

Records of Donated Equipment

AUTHORITY This Guide Memo is approved by the Vice President for Development and the Vice President for Business Affairs and Chief Financial Officer.

SUMMARY This Guide Memo covers policy on recording and processing donations of equipment. Detailed procedures may be found in the Stanford University Property Administration Manual, available from the Property Management Office or <http://ora.stanford.edu/ora/pmo/manual/default.asp>. Section headings are:

1. PURPOSE
2. APPLICABILITY
3. RECORDING POLICY
4. DEFINITIONS
5. RESPONSIBILITIES
6. DISPOSAL OF DONATED EQUIPMENT
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1. PURPOSE

The purpose of this policy is to ensure that Stanford complies with all of its contractual and legal obligations with regard to recording donations of equipment.

2. APPLICABILITY

This policy applies to all Stanford faculty and staff who are involved with the receipt of gifts of equipment and related material.

3. RECORDING POLICY

- a. **Gifts for University Purposes** – A donation of capital equipment such as a computer, laboratory equipment, vehicle, or machine tool that is to be used for University purposes must be recorded as a donation in the University accounting system at the Controller's Office and in the University's Sunflower Assets system (SFA) and in Oracle Fixed Assets. The items are recorded at fair market value as of the date of donation.
- b. **Gifts for Resale** – A donation of equipment that is given with the understanding that the University intends to resell it upon receipt should not be entered into the University's accounting system or in Sunflower Assets. However any sale proceeds should be recorded as a gift of cash in the Controller's Office and reported to the Office of Development for inclusion in its gift records. If sale action is not initiated within 60 days of receipt, the donated item must be recorded in the Sunflower Assets system and in Oracle Fixed Assets.

4. DEFINITIONS

- a. **Capital equipment** is equipment that individually at the time of donation has (i) a minimum market value of \$5,000 or more and (ii) a useful life of more than one year.
- b. **Fair Market Value** for various circumstances –
 - (1) **Educational Discount** – If an educational discount is normally available to Stanford for purchase of the equipment, its recorded value should be net of the applicable educational discount; i.e., the fair market value is the price at which the vendor (donor) will sell the equipment to Stanford.
 - (2) **New Equipment From Private Individuals** – Equipment purchased for the purpose of a donation is valued at the invoice price to the donor. Donation must occur within 60 days of purchase.

- (3) **Used Equipment** – Fair market value is obtained from backup paperwork or appraisal (at the donor's expense) verifying the value at the time of the donation. At the discretion of the University Property Management Office (PMO) and at the cost of the receiving fund (school/department), an independent or a second appraisal may be requested.
- (4) **Additional Costs** – Any third party installation or modification costs, attachments, accessories or auxiliary apparatus that are paid for by the department to make the donation usable for the purpose that it was given are NOT included in the equipment valuation. However, they ARE included in the acquisition cost when the item is entered into Sunflower Assets and Oracle Fixed Assets.

5. RESPONSIBILITIES

a. The donor is responsible for:

- Bearing the cost of the appraisal if an appraisal is required for the donor's tax purposes (see Guide Memo 41, Gifts to the University, <http://adminguide.stanford.edu/41.pdf>).

b. The School/Department receiving or benefiting from the donation is responsible for:

- Bearing the cost of an independent or second appraisal if needed to establish the University's record of fair market value.
- Bearing any other cost incurred for or by the donation.

c. The faculty member or department official receiving notice that a donation was received is responsible for:

- Informing the Department Property Administrator (DPA).
- Providing the DPA with a legible copy of all documentation received.
- Notifying the University Property Management Office (PMO) if they know that the estimated/appraised value of the donation is more than what would be an acceptable value.
- Ensuring that the equipment is used for the purpose for which it was donated.

d. The Department Property Administrator (DPA) is responsible for:

- Gathering all supporting documentation.
- Establishing a no-cost Rapid Purchase Order (RPO) in the Oracle iProcurement system.
- Establishing a record within the Sunflower Assets System (SFA).
- Providing a legible copy of all documents to the PMO office.

e. University Property Management Office (PMO) is responsible for:

- Verifying that the donation is appropriately recorded into the Sunflower Assets (SFA) and Oracle Fixed Assets systems.
- Verifying that all documentation is in order.
- Providing appropriate documentation to Accounts Payable to initiate a journal entry of equipment donation value into the accounting system.
- Processing required IRS forms through the Accounting Officer. IRS Forms 8283 and 8282 must be routed through PMO prior to signature by the Accounting Officer.

f. Accounts Payable is responsible for:

- Preparing journals to initiate entry of equipment donation values into the accounting system.

- g. **Accounting Officer (Controller's Office)** is responsible for:
- Signing IRS Forms 8283, Noncash Charitable Contributions and IRS Form 8282, Donee Information Return (See Guide Memo 41, Gifts to the University, <http://adminguide.stanford.edu/41.pdf>). The Accounting Officer (or authorized designee) is the only individual within the University with authority to do so.
- h. **Fund Accounting (Controller's Office)** is responsible for:
- Recording the value of the donation in the University accounting system.
- i. **The Office of Development (OOD)** is responsible for:
- Ensuring that Noncash Charitable Contributions forms (IRS Form 8283) and any other documents received from a donor with respect to gifts of donated capital equipment are sent to the Property Management Office (PMO).
 - Informing the PMO office of prospective donations and notifying PMO of acknowledged donations.

6. DISPOSAL OF DONATED EQUIPMENT

- a. **PMO Involvement** – Disposal requests must be cleared through the PMO office before disposal of equipment occurs.
- b. **IRS Filing Requirements** – See Guide Memo 41, Gifts to the University, <http://adminguide.stanford.edu/41.pdf>, for circumstances under which the IRS requires submittal of IRS Form 8282.
- c. **Sale of Equipment Claimed as a Tax Deduction** –
- (1) **Unrestricted Donations** – Resale or cannibalization, within two years of the date of receipt, of equipment that is donated with no utilization restrictions may reduce the donor's tax deduction, and should be done only by mutual written agreement between Stanford and the donor.
 - (2) **Restricted Donations** – Equipment donated to Stanford and claimed as a tax deduction under Internal Revenue Code Sec. 170(e)(4) (which restricts its use to research experimentation, or research training in the United States, in physical or biological sciences) must be held in Stanford's possession for at least two years from the date of receipt, after which disposition must be cleared through PMO. Restricted donations may not be sold.
- d. **Successor Donees** – If property is transferred to another organization, external to Stanford, within two years of receipt, an IRS Form 8282 must be filed. Contact the University Property Management Office (PMO) for more information.
- e. **Sale Proceeds** – All proceeds from the sale of unrestricted donated equipment are credited in accordance with the terms stated by the donor or as defined in the donation agreement. If no terms are specified then all proceeds are credited to the fund that originally recorded the gift.
- f. **Source for More Information** – Policy on sale of surplus property may be found in Guide Memo 56, Surplus Property Sales, <http://adminguide.stanford.edu/56.pdf>. Detailed information on disposal procedures may be found in the Stanford University Property Administration Manual available from the PMO office.

7. GETTING HELP

Additional information or assistance in addressing issues regarding donations of equipment or materials is available from the Property Management Office (PMO), <http://www.stanford.edu/dept/ORA/upai/>.