

Gifts to the University

Authority This Guide Memo is approved by the Vice President for Development.

Summary Stanford University relies upon gifts from alumni, parents of students, friends, corporations, associations, and foundations to meet a substantial portion of its operating costs. This Guide Memo outlines policies on procurement, classification, management, and use of gifts. Section headings are:

1. DEFINITION
2. GENERAL INFORMATION
3. RESPONSIBILITIES
4. AFFILIATED ORGANIZATIONS
5. GIFT PROCUREMENT POLICIES
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1. DEFINITION

A gift is any item of value given to the University by a donor who expects nothing of value in return, other than recognition (for example, being listed on an honor roll or naming a building, fund, professorship, etc. in the donor's honor).

- a. **"Quid Pro Quo" Situations** – If the University has given something of value in return for a gift, the donor's tax deduction is reduced by the fair market value of the benefit received. All "quid pro quo" gifts or gift solicitations must be reported to and cleared with the Office of Development. Contact Gift Processing, (650) 725-4360, or the Office of Planned Giving, (650) 725-4358, in the Office of Development for further information.
- b. **Non-Gifts**
 - (1) **Sponsored Projects** – Consult the *Research Policy Handbook*, <http://www.stanford.edu/dept/DoR/rph/> for the distinction between gifts and sponsored projects.
 - (2) **Income** – Payment received for goods or services must be handled as income. See Guide Memo 15.3, Unrelated Business Activities, http://adminguide.stanford.edu/15_3.pdf.
 - (3) **Non-Gift Financial Aid for a Named Student** – Support received from an outside individual or institution for the purpose of paying the tuition or other educational expenses of a specifically-named student, where the University has no discretion in the assignment of the funds for any other student(s), is actually a gift to the specifically-named individual rather than to the University, and is accounted for by Stanford as Student Financial Aid. Such checks are to be sent, along with all accompanying documentation, to the Financial Aid Office, which will appropriately account for the payment.

2. GENERAL INFORMATION

- a. **Designation of Gifts to Stanford** – All gifts, regardless of value, form, or designated use, should be made payable to, or title should be transferred in the name of, Stanford University or the Board of Trustees of the Leland Stanford Junior University. However, donors of securities can facilitate Stanford's gift processing effort by not re-registering the securities before giving them to the University.
- b. **Recording of Gifts** – All gifts of cash, securities, real estate, and capital equipment are recorded at market value as of the date of the gift by the Gift Processing section of the Office of Development and/or the Controller's Office. (See Guide Memos 42.1, Acknowledgement of Gifts, http://adminguide.stanford.edu/42_1.pdf, and 42.2, Records of Donated Equipment, http://adminguide.stanford.edu/42_2.pdf.) Gifts of tangible personal property (other than capital equipment covered under Guide Memo 42.2) are not recorded, however, any sales proceeds will be recorded as a gift of an amount equal to the net proceeds of the sale.

- c. **Information About Gifts** – Questions about methods of giving, assignment, acknowledgment, recording, restrictions on, or purpose of a gift should be directed to the Office of Development. Questions about legal documentation, tax benefits, or requirements for gifts should be directed to a staff attorney in the Office of Planned Giving, Office of Development, 326 Galvez Street, (650) 725-4358.

3. RESPONSIBILITIES

- a. **Board of Trustees** – The Board of Trustees is the legal entity to which all gifts to the University are made and has responsibility for ensuring that gifts are properly accepted (or refused), processed, acknowledged, and used according to their terms and restrictions and in accordance with applicable local, state, and federal laws.
- b. **University President and Provost** – The President and Provost have ultimate administrative responsibility for determining the use of both unrestricted and restricted gifts, setting priorities for gift fundraising, and reviewing and setting policies concerning gifts, in consultation with the Board of Trustees.
- c. **Vice President for Development** – The Vice President is responsible for managing the University's gift procurement and processing operations, for coordinating the fundraising operations of all Schools and Institutes, and for implementing policies set by the Board of Trustees, the Provost, and the President.

4. AFFILIATED ORGANIZATIONS

Certain groups affiliated with Stanford that raise funds for University purposes may derive tax-deductible status for donors' contributions if gifts are made to and processed through the University. Such groups are encouraged to contact and consult with a staff attorney at the Office of Planned Giving, (650) 725-4358, prior to conducting any fundraising effort or event to ensure compliance with local, state, and federal laws as well as with University policy.

- a. **Stanford Associates** – This group of Stanford alumni and friends was formed in 1935 to encourage financial support of the University and recognize those donors who make important contributions, either in terms of money or time. For information please contact Stanford Associates at 326 Galvez, (650) 725-4340.
- b. **Student Organizations** – Student organizations must apply to the ASSU Office of Student Activities at Stanford University as well as the Office of Development prior to soliciting potential donors, and work in conjunction with the Office of Development to plan and implement their fundraising efforts. Student organizations registered with the Office of Student Activities that receive gifts should contact the ASSU administrator to arrange for processing of those gifts through the University's gift processing system.

5. GIFT PROCUREMENT POLICIES

a. Gift Classification

- (1) **Cash and checks** (preferably made payable to Stanford University).
- (2) **Noncash Gifts** – Besides cash and checks, Stanford receives noncash gifts described below. Donors should be aware that tax laws distinguish between certain types of gifts for purposes of determining their charitable contribution deduction (see Section 5).
 - **Marketable property:** Gifts that are readily sold such as securities (e.g., stocks and bonds), real estate, and salable personal property.
 - **Gifts in kind** – Gifts to be used in the form in which they are given, such as art objects, books, equipment, etc.
 - **Rights and insurance** – Gifts which assign to the University the right to receive payments such as royalties or licensing fees, or that vest ownership in copyrights or trademark rights, and insurance policies that name the University as a beneficiary.

b. Donor Designation of Gift Use

- (1) **Expendable and Endowment Gifts** – A gift may be designated by the donor as expendable (i.e., immediately usable for current purposes), or as endowment (i.e., to be invested and held in perpetuity, with only the investment returns available to support University purposes). While donor intent is usually clear, certain types of gifts, such as bequests, may need additional research. Gifts will be recorded as expendable unless there is specific indication otherwise. Expendable gifts are invested in the Expendable Funds Pool; see Guide Memo 37.4, Investment of Expendable Funds, http://adminguide.stanford.edu/37_4.pdf, for more information. Endowment gifts are invested in one of the University's Merged Pools depending on the donor's terms; contact Fund Accounting at (650) 723-3013 for more information. For further advice concerning donor designation of expendable and endowment gifts, contact the Office of Planned Giving in the Office of Development, (650) 725-4358.
- (2) **Purpose** – Absent stipulations of purpose from the donor, gifts will be recorded as unrestricted expendable funds to support University purposes. If the donor designates a specific purpose for use of the gift (e.g., scholarships, student housing, a particular department, etc.) then the gift is considered to be restricted and the University is responsible for assuring that restrictions on use are honored unless (i) the donor specifically waives the restriction or (ii) court approval to change or void the restriction is granted. Approval to seek changes in the purpose of a gift fund by the above means can only be granted by the Provost; contact Planned Giving for instructions.
- (3) **Establishing a Fund** – The department is responsible for instructing Gift Processing whether an existing fund should be credited with a gift (in which case, the fund number must be supplied), or whether a new fund should be established. Gifts with different restrictions may not be commingled in a common fund. If the donor designates a specific purpose and/or named fund, and no appropriate fund already exists, the department should forward the gift and all relevant original documentation to Gift Processing. Gift Processing will then coordinate with the Fund Accounting section of the Controller's Office, which establishes funds and records restrictions. Contact Fund Accounting for questions relating to a particular fund.

6. TAX CONSIDERATIONS

The Internal Revenue Service has several requirements that relate to donor tax deductions for cash and non-cash gifts to charities.

- a. **Receipts** – It is Stanford's policy to issue receipts for all gifts (see Guide Memo 42.1, Acknowledgement of Gifts, http://adminguide.stanford.edu/42_1.pdf). The IRS requires a receipt to substantiate most charitable contribution deductions. The donor should retain the receipt in his/her records; it need not be filed with the tax return.
- b. **Deductibility** – Gifts to Stanford University are usually deductible at their full fair market value as of the date of the gift for both state and federal tax purposes. One important exception to this rule is that for gifts of tangible personal property that are intended to be resold by the University, the donor is entitled to an income tax deduction that is the lesser of the item's fair market value or the donor's cost basis. Contact the Office of Planned Giving, (650) 725-4358 for more information. Tax laws governing charitable gifts are complex; the University encourages donors to seek professional advice on tax issues.
- c. **Noncash Charitable Contributions (IRS Form 8283)** –
 - (1) **Noncash Gifts Over \$500** – If a donor wishes to claim an income tax deduction of \$500 or more in any year for gifts to charity which are not cash, then the donor must file IRS Form 8283 (Noncash Charitable Contributions) with his or her federal income tax return. Form 8283 is available from Planned Giving.

- (2) **Noncash Gifts Over \$5,000** – In addition, if a donor wishes to claim charitable income tax deductions totaling \$5,000 or more in any tax year for gifts that are not cash or publicly traded securities, then the donor needs to obtain qualified appraisals of the property donated and Stanford must acknowledge receipt by signing the IRS Form 8283, which the donor then files with his or her federal income taxes. Normally Stanford cannot provide or pay for an appraisal for a donor's tax purposes, nor will the University attempt to estimate the fair market value of any real or personal property gift.

Form 8283 is processed either through the Property Management Office (PMO) (for gifts of capital equipment) or the Office of Development (for all other noncash gifts) and signed by the Accounting Officer in the Controller's Office. The individual accepting the gift should make sure that the donor's name and Social Security number are on the Form 8283, and that the Accounting Officer is provided with the donor's address. It is the donor's responsibility to notify the University that they will require Stanford's acknowledgment on Form 8283.

(3) **Gifts of Securities** –

- **Securities Not Publicly Traded** – A qualified appraisal and Stanford's acknowledgment of receipt on IRS Form 8283 are required for gifts of securities that are not publicly traded if their total value is more than \$10,000.
- **Publicly Traded Securities** – Additional documentation is not required for gifts of publicly traded securities (regardless of their value).

- d. **Donee Information Return (IRS Form 8282)** – Under certain circumstances described below, if Stanford sells, transfers, exchanges or otherwise disposes of donated property within two years of the date of receipt of the property, Stanford must file Form 8282 (Donee Information Return) with the IRS reporting such action. A department that becomes aware of such a disposition should immediately notify the Property Management Office (for capital equipment) or the Accounting Officer in the Controller's Office (for all other property). Among the information required is the name of the donor, their address and tax ID or Social Security number, and any amount received upon disposition. If the transfer is made to a successor donee (that is, another nonprofit entity), information concerning that donee must be included as well. Form 8282 must be filed with the IRS within 125 days of the date of disposition (except as noted in 5.d.(3) below), with a copy to the donor. The Accounting Officer is responsible for preparation of the Form 8282 and its transmittal to the IRS and to the donor. This filing requirement applies only to the following items of donated property or equipment:

- (1) Property for which Stanford has **completed the donee acknowledgment section** of the donor's IRS Form 8283 (see above section 5.c.(2)).
- (2) Property that is considered a **restricted donation** under Section 170 (e)(4) of the Internal Revenue Code. This consists of donated equipment where Stanford has committed 80 percent of its use for research, experimentation, or research training conducted in the United States, in the physical or biological sciences.
- (3) Property for which Stanford has not completed the donee acknowledgment section of the donor's IRS Form 8283 but which **the University later becomes aware** should have been so substantiated, e.g. where such property had a fair market value of more than \$5,000 as of the date of donation and the donor failed to submit Form 8283 to Stanford for acknowledgment. In this case Form 8282 must be filed within 60 days from the date that the University becomes aware of the omission.

7. GETTING HELP

Questions about deductibility of gifts, IRS Forms 8282 and 8283, and other tax questions should be referred to a staff attorney in the Office of Planned Giving, Office of Development, 326 Galvez, (650) 725-4358.