tangible auction items at the event at a “tax-included” price, it needs to let its customer know that they are paying a price that includes tax and that language should be included on the ticket and other literature provided to the attendees at the event.**

### **Responsibilities:**

The Vice President of University Advancement in concurrence with the Executive Director of Philanthropic Foundation are responsible for complying with these procedures.

### **Recordkeeping:**

Departments should identify as soon as possible the account to which revenue resulting from an event will be receipted. All charitable and non-charitable revenue should be identified and tracked through the donor ledger system. Departments generally work with Advancement Services prior to an event to determine the appropriate accounting treatment of various revenue types.

### **Sales Tax Calculation & Reporting:**

The Philanthropic Foundation is required to calculate and report taxable sales and sales tax liability on a monthly basis to the State of California Board of Equalization on Form BOE-401-A2. The calculation and remittance of sales tax has been outsourced to the University’s Foundation Office. On a quarterly basis, the Advancement Services Office communicates the appropriate sales information to the Foundation Office so that the return can be prepared and timely filed.



- Step 1 - A general ledger report for the quarter is generated for revenue account that may have received taxable income “YTD Statement – Management Summary” by general ledger account number for all funds and departments.
- Step 2 - A file is generated from the donor ledger system by general ledger account number and verified against the general ledger report. Each transaction is reviewed to determine if it is taxable or non-taxable.
- Step 3 - The taxable and non-taxable amounts portions are then summarized by account number and fund on a worksheet entitled “Taxable and Non-Taxable Income for the Quarter Ended”.
- Step 4 - The “Taxable and Non-Taxable Income for the Quarter Ended” is emailed to Financial Service and the Form BOE 401-A2 is prepared and submitted to the BOE electronically.

## **Gift Acceptance, Recording, and Acknowledgment Policies and Procedures**

### **Gift Transmittal**

All gifts to California State University, Dominguez Hills should be directed through the Office of Advancement Services within University Advancement, where they are properly recorded and acknowledged. No gift should be deposited or otherwise processed by or in any other area of the institution, including the Philanthropic Foundation.

Checks should be made out to the California State University, Dominguez Hills Philanthropic Foundation or CSUDHPF. Title to gifts of Securities and Real Property should be transferred to the California State University, Dominguez Hills Philanthropic Foundation.

All cash gifts should be sent immediately or within 48 hours or 2 working days of receipt from a donor to the Office of Advancement Services and not held in the department or college. If a gift is to be left overnight, it must be secured in a locked location such as a drawer or preferably a safe. If questions remain regarding donor wishes, adjustments may be made at a later date with the proper documentation.

Planned gifts such as trust annuities, insurance, life estates, should be directed to the Associate Vice President of Development or designee.

### **Gift Acceptance Policies and Procedures**

While all areas are encouraged to acknowledge and thank donors for gifts given that benefit the area, only official gift acceptance and acknowledgement from Advancement Services within University Advancement provides the donor with a receipt for tax purposes. Thank you letters generated outside of University Advancement are not considered legal receipts for tax purposes.

The acceptance procedure is completed by the presentation to the donor of an official gift receipt by University Advancement.

### **Gift Processing Procedures**

- Receiving Gifts
  - Individuals responsible for opening gift/campaign mail in the Office of Advancement Services should immediately endorse the check when received with a stamp or print on the back of check *“Pay to the Order of California State University, Dominguez Hills Philanthropic Foundation; For Deposit Only”*
  - Individual will then need to complete the Deposit Log Report for each day

- When it is not possible to deposit a “cash” gift by the end of the business day, the gift(s) should be placed in a locked safe until ready for deposit on the next business day.
  - For any gifts not received by the Office of Advancement Services, the designated individual who received the gift, must first date stamp it and it should be placed in a locked drawer or safe box until ready to be delivered in person to the Office of Advancement Services.
  - The gift should be delivered in person to the Office of Advancement Services no later than 48 hours after receipt.
- Credit card transactions must be processed on the day they were received.
  - Credit card information must be immediately redacted at the end of processing.
- Scan all supporting gift documentation and file in appropriate storage location in the Development Office.
- Gift documentation includes:
  - Daily deposit check-list
  - The gift receipts
    - *For internal departments, organizations, divisions, etc., Advancement Services will **not** issue gift receipts*
  - The batch commit control report
  - Batch gift validation report
  - Deposit log report
  - Gift response devices (i.e. envelopes, solicitation materials etc.)
  - California State University, Dominguez Hills Philanthropic Foundation cash deposit receipt
  - Deposit memo

- Copy of redacted check(s)
  - Completed gift batch folders are to be placed in the designated, secure location in the Office of Advancement Services.
    - Only authorized individuals can have access to these documents
- Processing and Deposit of “cash” gifts (*Checks, cash, money orders, EFT’s, credit cards, etc. are considered “cash” gifts*)
  - Identify and gather the following gift details:
    - Who is making the gift?
    - What is the donors address?
    - If an organization (corporation or Foundation), who is the contact?
    - What is the contact’s title and department?
  - What is the purpose of the gift?
    - Event, restricted to College or program, endowment, unrestricted, building, capital campaign, etc.?
  - What is the designation of the gift?
    - If it is a new project, it will need a new assigned account number from the California State University, Dominguez Hills Philanthropic Foundation
    - When the designated account does not exist, the Office of Advancement Services or the responsible Development Officer will need to contact the donor to encourage the donor, if appropriate, to redirect his/her gift. However, if the donor insists on designating their contribution to a non-existing account, one may be established on a case by case basis with consultation with the Associate Vice President of Development and the office of Advancement Services.
  - If available, Advancement Services staff will write the donor ID(s) number and the California State University, Dominguez Hills Philanthropic Foundation account number(s) on the upper right hand corner of all checks, money orders, and credit card slips.
  - A Gift Acceptance Form or a solicitation response device is required to process each gift received, regardless of gift type. Prior to a gift

(presented either cash, check, money order, or credit card form) being deposited into the California State University, Dominguez Hills Philanthropic Foundation account, the respective cashier is instructed to require the presentation of a completed Acceptance of Gift Form in support of the deposit. If the individual making the deposit does not have the required Acceptance of Gift Form, one should be immediately provided on site, and the person making the deposit must complete the form.

- The gift will then be entered into a “batch” in the donor system.
- Advancement Services staff will complete a California State University, Dominguez Hills Philanthropic Foundation deposit memo.
- Advancement Services staff will verify the original cash amount indicated on the Deposit Memo.
- Advancement Services staff will make copies for University records.
- No gift deposit will be accepted by the California State University, Dominguez Hills Philanthropic Foundation outside of Advancement Services staff, under the auspices of University Advancement.
- The Gift and Records Coordinator is responsible for processing and issuing gift receipts to donors and recording gifts in the donor database system.
- It is the responsibility of the Gift and Records Coordinator in the Office of Advancement Services to maintain a complete and accurate record in the electronic database of all gifts to the California State University, Dominguez Hills Philanthropic Foundation, or any agency thereof, including cash, pledges, securities, trusts, insurance policies, real estate, and gift-in-kind. Information will be coded to comply with current Voluntary Support of Education (VSE) reporting standards. All donor information shall be kept strictly confidential. Donor anonymity will be protected whenever desired by the donor.

### **Use of Gifts**

- Gifts made to the University are either restricted or unrestricted. Unrestricted gifts are used by the University in order to advance its mission. The Vice President, University Advancement, in consultation with the President, decides on the use of unrestricted gifts.
- Gifts may be restricted either by time or usage. Only the donor can restrict a gift. Donors wishing to restrict a gift for a specific purpose should make their intentions clear, in writing, when making the contribution.

## Donor Gift Reconciliation Procedures

At the end of each month, the Database Coordinator, will generate a private donation summary report which details all gifts posted to the donor database for the month. Upon receipt of the report, the Gift & Records Coordinator will verify and reconcile the posted transactions to assure each gift made it into the donor system are properly recorded into the California State University, Dominguez Hills Philanthropic Foundation accounts. The California State University, Dominguez Hills Philanthropic Foundation income of private giving is reported on the California State University, Dominguez Hills Philanthropic Foundation detail trial balance report.

Monthly reports to reconcile include:

- The California State University, Dominguez Hills Philanthropic Foundation trial balance report (IFAS report)
  - The California State University, Dominguez Hills Philanthropic Foundation account name and number
  - Transaction Date
  - Donor or payee name
  - Gift amount
  - Reference number
- Development Private Donation Total Report, which includes:
  - Philanthropic Foundation account name and number
  - Transaction Date
  - Donor or payee name
  - Gift amount
  - Journal entry reference number
- Reconcile monthly gifts
  - Verify entry matches on each report
    - Checks cleared
    - If it does not match, entry will be highlighted and researched
  - Each page from the report will be signed and dated by the Advancement Services staff member performing the reconciliation
- Final reconciliation summary report will be generated, including:

- Clear report of private donations total report, including monthly reconciled transactions
- The Director of Advancement Services will sign off and date the report

### **Gift and Records Imaging Procedure**

To meet the requirements for donor and document retention policy, the Office of Advancement Services, is tasked with adequately safeguarding donor information. Each gift file is scanned and saved on the centralized server for record keeping purpose.

### **Donor/Prospect Gift and Documentation Filing Guidelines**

#### Donor and Prospect Files

The donor prospect files to be maintained with the highest confidentiality following strict guidelines as follows:

- The files are to be kept in cabinets that are open as needed and locked each evening for security purposes by Advancement Services staff. The key will be secured in the safe.
- Only the Office of Advancement Services personnel may access the files without the prior consent of the Associate Vice President of Development. No file may leave the immediate suite of the Office of Development.
- Directors of Development or other authorized individuals may have donor/information/prospect files. However, Advancement Services personnel should be notified.

### **Prohibition of Personal and Off Campus Bank Accounts**

Any funds received on behalf of the University or its programs are required to be administered through either the University or the California State University, Dominguez Hills Philanthropic Foundation accounts. Such funds include:

- Gifts of money
- Proceeds from any activity (clinic, contract, workshop, or similar event)

Funds generated from the use of campus facilities are to be deposited in an appropriate account under University operations.

Gifts of money to Colleges and Departments or to individuals representing a college or department are to be deposited in a California State University, Dominguez Hills Philanthropic Foundation account.

Whenever University facilities are utilized or the name of the University is used, no outside bank accounts must be established, nor made the name of the University or program associated with the University be identified with an account held off campus.

Under no circumstance it is permissible to establish or maintain an off campus account when any of the above described conditions prevail.

Deans, directors, department chairs, and department heads are responsible for enforcement of these policies within their respective areas of responsibility. Questions concerning this matter may be addressed to the California State University, Dominguez Hills Philanthropic Foundation Chief Financial Officer.

### **Gift Acknowledgment Procedures**

Daily, gifts are recorded in the Development database and acknowledgment letters are generated by the Gifts and Records Coordinator. The generic letter serves as a “thank you” note and official gift receipt from the Vice President of University Advancement.

In acknowledging these gifts, it is important for income tax purposes that the donors be notified that no goods or services were received for gifts of cash. Benefits received will be noted at the fair market value. Depending on the gift amount, certain custom acknowledgment letters are triggered.

#### Letters from the Vice President of University Advancement

- Donor Relations to draft letters from the Vice President of University Advancement on an as-needed basis.
- These are to be approved by the relevant Director of Development (when applicable) and the Associate Vice President of Development.
- The letters are then sent to the Vice President of University Advancement for review/approval.
- Advancement Services scans signed copies and mails them.

#### Letters from Deans

- Donor Relations annually develops templates of language approved by each respective Dean’s office.
- A report is generated in the donor database to obtain a list of donors that meet the criteria.
- The donor database report is to be merged with the template.
- The merge is then reviewed and customized with gift/donor details.
- Merged letters will be sent electronically to the Director of Development working with the college for review.
- Sent to Dean’s assistant for review and printing.
- Once returned to Development, letter is scanned and mailed.

#### Letters from the President

- A report is generated in Donor database to obtain a list of donors that meet the criteria.
- Donor Relations will draft the letters
- Letters will be customized with additional gift/donor details.



- Drafts will be reviewed by the relevant Director of Development and the Associate Vice President of Development.
- Associate Vice President emails final draft to President's Office where it is reviewed, printed, and mailed.
- President's Office mails letter and provides Development with hard copies.

Below is the current gift matrix used to determine the acknowledgment process, and is subject to change without prior notice.

Gift Acknowledgment Matrix (as of 01/16)

ACKNOWLEDGMENT	\$1-\$499	\$500+	\$1000+	\$5000+	\$10,000+	SPECIAL ACKNOWLEDGMENTS	GIFT LEVEL	ACKNOWLEDGMENT
Tax receipt with thank you letter (VP-UA or AVP)	X	X	X	X	X	Planned Gift	\$10,000+ or any level for a bequest	Letter from President
Thank you call from assigned DOD		X	X	X	X	1st time donors	All	First time donor postcard
Thank you note from College Dean			X	X	X	Memorial Gifts	All	Notification cards to family by donor request
Thank you note from Vice President University Advancement (when involved with solicitation) or other VPs of an area not represented by a DOD (case-by-case basis).				X	X	Annual Fund Gifts*	\$1-\$499	
Thank you letter from President					X			

## **Gift Valuation Policy**

All gifts will be valued as follows:

### **Cash Gifts, Matching Gifts**

- Gifts of cash are valued at their U.S. monetary worth.

### **Securities**

- Gifts of securities are credited at the mean of their market value on the date the donor relinquishes control to the California State University, Dominguez Hills Philanthropic Foundation. Neither losses nor gains realized by the sale of the securities after their receipt affect the gift value credited to the donor. Any brokerage fees incurred and changes in value resulting from liquidation are considered gains, losses, or operating expenses or earnings of programs benefiting by the gift. Title to gifts of securities must be transferred to the Philanthropic Foundation.
- To determine the security transfer date to the California State University, Dominguez Hills Philanthropic Foundation:
  - If mailed; the postmark date
  - If delivered; the date of delivery
  - If transferred through broker; date stock transferred from donors account

### **Gifts-in-Kind**

All gifts-in-kind (art objects, equipment, software, etc.) to California State University, Dominguez Hills shall be reviewed by the Office of Advancement Services in conjunction with the unit designated to receive the gift. Gifts-in-kind should be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the use of the gift. Consideration should be given to the cost of maintenance, cataloging, delivery, insurance, display and any space requirements for exhibition or storage.

Depending on the gift(s), the Gift Acceptance Committee can be activated to review and offer recommendations

### **Gift Appraisals**

- Gifts-in-Kind are valued at their fair market value based on the guidelines established on the IRS publication 561 (<https://www.irs.gov/pub/irs-pdf/p561.pdf>). Gifts with an apparent worth of less than \$5,000 are valued by the donor and their informal valuation is used for internal reporting purposes.

- Gifts-in-Kind whose estimated value is over \$5,000 require an independent qualified appraisal. Appraisals made by California State University, Dominguez Hills personnel are inadmissible.

### **IRS Forms 8282 & 8283**

- It is an IRS requirement that an individual making a property gift in excess of \$500 must file a copy of form 8283 with the IRS.
- Should the University decide to sell or dispose of the gift valued at \$5,000 and recorded on form 8283 within a three-year period from the date of receipt, the University is required to complete and submit a corresponding form 8282 with the IRS stating the date of disposition and value received.

### **Gift-in-Kind Acknowledgment Letter**

- It is the University's policy to exclude the listing of the dollar value of a gift in a receipt letter for any gift-in-kind. In the case of an item donated for a benefit auction, the letter may reaffirm the donor's stated value for the auction only, but this should not be taken as a statement of value.

### **Archival Donations to the Library**

- Archival donations, including documents, manuscripts, oral interviews, etc. and unique information sources in any media must be irrevocable and unfettered grant of ownership must be granted to the archives. By preference any rights of use and copyright should also be transferred. Negotiations over which rights of use and copyright should be transferred shall be conducted by the Dean of the Library and the Vice President of University Advancement or designee. The Gift Acceptance Committee must approve gifts that require additional expense to maintain.

### **Gifts of Hardware and Software**

- Any proposed computer-related gifts must meet approved campus baseline standards and must be approved by the Gift Acceptance Committee including an assessment of whether the gift serves the academic or research purpose of the institution.
- The gifts must also be irrevocable with ownership of the property transferred to the institution to qualify as a charitable deduction. There must be no implicit or explicit exchange, purchase of services, or provision of exclusive information.
- The value of the gift will be assessed based on the "educational discount" (if one exists).
  - If no educational discount is available, it must be stated in the letter from the donor and the established retail value shall be used.

- If no retail value exists, no amount can be counted or reported until such value is determined by an independent appraiser or when the product is available for purchase on the open market.

### **Gifts of Service**

- The value of a person's or organization's time or service is not considered a charitable contribution and is not countable.
- Professional services such as accounting, legal work, consulting, etc. are not considered charitable. However, volunteers providing professional services are encouraged to bill the institution for the service, accept payment from the institution, and then make a cash gift to the institution. The cash donation is usually 100% tax-deductible.

## Determining the Date of the Gift

The following guidelines will be used to determine the date of a gift:

1. Physical Delivery:

If cash/check, or property is delivered to the University in person, the date of delivery is the date of the gift. This should be indicated by the relevant Director of Development or the Office of University Advancement on the Gift Acceptance Form.

2. U.S. Postal Service:

For gifts of cash/check or securities, the postmark date on the envelope used to mail the completed gift is the date of the gift. (See Section 7 below.)

3. Other Delivery Services:

For property, or cash/checks sent by means other than U.S. Postal Service (e.g. Federal Express, UPS), the gift date is the date on which the cash or property arrives at the university.

4. Credit Cards:

Gifts are deemed complete on the day the donor's account is debited.

5. Personal Property:

Gifts of tangible personal property, no matter how delivered, are deemed complete when they arrive at the university or are officially accepted on behalf of the university.

6. Real Estate:

A gift of real estate is completed at a time a properly executed deed to the property is delivered by the donor to the University or the date the deed is recorded in the Office of Recorder of Deeds (or similar office) in the County in which property is located, whichever is first.

7. Securities:

Unlike most other gifts, gifts of securities may be completed in several ways that will directly impact the time involved to affect the transfer of ownership. This may have a critical effect if the "gift date" and the transfer of ownership straddle a fiscal year end or if there is a rapidly changing market. Therefore, it is imperative that the Office of University Advancement be directly involved in all gifts of securities to the University. There are three possible ways to determine the gift date:

- a. The date the stock certificate is mailed (using postmark date of U.S. Postal Service only). However, note that stock certificates without an endorsement are not completed gifts. If the (unsigned) certificate and a properly executed stock power form are sent separately, the date on which the last of these documents is sent defines the gift date.
  - b. The date the stock is transferred into a brokerage account in the name of the University/or its related foundation by the donor's agent or cooperating corporation.
  - c. If hand delivered, the date the stock certificate is transferred and received by the appropriate University agent.
8. Mutual Funds:  
Gifts of mutual funds are received on the date the funds are actually transferred into the university or designated university foundation account. (Typically, these transfers require an account to be opened at the corresponding mutual fund company in order to receive the fund transfer. This may require several days to process.)

## GIFTS OF COMPUTER SOFTWARE

Gifts of software are valued and reported in a manner that is standardized and consistent with the most recent edition of the CASE Management & Reporting Standards guidelines.

From *CASE Management and Reporting Standards*, Third Edition, 2004:

**Software, hardware, and maintenance agreements:** Irrevocable gifts of software or hardware with an established retail value are treated like other gifts-in-kind and counted at the educational discount value (if one exists) or the fair market value, as long as the agreement qualifies as a charitable donation under the laws of the appropriate tax authority.

In so-called “mega-gifts,” companies seek to use an institution as a test site for newly developed software or hardware with no established retail price, although the company may have its own estimate of the software’s value. Institutions entering into such agreements need to ascertain whether they are gifts or exchange transactions according to the IRS and CCRA and these standards. (See “Beta-testing software” below.)

Large software donations can be highly complex. The following outline suggests various methods for assessing the countable value of certain components of those contributions:

a) *Value to the institution:* Only software gifts that serve the academic or research purpose of the institution should be counted.

b) *Gift value:* As with other gifts-in-kind, the donor should provide the institution with a written confirmation of the dollar value of the gift at the educational discount price. If no educational discount is available, it must be so stated in the letter from the donor and the established retail value shall be used. If there is no established retail price for the software, no amount can be counted or 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.

c) *Maintenance/licensing agreements:* Maintenance agreements are considered contributed services and are not to be counted unless the agreement between the campus and the donor includes free upgrades that have a higher established retail value. In that case, the difference between the original retail value (less educational discount) and new retail value (less educational discount) is countable as an additional gift.

d) *Fees*: Any fee charged to the institution for the license is to be deducted from the total recorded gift value.

e) *Revocation of gift*: To be considered a gift, the donor must irrevocably transfer ownership of the property to the institution. There must be no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information.

f) *Counting licenses*: The value of each donated license of software can be counted if it meets the criteria stated above. If a company offers a gift of software that covers numerous installations, only the stated amount should be used as the value, whether it is a site license, a floating license, or a node-locked license. If the company offers a purchase price that covers numerous installations (a site license), that amount shall be used as the value if sufficient seats were donated. For example, if your institution needs eight seats, and the most economical way to get them would have been to purchase a 10-seat site license, then a gift of those eight seats should be valued at the 10-seat license price.

g) *Perpetual license*: A gift of software can be counted only in the year that the gift is originally given. In the case of perpetual licenses or renewable licenses, if the software has no upgrade or substantive change, it cannot be counted in subsequent years.

h) *Software upgrades*: If a gift of software is reported in one year and a company donates free upgrades to the software in subsequent years with a higher established value, the difference in value can be counted.

i) *Software bundles*: In the case where gifts of software are only available in bundles, the institution may count the value of the bundle at the established value if the institution will use one or more software programs in the bundle.

j) *Multi-year gifts*: Gifts will be counted only in the year the gift is received. No individual gift will be counted on a multi-year basis.

k) *Beta-testing software*: In the instance where a software company is using a campus as a test site for newly developed software, the campus must ascertain whether the software is a gift or an exchange transaction according to the IRS and CCRA and these standards. To be considered a gift, an agreement between the institution and the software company must irrevocably transfer the property to the institution. If the agreement stipulates that the institution must return the property if it stops using or evaluating it, or that the software is nontransferable, the transaction is not a gift. If the agreement requires the institution to purchase a maintenance agreement, it is an exchange transaction and not a gift. If the software has no established retail value, it cannot be counted as a gift until that retail value is established.

*Adopted by California State University, 2004*



## IRA Tax Free Distributions

In December 2015, the president signed a permanent extension of tax free distributions from Individual Retirement Accounts (IRAs) for charitable purposes in accordance with section 408(d)(8) of the Internal Revenue Code.

[http://docs.house.gov/billsthisweek/20151214/121515.250\\_xml.pdf](http://docs.house.gov/billsthisweek/20151214/121515.250_xml.pdf)

The IRA Charitable Distribution provision allows individuals who have reached age 70½ to donate up to \$100,000 to charitable organizations directly from their Individual Retirement Account (IRA), without treating the distribution as taxable income. The distribution may only be received by organizations that are exempt under section 170(b)(1)(A) of the Internal Revenue Code.

- The distribution must be made directly from the plan administrator to the charity.
- The distribution may not be used for any purpose that provides a quid pro quo benefit – such as athletic or fundraising event tickets.
- The distribution may not be used for life income instruments such as gift annuities or charitable trusts.
- Donor advised funds, supporting organizations (this applies to some of CSU auxiliary organizations) and private foundations are specifically prohibited from receiving an IRA charitable distribution.

The donor must contact their plan administrator to request the distribution be made directly to the charity. The donor receives an acknowledgement indicating they did not receive any quid pro quo benefit for the distribution to be qualified as tax free. Because the donor did not receive the distribution as income, it is not tax deductible.

## **CASE Statement of Ethics**

The Division of University Advancement at California State University, Dominguez Hills adheres to the following state of ethics provided by the Council for Advancement and Support of Education (CASE).

1. Institutional advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities, and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct.
2. In so doing, they promote the merits of their institutions, and of education generally, without disparaging other colleges and schools.
3. Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others.
4. They respect all individuals without regard to race, color, sex, sexual orientation, marital status, creed, ethnic or national identity, handicap, or age.
5. They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others.
6. They safeguard privacy rights and confidential information.
7. They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated.
8. They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities.
9. They follow the letter and spirit of laws and regulations affecting institutional advancement.
10. They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

The CASE Board of Trustees adopted this Statement of Ethics to guide and reinforce our professional conduct in all areas of institutional advancement. The statement is also intended to stimulate awareness and discussion of ethical issues that may arise in our professional activities. The Board adopted the final text in Toronto on July 11, 1982, after a year of deliberation by national and district leaders and by countless volunteers throughout the membership.

COUNCIL FOR THE ADVANCEMENT AND SUPPORT OF EDUCATION

(CASE)

ADVISORY ON ADVANCEMENT PRACTICE

**Ethics and Confidentiality in Development Research**

1. The principle of the right to privacy: Every individual has the right not to have personal information that is not present in public sources divulged to others.
2. The principle of information necessity: Only information that has to do with the capacity or inclination of an individual to make a gift to CSUDH is the proper subject of research.
3. The principle of individual ethical responsibility: Both those within institutions – including researchers and solicitors – outside consultants in their capacity as aides to institutions are responsible for the ethical ramifications of their individual acts.
4. The principle of protection of confidential material: Records about individuals and organizations must be kept confidential; to be used only by those staff members who need to use them to further the legitimate mission of CSUDH.
5. The principle of the sanctity of confidential material: Public information derived for CSUDH may be shared with other institutions under special circumstances, but no information may be bartered or sold to another institution or person. Information derived from non-public sources for CSUDH may not be shared.
6. The principle of record sensitivity: Records have power to improve and to ruin individual lives. They last long. They may become available to their subjects or to others who do not understand appropriate use of sensitive materials. Advancement officers must make certain that records can do no harm to individuals or institutions.

## Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgement and recognition.
- VI. To be assured that information about their donation is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

*The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993*

## **AFP Code of Ethical Principles and Standards of Professional Practice**

The foundation of philanthropy is ethical fundraising, and a key mission of AFP is to advance and foster the highest ethical standards through its Code of Ethical Principles and Standards of Professional Practice.

### **Code of Ethical Principles – Adopted 1964; amended October 1999.**

The Association of Fundraising Professionals (AFP) exists to foster the development and growth of fundraising professionals and the profession, to promote high ethical standards in the fundraising profession and to preserve and enhance philanthropy and voluntarism. Members of AFP are motivated by an inner drive to improve the quality of life through the causes they serve. They serve the ideal of philanthropy, are committed to the preservation and enhancement of voluntarism, and hold stewardship of these concepts as the overriding principle of their professional life. They recognize their responsibility to ensure needed resources are vigorously and ethically sought and the intent of the donor is honestly fulfilled. To these ends, AFP members embrace certain values that they strive to uphold in performing their responsibilities for generating charitable support.

### **Standards of Professional Practice**

AFP members agree to abide by the AFP Standards of Professional Practice, which are adopted and incorporated into the AFP Code of Ethical Principles. Violation of the Standards may subject the member to disciplinary sanctions, including expulsion, as provided in the AFP Ethics Enforcement Procedures.

### **Professional Obligations**

1. Members shall not engage in activities that harm the members' organization, clients or profession.
2. Members shall not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations and their clients.
3. Members shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
4. Members shall not exploit any relationship with a donor, prospect, volunteer or employee to the benefit of the members or the members' organizations.
5. Members shall comply with all applicable local, state, provincial and federal civil and criminal laws.
6. Members recognize their individual boundaries of competence and are forthcoming and truthful about their professional experience and qualifications.

### **Solicitation and use of charitable funds**

7. Members shall take care to ensure all solicitation materials are accurate and correctly reflect their organization's mission and use of solicited funds.
8. Members shall take care to ensure donors receive informed, accurate, and ethical advice about the value and tax implications of potential gifts.
9. Members shall take care to ensure contributions are used in accordance with donors' intentions.
10. Members shall take care to ensure proper stewardship of charitable contributions, including timely reports on the use and management of funds.
11. Members shall obtain explicit consent by the donor before altering the conditions of a gift.

### **Presentation of information**

12. Members shall not disclose privileged or confidential information to unauthorized parties.
13. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization is the property of that organization and shall not be transferred or utilized except on behalf of that organization.
14. Members shall give donors the opportunity to have their names removed from lists that are sold or rented to or exchanged with other organizations.
15. Members shall, when stating fundraising results, use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the American Institute of Certified Public Accountants (AICPA)\* for the type of organization involved. (\* In countries outside of the United States, comparable authority should be utilized.)

### **Compensation**

16. Members shall not accept compensation that is based on a percentage of charitable contributions; nor shall they accept finder's fees.
17. Members may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the members' own organizations and not based on a percentage of charitable contributions.

Members shall not pay finder's fees, commissions or percentage compensation based on charitable contributions and shall take care to discourage their organizations from making such payments.

## Access to Donor Records Policy

- Biographical and financial records stored in the central records system are to be treated as confidential.
- In order to have access capabilities, individuals must first receive authorization clearance by the Office of Advancement Services. Upon approval, each user will be provided with a personal access code for entry into the system.
- The University does not authorize the use of “shadow” databases that would contain sensitive donor record information. Labels or disks produced for all mailings should be generated by the Prospect/Data Information Analyst to ensure university-wide coordination of solicitations and the greatest accuracy of mailing addresses.

## Managing Donor Expectations of Confidentiality

- Certain records are **not subject to disclosure** and can either be withheld from production or redacted from a record. California Education Code §89916(a)(1)-(4); California Government Code §6255.
  - Information that would disclose the **identity** of a donor, prospective donor or volunteer – *obviously doesn't apply if the information has already been disclosed publicly.*
  - Personal financial information, estate planning information, and gift planning information of a donor, prospective donor or volunteer.
  - Personal information related to a donor's private trusts or a donor's private annuities administered by an auxiliary organization
  - Information related to fundraising plans, fundraising research, and solicitation strategies to the extent these activities are not already protected under other statutes.
- Certain donor information/records **must be disclosed** even if they would have otherwise been exempt or protected. California Education Code §89916(b)(1)-(6).
  - The **amount and date** of the donation
  - Any **donor-designated use** or purpose of a donation.

- Any other **donor-imposed restrictions** on the use of a donation.
- The identity of a donor who, in any fiscal year, makes a **quid pro quo** gift arrangement and the value of the benefit received is either **more than \$2,500**, or the benefit would not be permissible under state or federal law.
- **Self-dealing transactions**, including but not limited to loans of money or property, or material financial interests of or between auxiliary officers or directors and an auxiliary organization
- Any instances in which a volunteer or donor is awarded within 5 years of the date of the service or gift, a **contract** from the University or auxiliary that was **not subject to competitive bidding**.
- **Best Practice:** Advise Donor/Potential Donor of aspects of donor agreement that may be subject to public production at the time of drafting.