



SACRAMENTO
STATE

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Office of University Advancement

Sacramento State

Gift Procedures

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Office of University Advancement
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PART 1 - GENERAL PROVISIONS

The University Foundation at Sacramento State is the primary philanthropic foundation of the University for gifts to California State University, Sacramento. *All gifts are to be solicited by and directed to The University Foundation at Sacramento State, a recognized auxiliary of the University.*

- Exceptions are made for gifts directed to one of the University's other recognized auxiliary organizations for purposes which only that auxiliary can fulfill, or for gifts that supplement existing endowments and scholarships that were set up within the University Trust or another auxiliary organization.
- Other recognized auxiliaries of Sacramento State are:
 - The Associated Students which is responsible for student organizations and their fundraising (ASI)
 - The University Enterprises, Inc. (UEI)
 - The University Union
 - Capital Public Radio
- Gifts to these auxiliaries are accepted and processed in accordance with procedures developed specifically for the auxiliaries. Contracts and grants are administered through UEI. Most gifts-in-kind are accepted by the University Trust.
- Please note that the Alumni Association and the Hornet Club are affiliated organizations of the University, but they are not auxiliaries. Gifts to these organizations are administered through The University Foundation at Sacramento State.

The office of the Vice President for University Advancement is responsible for ensuring the acceptance, recording, acknowledgment and reporting for all private gifts from alumni, friends, corporations, and foundations to all schools, departments, and units of California State University, Sacramento.

University Advancement manages the central Sacramento State alumni and donor database, which currently resides on Ellucian Advance. The Development Office processes gifts to Sacramento State that are deposited to the University Foundation and University Trust. Receipts for all gifts processed through the Development Office are automatically generated from Advance. Gifts deposited to other campus auxiliaries are recorded on Advance, but not receipted by the Development Office.

Central reporting of gifts made to the University is accomplished through the execution of a Gift Acceptance Form (GAF), or an authorized substitute. GAFs ensure the appropriate recording of all gifts and acknowledgment of gifts as appropriate.

Pertinent University Policies:

Conditions of Maintenance of Good Standing by Auxiliary Organizations at CSUS,

<http://www.csus.edu/umannual/govern/UMA01170.htm>.

Bank Accounts (Commercial) and the Handling of Funds,

<http://www.csus.edu/umannual/admin/umb01550.htm>.

Non-State Funds, Accepting and Administering, <http://www.csus.edu/umannual/admin/ADM-0161.html>

Gift Acceptance Procedures

A *Gift Acceptance Form* (GAF) (<http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>) or authorized substitute (as noted below) is required for every gift acquired by Sacramento State or one of its 501(c)(3) auxiliaries. GAFs may be prepared by the benefiting department or program or by the Development Office. Full information should be recorded on each GAF to identify the donor and allocation and to document the donor's wishes concerning the gift. The GAF should also note any special instructions, such as anonymity or associated/soft credits (e.g., a spouse, or the individual associated with a gift from a company or an organization such as Fidelity Charitable Investments). This not only ensures that receipts and acknowledgments are issued correctly but also that the Advance database reflects complete and accurate information for donor relations and stewardship purposes.

The completed gift packet submitted for review and processing should consist of:

- the gift instrument (e.g., check, stock transfer notice, etc.)
- donor documentation (such as a gift letter or solicitation remittance)
- a completed GAF

This packet constitutes a complete record of the gift. After processing gifts on Advance, the Development Office files the hard-copy gift records by process date, for audits and other purposes.

Gifts under \$1,000

In the case of many small gifts to the same fund, the total can be combined on one GAF with copies of checks received or an attached sheet listing the individual donors, Advance IDs, addresses, and gift amounts, in addition to other required documentation, signed by a designated signer. The dean's signature is not required for gifts under \$5,000.

\$1,000-\$4,999.99

A separate GAF for each gift of \$1,000-\$4,999.99 must be prepared and signed by the Development Officer assigned to the benefiting unit.

Mandatory GAFs


A Gift Acceptance Form signed by the Development Officer, the Dean/unit official, and approved by the Associate Vice President for Development is required for the following types of gifts:

- gifts of \$5,000 and above
- gifts of securities
- gifts to the other auxiliary 501(c)(3)s: University Trust, UEI, University Union or ASI.
- planned gifts, including trust agreements, gift annuities, life insurance, and real estate (must also be signed by the Director of Planned Giving)
- in-kind gifts

Exception to Requirement for GAF

The batch proof report from Advance may be used in lieu of a GAF to fulfill gift documentation requirements for donations under \$1,000 that are received and processed directly in the Development Office.

Gift Acceptance Form (GAF) - Sample

 <small>SACRAMENTO STATE</small>	GAF ♦ GIFT ACCEPTANCE/GIFT TRANSMITTAL FORM Return to: Development Office – Gift Processing, SAC Hall 118, CAMPUS ZIP 6030 Phone: (916) 278-7735		
DONOR INFORMATION: <i>Attach documents supporting gift (gift agreement, correspondence, envelope, etc.). One form may be used for multiple donations to one account: complete 'Gift Information' section only and attach checks or list of in-kind donations.</i>			
LEGAL DONOR Donor requests gift be Anonymous <input type="checkbox"/> Individual: <i>(Select one)</i> or Organization: <i>Family Foundation</i> Name: Marc and Cleo Antony Foundation Title/Co.: Attn: Mr. Marc Antony, President Address1: 100 Nile River Drive Address2: Sacramento, CA 95819 Phone: 916-555-1000 Advance ID: NEW		SOFT CREDIT DONOR Donor requests gift be Anonymous <input type="checkbox"/> Individual: <i>Alumnus/Alumna</i> or Organization: <i>(Select one)</i> Name: Mrs. Cleo Antony Title Co.: Address1: Address2: Phone: Advance ID: 489625	
GIFT INFORMATION: Amount: \$ 5,000.00 Date form prepared: 3/15/2010 GAF completed by: Ida March Allocation: Antony Endowment for Classical Studies Account #: X09990-6117			
		Date gift received: 3/14/2010 Campus phone: 8-1111 Appeal code: L120	
		Zip: 6030	
Accepted by or deposited in: <i>Univ Foundation at Sac State</i> Form of donation: <i>Check</i> Contact Development Office x8-6989 for assistance with special gift types. <input type="checkbox"/> Gift reflects a payment toward a pledge (<i>attach pledge info</i>). <input type="checkbox"/> Gift reflects a payment as a result of a proposal submitted (<i>attach copy</i>).			
		<input type="checkbox"/> Gift reflects realized bequest. Date: _____ Advance Proposal #: _____	
In memory of: Julius Caesar Family to be notified of gift? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (<i>yes: Family member Advance ID or name/address</i>): Mrs. Calpurnia Caesar 25 Appian Way, Pinole, CA 94803			
In honor of: _____			
Additional Information About Gift: _____			
Gift-in-Kind: <i>Attach signed Deed of Gift, Gift Agreement, or other gift documentation</i>			
Estimated fair market value or appraised value at time of receipt: \$ _____ Gift approved by the Gift Policy Committee? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Description: Indicate quantity, model #, manufacturer (<i>sufficient to inventory</i>): _____		Special collection? <input type="checkbox"/> Yes <input type="checkbox"/> No Company product? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Formal appraisal supplied? <input type="checkbox"/> Yes <input type="checkbox"/> No If no, how was amount/value determined? _____			
If value \$5,000 or more, did donor submit IRS Form 8283? <input type="checkbox"/> Yes (<i>attach copy</i>) <input type="checkbox"/> No			
Gift will be used for: <input type="checkbox"/> Instructional Purposes <input type="checkbox"/> Non-instructional purposes Gift location (<i>for tagging</i>): _____ Building/Room: _____ Contact/phone: _____			
Signatures: Dean/Unit Official (<i>Typed Name</i>): <u>Michael Jagger</u> Development Officer (<i>Typed Name</i>): <u>Richard Keith</u> Dir. Planned Giving (<i>as req'd</i>): _____		Dean/Ofcl (<i>Signature</i>): _____ Dev Officer (<i>Signature</i>): _____ AVP-Dev: _____	
Required Signatures: Deans/Unit Officials: All gifts \$5,000+ Dir of Development: If solicited gift Dir Planned Giving: All planned gifts AVP-Development: All gifts \$5,000+; all gifts of securities; gifts to auxiliaries; planned gifts; gifts in kind Note: Gifts of \$1,000-\$4,999 require GAFs but not signatures except as noted above.			

Sacramento State Office of University Advancement 02/2010

Gift Acknowledgment and Receipts

Versions of Receipt Letters

Gift acknowledgment is essential, both for legal and donor-relations reasons. Sacramento State must comply with IRS regulations regarding the substantiation of charitable donations.

University Development produces acknowledgment letters/official receipts from The University Foundation at Sacramento State and the University Trust, depending on the “agency” in which the allocation resides and the funds are deposited. Letters are digitally signed by the Vice President for University Advancement. The University Foundation at Sacramento State and University Trust have different IRS tax-exempt numbers, and gifts to them qualify as tax-deductible for different reasons: The University Foundation at Sacramento State is a 501(c)(3) organization, and the University Trust/University is a political subdivision of the State of California, qualifying for tax exemption under § 170 (c)(1).

Receipts are generated overnight following the close of a gift processing batch in Advance, when gifts are posted onto the donor records. Receipts are reviewed and mailed by the Development Office.

Gifts to other University auxiliaries (Capital Public Radio, ASI, University Union, UEI) are receipted by those organizations and may be recorded on Advance so the University will have a complete record of gifts. Gifts to related groups (non-auxiliaries) such as the Alumni Association are receipted by those organizations and recorded on Advance. The exceptions are gifts to Capital Public Radio, which are counted as lump sums in the year-end reporting of the Development Office by donor category.

The following versions of receipt letters are produced for gifts through The University Foundation at Sacramento State and University Trust:

- Standard (cash gifts)
- Gifts-in-kind (includes a description of the gift received, not the internal valuation, as no dollar amount should be indicated in the receipt or in any other acknowledgments)
- Securities (includes number of shares, type, and date of gift; slightly different wording for mutual funds)
- Memorial or in honor of (two letters: one to donor thanking for gift IMO/IHO the individual; second non-receipt letter to family or honoree, if contact information is known, listing names/addresses of donors but not gift amounts)
- *Quid pro quo* or benefit back (includes fair market value of benefit received, as calculated by the unit conducting the event, and amount of charitable contribution, which is the excess of contribution over benefit received)
- United Way, donor-advised gift, or directed giving (not a receipt, but thanking donors for directing their gift to Sacramento State)
- Matching gift (standard receipt to company when payment is received; second, non-receipt letter to individual notifying them that their gift was matched)
- Manual letters for circumstances where a receipt/acknowledgment is needed that doesn't fit any of the programmed letters.

Additional thank-you letters are encouraged and may be written by Development Officers, deans, department chairs, etc., as appropriate. The dollar amount of a gift may be mentioned in a thank-you letter for cash gifts (cash, check, credit card) but never for other gifts (in-kind, securities, real estate, etc.)

due to IRS valuation and deductibility issues. (See specific gift processing sections for receipting guidelines.)

Presidential acknowledgments are generated by the Development Office, as appropriate. Generally, letters are prepared for gifts to the President's Circle, gifts of \$5,000 or more, or if the gift is from a special donor or friend of the University, such as a CSU Trustee, University Foundation Board Member, etc. Development Officers or departments should identify opportunities for Presidential acknowledgments and provide appropriate drafts or wording to the Development Office for preparation of the letters.

Pertinent IRS Guidelines:

- IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure*

PART 2 - GIFT PROCESSING PROCEDURES

Gifts Deposited by the Development Office

The Development Office in Sacramento Hall 118 receives all gift deposits, cash and cash equivalents (checks money orders or any negotiable instruments), along with gift documentation. Revenue deposits are made with UEI Business Services (for University Foundation “X” accounts), or with University Cashier (for University Trust accounts). Please see the policies and procedures for those offices for how to handle revenue deposits.

Gifts arrive via postal mail, campus mail, delivered in person, FedEx, etc. When gifts are received by a campus department other than the Development Office, it is recommended that a gift packet be completed. The gift packet includes a “Gift Acceptance Form” that requires verifying signatures based on the amount of the gift, or other information that informs Advancement Services of where the gift should be deposited, donor contact information, etc. (See page 6 – “Gift Acceptance Procedures”).

The physical security of cash and cash equivalents is imperative. The Advancement Services Offices are secured by key/code entry only. The Development and University Advancement Offices are not secured, so all staff in possession of cash, checks or other cash equivalents, must lock the funds in a drawer, or other secure receptacle whenever leaving their immediate area.

- *Cash.* Occasionally gifts are received in the form of cash (currency and coin). These must be brought as soon as possible, but no later than one business day after receipt, to the Development Office (Sacramento Hall, Room 118) for processing. Cash should never be forwarded through inter-campus mail. A numbered receipt will be provided by and signed by the Development Associate who creates the “Batch Log” verifying the amount if the cash that is delivered by hand. A copy is attached to the “Batch Log” and is counter-signed as received by Gift Processor.
- *Checks.* Gift checks (including money orders and bank drafts) must be endorsed immediately and forwarded to the Development Office (Campus Zip 6030 in a sealed inter-campus envelope), or delivered to Sacramento Hall, Room 118 within 1 business day of their receipt in the receiving campus department.
- *Credit cards.* Credit card information may be received by phone, mail or personal transmittal from the donors. Gifts made through the campus Call Center or the giving website are processed by the Development Office. Credit card information that is given by the donor needs special handling and must be secured at all times. The handling and processing of credit card information follows PCI standards.

Development Office Process, including Segregation of Duties

A Development Associate in the Development Office receives incoming gifts and documentation thru personal delivery and mail. They are responsible for immediately endorsing checks, if not already endorsed, and securely storing gifts. This person then prepares a batch that includes endorsed checks, running a tape of all items in the batch for the day, copying checks \$250+, and entering total amount and count of items by Cash, Checks and Credit Card on the “Batch Log.” They sign the “Batch Log” as “received by” and give the batch to the Gift Processor at the end of the day.

The batch is locked in a secure, fire-proof cabinet and is entered onto Advance for processing the next business day (whenever possible, based on staffing and workload). The Gift Processor balances the batch with the tape and “Batch Log,” enters the gifts on Advance, then signs the “Batch Log” as “input by.” The batch is then locked up to allow for overnight processing on Advance.

Once the batch has successfully posted on Advance, the Gift Processor prepares the bank deposits. The Gift Processor hand delivers deposits to UEI Business Services or University Cashier's Office depending on account agency. Deposits are made within 4 business days of receipt in the Development Office, except during high volume periods such as at calendar year end. The exception is cash (currency) deposits, which are made within one business day for deposits of \$500 or more and must be delivered by two employees. The Advance Batch Coversheets are signed off as received by the appropriate office once a tape is run and reconciles with what was presented.

The final review of batches is done by Director of Advancement Services, who signs off as "verified by" on the Batch Log sheet. Completed batches and documentation, including the "Batch Log" and the signed Batch Coversheet from UEI Business Services or University Cashier's Office, are kept by the Development Office in locked cabinets. The office is transitioning to scanning batches to make retrieval easier.

Returned checks, credit card charge-backs, or declined and ACH returns are handed to the Development Associate or Advancement Services Associate by the Gift Processor. The Development Associate or Advancement Services Associate either write a letter to the donor, or contact them via email or phone, to offer them options for making their gift.

Reconciliation

Reconciliation is initiated by the accounting offices of UEI Business Services (for University Foundation accounts) and the University (University Trust accounts). Each office runs reports based on their separate accounting system and compares to what has been booked in Advance. The accounting offices request information from the Gift Processor that is needed for reconciliation, which is provided in a timely manner.

Endorsement of Checks

By State policy, gift checks must be endorsed on the same day they are received by the campus department. Although most gift accounts are administered through The University Foundation at Sacramento State, some accounts may be administered by the University Trust. Deans' offices have endorsement stamps for both entities available for use for their assigned area and can advise departments on the appropriate endorsement if there is a question about where the account is located. Departments with gift accounts can request endorsement stamps from Cashiering for University Trust Accounts and by contacting UEI Business Services for University Foundation accounts. **Tip:** *University Foundation accounts begin with an **X** (formerly an "8"); University Trust accounts begin with an **E, S** or **TM** (formerly a "7").*

Background Check

A background check is required from new full-time or part-time staff who handle cash or cash equivalents.

Pertinent Policies:

University Enterprises, Inc. Policies and Procedures, Policy No. 2050, "Business Services Cash Handling Policy," 7/1/15

Credit Card Donation

Sacramento State can accept credit card donations made through MasterCard, American Express or VISA. Credit card gifts may be made through one of several methods. Gifts made through the campus Call Center (SmartCall) are processed by the Development Office, and gifts made on the Sac State website are processed using a vendor (CyberSource). Once the transactions are completed, the Development Office Gift Processing Unit enters the gifts on Advance, and they are receipted. Colleges are notified of credit card gifts and other gifts by weekly reports from Advance. The handling and processing of credit card information follows PCI standards.

- For credit card gifts made through the campus Call Center or website, the batch proof report may be used in lieu of a Gift Acceptance Form (GAF).

In the event a credit card is rejected, Gift Processing notifies the Director of the Annual Fund for follow-up.

Credit card information may also be received by phone, mail, or personal transmittal from the donor. Departments receiving such donations should obtain the information specified below and forward it with a Gift Acceptance Form (GAF) to the Development Office for processing:

- donor’s name
- name appearing on credit card (if different)
- address and daytime telephone number
- card type, number, and expiration date
- gift amount
- account the gift will benefit

Departments are notified of any rejected credit cards for follow-up. It is important that any department that handles credit card information follow PCI requirements.

Pertinent University Policy:

- Credit Card Acceptance ADM-0117, <http://www.csus.edu/umannual/admin/ADM-0117.html> .

Telemarketing Gifts and Pledges

Donors may make gifts or pledge commitments through the Annual Fund telemarketing campaigns. For Annual Fund telemarketing, pledge commitments are recorded on the SmartCall database, which generates a pledge card to be sent to the donor along with a reply envelope addressed to the Development Office and bearing an appeal code which tracks the solicitation of the gift.

➤ Smart Call generates a file of new pledges, which are loaded weekly onto Advance. Payments returned to the Development Office are applied to the pledge record and processed into the account that has been linked to the particular appeal code. The batch proof report from Advance may be used in lieu of the GAF for gift documentation.

➤ Receipts for payments are automatically generated from Advance and mailed by the Development Office.

One-time gifts or pledge payments made through credit card donations are recorded on SmartCall and reported to the Development Office Gift Processing Unit, which handles the credit card transaction and records the completed gift/payment on Advance (*see also Credit Card Donations*).

➤ The batch proof report from Advance may be used in lieu of the GAF for gift documentation.

Receipts for gifts/payments are automatically generated from Advance and mailed by the Development Office.

Pledge reminders for due or overdue payments are generated from Advance and mailed bi-monthly by the Development Office - Annual Fund. Donors will receive three reminders before a pledge on which no payments have been received is considered to have lapsed. Annually, pledges that are more than 90 days past due will be reviewed for write-off.

Pledges and Pledge Payments (Non-Telemarketing)

Pledges

A pledge is an agreement from a donor to make a future donation or donations. Pledges must:

- be in writing
- specify an amount
- and indicate the duration for payment in full

in order to be recorded on Advance. If multiple payments are to be made, a pledge schedule should be provided. The pledge period should not exceed five years for a major gift; longer payment schedules may be approved by the Associate Vice President for Development on an exceptional basis for very large or special gifts. A pledge to the Annual Fund should not exceed one year. Units should forward pledge documentation, which may be in the form of a donor letter, Gift Agreement (see Policy Manual, Appendix), *Pledge Agreement* Form (<http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>), or other approved pledge remittance, to the Development Office for recording on Advance. New allocations generally will not be established for non-major pledges (i.e., under \$5,000) unless they are accompanied by a payment.

Pledges are assigned a unique pledge number on Advance. However, because tax-deductibility does not apply to pledges, they are not automatically receipted from Advance. Acknowledgments that confirm the pledged amount and payment schedule should be prepared manually by the Development Officer whose unit received the pledge.

Pledge Reminders

For non-annual fund and other minor (under \$1,000) pledges, the Development Office – Advancement Services department can produce and mail pledge reminders based on the schedule recorded on Advance upon request. Donors will receive up to three pledge reminders for each payment due. If no payment has been received within 90 days of the third reminder, the pledge will be considered to have lapsed. Development Officers will be asked to provide information to Advancement Services on pledge schedules that require adjustments and/or any pledges that should be modified, cancelled, or written off. Units may also request reports of lapsed pledges for further follow-up with the donor.

For major gifts, Advancement Services will produce and distribute monthly reports to each unit of payments due in the next month so the Development Officer can decide whether to write a personalized reminder letter to the donor or request a general pledge reminder be prepared by the Advancement Services office under the Associate Vice President for Development's signature. This type of reminder is similar in form to the annual fund reminder, with a tear-off response piece and reply envelope except only one reminder per scheduled payment is sent.

Pledge Payments

Payments received for non-telemarketing pledges should be submitted for processing following procedures for Check/Cash Processing. For payments in excess of \$1,000 or otherwise requiring a GAF, the GAF should indicate that it is a payment on an existing pledge and note the pledge number. Pledge payments are automatically receipted from Advance, the same as a straight gift.

Pledges from Individuals Paid by a Community Foundation or Private Foundation

IRS prohibits individuals from using a charitable organization with which they may have a relationship (such as a community foundation, a private foundation, or entity such as Fidelity Charitable Investments) to fulfill their personal pledge obligations. In many cases, a donor's intent to pay the pledge through an organization may not be known at the time the pledge is accepted.

If a payment is received from an organization to fulfill an individual's pledge obligation, the initial pledge from the individual must be reduced by the amount of the organization's payment, and the organization's payment will be treated as a new gift. For example, if an individual has pledged \$100,000 and a community foundation sends a payment of \$50,000, the original pledge must be reduced to \$50,000. The \$50,000 payment should be recorded as a new gift from the community foundation, with soft credit given to the individual.

The GAF should indicate a new outright gift from the organization and soft credit information for the individual. The GAF should note the original pledge number, as recorded on Advance, and the amount the pledge should be reduced. The organization will receive the tax receipt, and the individual will receive a "directed gift" acknowledgment from Advance.

Adjustments to Pledges

Adjustments to pledges include changes in pledge or payment amounts and schedules, as well as cancellations and write-offs of unpaid balances. All adjustments to pledges should be submitted to the Development Office Gift Processing Unit.

Lapsed Pledges

Lapsed pledges are those whose payments are overdue by more than 90 days. Monthly, based on payment schedule, the Advancement Services department notifies responsible development officers of major gift lapsed pledges. Development Officers/prospect managers must review the information and indicate action to be taken on each lapsed pledge. Any pledge not noted for additional follow-up will be considered uncollectible may be written off at the discretion of the Vice President for Advancement or the Associate Vice President for Advancement. Annual fund and smaller pledges are written off at the end of each fiscal year for the prior fiscal year.

Corporate Matching Gifts

Matching gifts are initiated by donors. The Development Office will validate eligibility and respond to all matching gift claims according to the organization's procedures, whether hard copy or web-based. A matching gift form or other notification may accompany the gift to be matched, but occasionally it may come in separately. All matching gift requests must be submitted through the Development Office, Gifts Processing Unit, and are signed by the Associate Vice President for Development, who serves as the campus Approving Authority.

The Approving Authority will review and verify all donor contributions for which matching gifts are to be requested to ensure that the gift conforms to the guidelines for donations to the recipient organization and the relevant matching gift program. Any questions should be resolved by appropriate inquiries before a matching gift is requested. Specifically, the Approving Authority should review any restrictions related to personal benefit provided to the donor (e.g., athletics tickets, event tickets), if the designation is for a purpose that differs from the qualifying gift designation, or if the source of funds is other than the employee/retiree (donor advised fund, United Way, a relative). Additionally, a secondary review for these situations by Advancement Services Director will be completed, with evidence of the review indicated by the Director's initials on the matching gift documentation. Documentation will be maintained for 3 years in these instances.

Additionally, the Approving Authority will sign all matching gift requests, thereby certifying review of eligible donors' gifts. Copies of matching gift requests as evidence of eligibility review are submitted to the Record Keeper (Gift Steward). The Approving Authority will be available for questions concerning transactions and communicate with the donor and matching gift program as appropriate in confirming transactions. Gift records are reviewed on at least an annual basis at fiscal year-end to determine whether follow-up action is required, whether the claim should be recorded as uncollectable and whether received matching gifts were properly assigned.

The Record Keeper (Gift Steward) maintains electronic and paper records of donor contributions and matching gifts, entering the matching claim on the initial gift record on Advance, and entering the matching gift when it is received (which may take several months). The matching gift purpose will mirror the purpose of the original gift and is consistent with representations to the matching gift program. In rare exceptions, the donor (or the matching gift program) may request in writing that the matching gift be used for a purpose that differs from the original gift. This is allowable, so long as the requested purpose is consistent with the matching gift program restrictions.

Matching gifts received as a result of employer payroll deduction programs or other process where no matching claim has been filed or recorded will be noted as such in gift documentation. The batch proof report may be used in lieu of a GAF to complete documentation requirements for matching gifts with existing claim records on Advance.

A contemporaneous receipt letter will be generated by Advance and sent to the matching gift organization for each gift; a written acknowledgement will be sent to each original donor notifying him or her of the match.

The Annual Fund provides information to donors on maximizing their gifts through corporate matching gift programs by distributing materials such as the CASE Matching Gift brochure, which provides lists of corporate matching gift programs. The Sacramento State website links to a site (<http://www.matchinggifts.com/csu/>) that also contains information on matching gift companies.

Pertinent Chancellor's Office Policy:

Fundraising – Matching Gifts, policy 15401.00,
<http://www.calstate.edu/icsuam/sections/15000/index.shtml> .

Memorial and Honorific Gifts

Gifts given in memory or in honor of an individual may receive special handling on Advance.

When units or Development Officers have advance knowledge of prospective memorial/honorific gifts, it is important to notify the Development Office – Financial Gift Steward of the account to which gifts will be deposited and information on family notification (if known).

When submitting a Gift Acceptance Form (GAF) for the memorial/honorific gifts, the unit should complete the “In memory of” or “In honor of” field, which alerts the Development Office who the gift is honoring or memorializing, and whether a family member is to be notified of the gift. Advance will automatically generate a letter to memorial/honorific contacts notifying them of donors but not providing gift amounts. The donor acknowledgment letter will indicate that the family/honoree has been notified of the gift, if the notification information has been provided. *Note: in the case of memorial gifts, it is important that the responsible Development Officer confirm the wording of the donor acknowledgment with the family contact specified on Advance (for example: name of intended fund, since if named, the fund allocation set-up process will take time but donor needs to be acknowledged for their gift to a specific fund in a timely manner).* The individual being honored or memorialized is also given "soft" credit for the gift on Advance.

Memorial/honorific gifts intended to establish a new fund will be deposited into the University Foundation clearing account pending determination of the account purpose and/or criteria.

Commemorative Benches, Markers, and Other Tributes – (Note that the Campus Physical Planning Committee has placed a moratorium on the installation of new benches on campus grounds.)

Commemorative markers, and other minor physical structures may be established on campus with approval and upon receipt of sufficient gift funding. The Development Office coordinates with Donor Relations Coordinator and Facilities Services on necessary approvals and on developing the gift agreement. Gift funds are usually deposited to the University Foundation into the “Memorial Bench and Tribute Fund (X08330)” and are earmarked by gift comment for specific projects. The Donor Relations Coordinator works with Facilities Services to process tribute requests.

Steps for establishment of a memorial or tribute:

1. Requests must first be approved by Associate Vice President for University Development before moving forward with requests to Facilities Services, or before promises are made to prospective

donors. Initiator of request must ensure donor understands the request must first go before an approval committee.

2. Help donor choose type of plaque or tribute (use photos of existing plaques).
3. Contact Facilities Services staff (Mark Leisz or Robin Lovering) to determine cost for and plaque (and concrete pad, if necessary)
4. Discuss cost with donor and finalize gift commitment before proceeding
5. Determine wording for plaque with donor
6. Donor Relations Coordinator works to submit proposal to Facilities Services. Specify wording for plaque, and photos of campus site locations (specify first choice).
7. After committee approval, Facilities Services will work to complete the installation.
8. After plaque has been delivered to campus, concrete pad will be poured (if necessary).
9. Determine final cost with Facilities Services staff person and advise donor.
10. Deposit check to University Foundation account X08330 (or appropriate account).
11. Contact donor for site visit. Work with Advancement Communication and Stewardship to take photos of site visit for donor.

Payroll Deduction

Gifts through Sacramento State payroll deduction and the Public Employees Retirement System (PERS) may be made to The University Foundation at Sacramento State and University Trust accounts. If a faculty or staff member wishes to make a gift through payroll deduction, they may complete a *Payroll Deduction Form* (<http://www.csus.edu/giving/docs/payrolldeductform.doc>) and forward it to the Development Office Gift Processing Unit.

Departments may also customize the form to facilitate payroll deduction if it is soliciting many gifts through payroll deduction for a special project or fund. The department may contact the Director of Development Operations for assistance in customizing a payroll deduction form.

The Development Office Gift Processing Unit will use the information on the form to prepare the required *Notice to the State Controller of Payroll Deduction Authorization* (form CD88). All payroll deduction requests must be authorized by the Development Office.

Every month, the Development Office is advised of payroll deduction gifts and receives a check and donor list from the State Controller's office or PERS. This information is used to update donor records on Advance.

➤ The batch proof report from Advance may be used in lieu of a GAF for gift documentation.

Donor Acknowledgments

Gifts made through payroll deduction/PERS are not automatically receipted from Advance, so departments should acknowledge these gifts at the time the commitments are made. The Office of University Advancement annually (in January) will send general acknowledgments for total gifts made in the tax year to all donors participating through payroll deduction/PERS.

Changes to Payroll Deduction Gifts

The Development Office Gift Processing Unit should be notified immediately (by email, form, or other written notice) of any changes to existing payroll deductions, such as deletions or deduction amounts. The Development Office will authorize and submit the required notice to the State Controller to effect the change.

Gifts-In-Kind

General Guidelines

Gifts-in-kind (such as paintings, books, antiques, sculptures, furniture, and equipment) can provide valuable materials to the University. Sacramento State may accept or decline gifts-in-kind on an individual basis based on whether the gifts provide educational value or otherwise serve the University's purposes. Departments should be consulted prior to the acceptance of any gift-in-kind for use by that department or its programs to ensure that the gift is wanted and can be used. The Associate Vice President for Development should be consulted prior to the acceptance of any unusual gifts-in-kind if there is a need for cash funds to maintain the gift or if there is a question about restrictions attached to a gift offered to the University. Other departments can also be consulted as to the suitability of accepting gifts-in-kind, such as the Library to evaluate the acceptance of gifts of books, and the College of Arts and Letters for the acceptance of gifts of artwork.

The University must consider requirements for special storage, display, insurance, or security measures prior to the acceptance of a gift-in-kind. The exact placement of furniture, artworks, or equipment cannot be guaranteed. Transportation and appraisal costs related to the acceptance of a gift-in-kind must be borne by the donor.

With the exception of items to be auctioned as part of a fundraising event (*see Auctions and Raffles*), gifts-in-kind are received through the University and become property of the University. In general, however, the University does not accept items, such as automobiles, for immediate liquidation.

Special Collections

Gifts-in-kind that consist of collections such as works of art, memorabilia, artifacts or other types of tangible personal property—must be considered on a case-by-case before they can be accepted. (See **Development Policy** for acceptance of gifts of Special Collections). The Vice President for Advancement's approval is required to accept and record a gift of a special collection.

Deed of Gift

A *Deed of Gift* (<http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>) may be prepared for the donor's signature to document the item(s) donated and facilitate transfer of the gift.

Gift Acceptance Form

A *Gift Acceptance Form* (GAF) (<http://www.csus.edu/giving/aboutus/Campus%20Support%20Forms.html>) must be filed on all in-kind gifts received by the University (*see sample on page 20*).

- GAFs for all gifts-in-kind must be signed by the Development Officer and Dean of the benefiting unit and approved by the Associate Vice President for Development.
- The allocation code should begin with "GIK" followed by a code for the department/purpose, such as "GIK ECS" for a gift-in-kind to Engineering and Computer Science. Existing allocation codes may be reviewed on Advance by performing an allocation lookup (type the letters GIK in the allocation field).

Valuation

Sacramento State is not responsible for affixing value to any gift; it is the responsibility of the donor to prove the value. Gifts are recorded on Advance at their appraised or estimated internal value. They may not be used as payments on pledges. Receipts generated from Advance do not indicate the recorded

value but simply provide a description of the gift, e.g., “Oil painting ‘Your 15 Minutes Are Up’ by Andy Warhol.”

The fair market value or educational discount value (if available) is used for internal valuation.

The following general IRS regulations apply for gifts-in-kind in three categories:

Gifts under \$500 or that do not have appraised value assigned

The University is required only to acknowledge the gift and provide a description of the donated item. The estimated internal value should be noted on the GAF, and donors will receive gift credit for this amount on Advance.

\$500 - \$4,999

The donor must keep adequate records (receipts or appraisals, if one has been obtained) pertaining to the value of the donated items. Appraisals for these items are not required and need not be attached to the donor’s tax return, but the donor must file IRS Form 8283 – Non-cash Charitable Contributions.

\$5,000 and above

An independent appraisal is required for any gift-in-kind valued at \$5,000 or more. (Note: the educational discount value or the fair market value of a gift of equipment may be established and documented from independent pricing guides such as internet sites for the sale of used equipment or a retail sales list).

Donors must file a completed IRS Form 8283 with their tax return for the year a deduction is claimed. It must be noted on the GAF whether a Form 8283 was submitted by the donor. **Only the Vice President for Administration or his/her designee is authorized to sign a Form 8283 on behalf of the University.** When the GAF, supporting materials, and Form 8283 are submitted to the Advancement Office for review and approval, the Director of Advancement Services will coordinate the process for obtaining the Vice President’s signature on the Form 8283. The signed Form 8283 will be returned to the Development Officer to forward to the donor, with copies to be retained for gift and donor files.

If a gift-in-kind valued at \$5,000 or above is sold by the University within two years of its acceptance, the University must file Form 8282 – Donee Information Return with the IRS and send a copy to the donor. Therefore, GAFs on gifts appraised at more than \$5,000 must be separately inventoried in order to comply with this requirement. Departments should notify the Advancement Office if a gift-in-kind is sold within the two-year period.

Acceptance of Gifts-in-Kind

If a gift-in-kind is offered:

1. Using the above guidelines, ascertain that the appropriate College/Department/unit wants or needs the gift, or that it can be sold to benefit the University. Be mindful of the IRS rules regarding selling a gifted item within three years. Consult the Associate Vice President for Development prior to agreeing to accept a gift that requires special handling.
2. Notify the donor that the University would be pleased to accept the gift, or provide a truthful but tactful reason why the University cannot accept the gift. If the estimated value is \$5,000 or more, remind the donor of the IRS rulings and the need for an outside appraisal, and assure the donor that we will sign Form 8283 at the time of accepting the gift. A Deed of Gift prepared for the donor’s signature may be provided to the donor to facilitate the transfer of the gift.

3. Complete a GAF and route for appropriate signatures with supporting documentation (Deed of Gift or donor's gift letter, appraisal, Form 8283). Immediately write a letter of thanks to the donor describing the item but not listing the dollar value.

Gifts of Services/Gift Certificates

Gifts of service (e.g., guest rooms or spa treatments donated by a resort hotel), gift certificates for service or tickets to events donated by the provider, rent, donated labor, or professional services are not allowable as tax-deductible gifts. GAFs are not completed for gifts of service. Donors of such services should be acknowledged by the benefiting unit but not receipted.

Computer Equipment and Software

Gifts of computer equipment and software are valued according to CSU policy and CASE guidelines, which is generally their educational discount value. Gifts of software must be approved by the campus Gift Policy Committee.

- The Sacramento State Gift Policy Committee consists of the Vice President for University Advancement, the Associate Vice President for Development, the Associate Vice President of Finance or designee, and the Director of Development Operations (who serves as the Recorder). Development Officers for the benefiting unit or other faculty/administrators may participate in reviewing the gift valuation.


If the educational discount price for software is not provided by the donor, the recipient (i.e., the receiving unit) is to determine the actual price that would be paid for the software if it were to be purchased directly. Only the license value of the software is to be booked, regardless of the number of seats. Any fees charged for the license are to be deducted from the total value of the gift. Software gifts may not be booked for more than 3 years when received as a multi-year gift.

The Development Officer of the recipient unit should complete the GAF and provide a valuation of the gift consistent with policy. The GAF is signed by the Development Officer and the Dean and submitted, along with all supporting documentation, to the Development Office. The Director of Development Operations will coordinate the review of valuation of each gift of software by the Gift Policy Committee. Approval by the Gift Policy Committee must be noted on the GAF and signed by the AVP for Development.

Pertinent IRS guidelines:

- IRS Publication 561, Determining the Value of Donated Property, <http://www.irs.gov/pub/irs-pdf/p561.pdf>.
- IRS Form 8283 - Non-cash Charitable Contributions, <http://www.irs.gov/pub/irs-pdf/f8283.pdf>.
- IRS Form 8282 – Donee Information Return, <http://www.irs.gov/pub/irs-pdf/f8282.pdf>.

GIK GAF - Sample

 SACRAMENTO STATE	GAF ♦ GIFT ACCEPTANCE/GIFT TRANSMITTAL FORM Return to: Development Office – Gift Processing, SAC Hall 118, CAMPUS ZIP 6030 Phone: (916) 278-7735
DONOR INFORMATION: <i>Attach documents supporting gift (gift agreement, correspondence, envelope, etc.). One form may be used for multiple donations to one account: complete 'Gift Information' section only and attach checks or list of in-kind donations.</i>	
LEGAL DONOR: Donor requests gift be Anonymous <input type="checkbox"/> Individual: <i>Estate of</i> or Organization: <i>(Select one)</i> Name: Prof. Gertrude Bell Title/Co.: c/o Mary Leakey, Executor Address1: 14 Olduvai Gorge Road Address2: Sacramento, CA 95819 Phone: 916-555-4567 Advance ID: NEW	SOFT CREDIT DONOR: Donor requests gift be Anonymous <input type="checkbox"/> Individual: <i>(Select one)</i> or Organization: <i>(Select one)</i> Name: Title Co.: Address1: Address2: Phone: Advance ID:
GIFT INFORMATION: Amount: \$ 4,589.00 Date form prepared: 1/25/2010 GAF completed by: Abby Adams Allocation: GIK Anthropology Account #: GIF ANT	
Date gift received: 1/24/2010 Campus phone: 81111 Zip: 6030 Appeal code: L120	
Accepted by or deposited in: <i>University (CSUS)</i> Form of donation: <i>Gift-in-kind (complete GIK section below)</i> Contact Development Office x8-6989 for assistance with special gift types. <input type="checkbox"/> Gift reflects a payment toward a pledge (<i>attach pledge info</i>). <input type="checkbox"/> Gift reflects a payment as a result of a proposal submitted (<i>attach copy</i>).	
<input type="checkbox"/> Gift reflects realized bequest. Date: _____ Advance Proposal #: _____	
In memory of: _____ In honor of: _____ Family to be notified of gift? <input type="checkbox"/> Yes <input type="checkbox"/> No (<i>yes: Family member Advance ID or name/address</i>): _____	
Additional Information About Gift: _____	
Gift-in-Kind: <i>Attach signed Deed of Gift, Gift Agreement, or other gift documentation</i>	
Estimated fair market value or appraised value at time of receipt: \$ 4,589.00 Gift approved by the Gift Policy Committee? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A Description: Indicate quantity, model #, manufacturer (<i>sufficient to inventory</i>): Paleolithic artifacts comprising the Bell Collection Formal appraisal supplied? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, how was amount/value determined? If value \$5,000 or more, did donor submit IRS Form 8283? <input checked="" type="checkbox"/> Yes (<i>attach copy</i>) <input type="checkbox"/> No Gift will be used for: <input checked="" type="checkbox"/> Instructional Purposes <input type="checkbox"/> Non-instructional purposes Gift location (<i>for tagging</i>): Building/Room: Anthropology Museum Contact/phone: Dr. Peter Glob 8-9999	
Signatures: Dean/Unit Official (<i>Typed Name</i>): <u>Dean Martin</u> Development Officer (<i>Typed Name</i>): <u>Geri Lewis</u> Dir. Planned Giving (<i>as req'd</i>): _____	Dean/Ofcl (<i>Signature</i>): _____ Dev Officer (<i>Signature</i>): _____ AVP-Dev: _____
Required Signatures: Deans/Unit Officials: All gifts \$5,000+ Dir of Development: If solicited gift Dir Planned Giving: All planned gifts AVP-Development: All gifts \$5,000+; all gifts of securities; gifts to auxiliaries; planned gifts; gifts in kind Note: Gifts of \$1,000-\$4,999 require GAFs but not signatures except as noted above.	

Sacramento State Office of University Advancement 02/2010

PART 3 - GIFTS REQUIRING SPECIAL HANDLING

Gifts of securities, real estate, and life insurance, as well as bequests and other planned gifts, are facilitated through the Development Office. The procedures in this section provide guidelines for the unique requirements of each of these types of gifts.

Securities

Gifts of securities usually involve donations of publicly traded common stock or bonds. Gifts of private stock or other less marketable assets require special consultation with the Chair of the University Foundation Investment Committee prior to their transfer to the University.

Processing Steps:

1. When departments are informed that a donor is interested in making a gift of stock, they should immediately contact the Director of Planned Giving.
 - It is *extremely important* to alert the Director of Planned Giving that a transfer of stock is expected:
 - While The University Foundation's primary account (Schwab) is monitored by the Development Office on a daily basis, some stock gifts will arrive via accounts at other brokerage houses monitored by the broker or broker's assistant, who may not check our account unless they know to expect a transfer.
 - When stocks are "found" in an account, they will not be sold until the shares have been verified as a gift. It is possible for stocks to be erroneously transferred into our account, in which case we would be responsible for returning the shares. If we have sold them, we would have to purchase them back, potentially at a loss if the stock has gone up since the sale.
 - If the transfer is taking an inordinately long time, the Director of Planned Giving can check with the donor's broker to ensure that nothing has gone awry.
 - Transfer instructions will differ, depending upon whether the stock is in certificate form or held in street name with a broker. Further, the transfer instructions may differ from broker to broker; and over time the information relative to a particular brokerage house may change. *The instructions used for a gift of stock last week may not be the correct instructions for the gift of stock received today; call each time to confirm the information.*
2. Upon receipt of the information in step 1 (above), the Director of Planned Giving will:
 - a. provide the appropriate transfer instructions to the Development Officer, who will communicate them to the donor and/or broker; or
 - b. contact the donor and/or broker directly with instructions for the transfer.
3. The Director of Planned Giving will monitor the account and sell the stock when it has been received. The Director of Planned Giving will:
 - a. verbally notify the Development Officer that the stock has been received in our account and sold. Normal turnaround time for sale is expected to be within 24 hours;
 - b. monitor for receipt of the net proceeds check.

4. Upon receipt of the net proceeds check, the Director of Planned Giving will prepare the GAF. The GAF will be signed by the Development Officer and the Associate Vice President for Development and then forwarded to Gift Processing with the check. A copy of the completed GAF will be sent to the Development Officer/Dean of the benefiting unit.
5. The donor receipt will reflect the transfer date for the securities and the number and type of shares donated, e.g., "100 shares of IBM". Departmental acknowledgments should not provide information about the high and low trades or the net proceeds. The Director of Planned Giving will also send a courtesy letter indicating the high and low trades for the stock on the date of gift.

Life Insurance

Policies Owned by Donors

Donors may have a life insurance policy with built-in cash surrender value that they no longer need. In such cases, the donor can contribute the policy and will generally receive a deduction approximately equal to the cash surrender value, subject to the following:

- a. Sacramento State will accept a gift of life insurance provided that it is under no prearranged obligation to expend its assets to maintain the policy.
- b. No portion of the proceeds may be paid to anyone or any organization that is not qualified as a tax-exempt entity under IRS Code Section 501(c)(3) if Sacramento State is owner of the policy.
- c. Sacramento State will not participate in split dollar or reserve split dollar plans, or other partial interest programs.
- d. In the event a policy is contributed on which premiums remain to be paid, the donor must pledge to continue paying premiums or give Sacramento State permission to surrender the policy for cash value. If the donor elects to cease making gifts to cover premium payments on a life insurance policy owned by Sacramento State, Sacramento State may elect to continue to pay the premiums at its own expense, convert the policy to paid up insurance, or surrender the policy for its current cash value depending upon the options allowed in the insurance contract.

There can be considerable differences among the terms of individual policies. If a Development Officer has a donor interested in giving a policy, the officer should answer the following questions:

- How long has the donor owned the policy?
 - What is the donor's cash basis in the policy, and what is the cash surrender value?
 - Are there any loans outstanding against the policy?
 - Is this a "whole life" or "universal life" policy? (Whole life requires level premiums for a fixed amount of time; universal life has variable premiums depending in part upon the dividends paid by the company.)
 - What is the name of the donor's insurance broker if there are questions about the policy?
- After obtaining this information, the Development Officer should coordinate with the Director of Planned Giving to determine whether it is in the donor's and the University's best interests to proceed with the gift, and, as appropriate, to determine gift value and processing method.

- How long has the donor owned the policy?
- What is the donor's cash basis in the policy, and what is the cash surrender value?
- Are there any loans outstanding against the policy?
- Is this a "whole life" or "universal life" policy? (Whole life requires level premiums for a fixed amount of time; universal life has variable premiums depending in part upon the dividends paid by the company.)
- What is the name of the donor's insurance broker if there are questions about the policy?

After obtaining this information, the Development Officer should coordinate with the Director of Planned Giving to determine whether it is in the donor's and the University's best interests to proceed with the gift, and, as appropriate, to determine gift value and processing method.

Purchasing Policies with the Intention of Making a Gift

In general, it is usually not to the University's advantage for a donor to initiate a new life insurance policy as a means of making a gift:

- Such programs are often difficult to administer efficiently, leading to donor relations issues (since reminders to donors to remit monthly premiums cannot be automatically generated but must be manually produced).
- They may require a disproportionate level of staff time relative to the benefit provided.
- The experience of many charities has been that donor attrition (i.e., failure to continue to make the gifts to fund premium payments) may be high.

❖Note: While life insurance is sometimes presented as an investment vehicle that will reap substantial returns for the University, this is seldom the case with a large donor pool. Insurance companies have expenses and taxes to pay, and they are entitled to a profit on their product. Therefore, it will generally be more to the University's advantage if donors make their contributions directly to the University, which can then self-invest the gifts. While an individual policy may prove to be a good "investment" if a donor should die an untimely death, collectively the University will be better off with insurance only if the people who are insured collectively die before reaching their average life expectancy. On average, however, people *do* reach their "average life expectancy."

If The University Foundation becomes the holder of a policy for which the donor reimburses the Foundation for premium payments, the payments should be processed as outright gifts from the donor according to the procedures appropriate to the payment method (cash, credit card, etc.). Each gift of life insurance requires that a new Foundation account be established (*see Part 6, Data Administration - Establishing and Revising Accounts/Allocations, page 45*).

If the Foundation becomes the owner of an insurance policy, the policy shall be monitored annually to determine whether it is maintaining its cash surrender value. If the policy is eroding in value, the Director of Planned Giving, in consultation with the appropriate Development Officer, shall determine an appropriate course of action. Possible options include:

- Soliciting an additional gift for premium payments from the donor
- The benefiting unit paying additional premiums from its resources (usually not a good investment)
- Lowering the death benefit of the policy, or
- Surrendering the policy

Designating the University as Beneficiary

Donors may always designate The University Foundation at Sacramento State as beneficiary of an existing policy. While there is no income tax deduction for doing so, donors retain the flexibility to change the beneficiary as their financial plans may be modified in the future.

In some cases donors may avoid recognizing imputed income on the value of employer-paid group term life insurance by designating a charity as beneficiary, but they should seek the opinion of their financial/tax advisor prior to making the designation.

Real Estate

Though a prospective donor of real property may initially have contact with Development officers, all gifts of real estate should be coordinated through the Director of Planned Giving. If the Development officer is the first point of contact, he or she should learn as much as possible of the information requested in the ***Real Estate Gift Information Form*** (see sample on page 27).

When considering a gift of real property, property is generally accepted to the university if it will be held and used for educational purposes. It is generally accepted to an auxiliary if it is going to be sold for proceeds. Gifts of real property to the university require review by the Chancellor's Office Capital Planning, Design and Construction office. CPDC will walk the campus through the due diligence process and identify the necessary levels of approval.

Gifts of Real Property to the University

Real property can be acquired under authority given to CSU in the Education Codes 89720 and 89048(g). Standing Orders of the Trustees delegates to the Chancellor (or designee) the authority to accept an interest in real property. The chancellor or designee shall determine if the property should be included in the campus master plan or if the trustees should pass a specific resolution to approve the acquisition. Regardless of the method, all acquisitions must carry out the primary functions of the CSU. The campus shall submit a notice to its CPDC facility planner at the conceptual phase of the property acquisition project. This notice shall provide a general description of the proposed project and a schedule of future activities, including the estimated date that a formal project proposal will be submitted to CPDC for a complete evaluation. Additional information can be found in the State University Administrative Manual, Section III, Sections 9015-9020 (<http://calstate.edu/cpdc/SUAM/>).

Gifts of Real Property to an Auxiliary

An auxiliary should establish written policies and procedures for the acceptance of gifts of real property. Policies should consider standards set by the university including mitigation of risk and benefit to the educational mission of the university. Donors should be made aware that gifts of real property are generally immediately sold, which may impact the charitable deduction value of the gift. The sale, disposition or exchange of donated real property valued over \$5,000 requires the auxiliary to submit Form 8282 (<http://www.irs.gov/pub/irs-pdf/f8282.pdf>) to the IRS.

Initial Analysis

Donors will be asked to obtain and pay for an appraisal of the property (which the donor will need in any case to substantiate the deduction). See ***Information Sheet for Donors of Real Property*** (see sample

on page 28). It may also be prudent for The University Foundation at Sacramento State to obtain its own independent appraisal where there is a deferred gift or where high potential carrying charges are involved.

The Director of Planned Giving will review the appraisal(s), and order and review:

- a Preliminary Title Report
- a “peace of mind” environmental screen, and
- a home inspection (for residential property)

These items will be paid by University Advancement from The University Foundation at Sacramento State account (i.e., not with state monies). The University Foundation may be reimbursed from proceeds after real property is sold (or, in the case of trusts, when the gift matures).

The Director of Planned Giving will prepare a written report on the proposed gift for review by The University Foundation at Sacramento State Officers. In particular, the report should address the following, as appropriate:

- Use of proceeds after the real estate is liquidated.
- An analysis of the marketability of the property, including:
 - a summary of the information in the appraisal;
 - relevant market/financial information and/or assumptions gleaned from realtors and/or other sources;
 - an analysis of the liquidity of property;
 - information about the last date and value upon which the property was assessed for tax purposes.
- An analysis of any environmental concerns about the property, including information from:
 - a preliminary title search.
 - the Owner Disclosure Statement, (see ***Disclosure Statement for Gifts of Real Estate*** sample form on page 30).
 - analysis of Environmental Screen (including the evaluation of Facilities Management - Project Design and Development; Office of Risk Management (as appropriate); and Environmental Health and Safety (as appropriate).
 - a structural pest control inspection report and certification of any and all structures on the real property.
- A financial analysis, including:
 - a statement of anticipated income and expenses during the period prior to sale, including any encumbrances, taxes, insurance, association or membership fees;
 - a review of any existing leases;
 - a determination whether the gift would give rise to Unrelated Business Income Tax (UBIT), either through debt-financed income or revenue generation; and
 - identification of the fund source to cover any carrying costs.
- Any anticipated problems or difficulties in the management and sale of the property.
- If less than the entire property is being given, what is the percentage interest being given to The University Foundation, and why? Who are the other owners, and what contact have we had with them?
- An architect’s report demonstrating compliance with any accommodation or access requirement of the Americans with Disabilities Act of 1990, if appropriate.

The report will be reviewed jointly by an ad hoc committee consisting of at least two officers of The University Foundation and the Director of Planned Giving. Together, a determination will be made

whether the item is ready to place before the full board. If it is determined that a full Phase I Environmental Assessment should be ordered (or a Phase II Assessment, which involves testing soil samples), or if other questions remain, the committee will consider the additional information before the item is presented to the full board.

Acceptance

Ordinarily, an item is placed on the agenda of the next regularly scheduled University Foundation for consideration by the Board. However, if timing is so crucial that the gift may be lost, or if donor-relations issues would be caused by a delay, then the Board will be provided with background information and given a three-day opportunity to comment. After that point, any two (2) of the following may sign to accept the gift:

- The President of the University;
- The Chair of The University Foundation board;
- The Chief Financial Officer of The University Foundation board;
- The Vice President – University Advancement;

The University Foundation shall under no circumstances pay a “finder’s fee” for the direction of gifts to it; however, it is permissible to engage professional services from an accountant, attorney or financial planner, or other professional.

The Director of Planned Giving will select an appropriate title company to handle the gift closure, taking into account the preference of any party and the prior experience of any implicated firm or profession with the subject property. The University Foundation will secure title insurance on all donated property.

All transactions involving real property shall be consistent with The University Foundation’s and the University’s charitable and educational mission and tax-exempt status, and they shall be commercially reasonable. The University Foundation at Sacramento State shall not make unsecured or non-interest bearing loans, pay unreasonable compensation for property, or sell property for an inadequate price.

Donors must file a copy of IRS Form 8283 with their tax returns for the year in which the deduction is claimed, and if The University Foundation sells or otherwise transfers the title within two years of the date of gift, it must file IRS Form 8282. Please see *Section 2.8* for additional information on IRS requirements.

Post-Gift Management

After the gift is closed, the Planned Giving Office will assume responsibility for managing the property. This includes but is not limited to the following:

- Seeing that the property is included under The University Foundation’s insurance policy (and seeing that it is removed from the policy once it has been sold).
- Negotiating renewals/extensions of the existing leases, or having the tenants sign rental agreements if none are in existence; collecting rents; and handling tenant-relations issues. Alternatively, a property manager may be hired to handle these matters if there are a number of tenants, or indications that the tenants may be difficult.
- Selecting a realtor.

Ordinarily, an item will be prepared for the Board’s consideration that will describe expectations for the sales price. The board will be asked to set a minimum acceptable price and to delegate decisions about accepting or rejecting offers on the property to a working group drawn from among the following:

- The President of the University;
- The Chair of The University Foundation board;
- The Chief Financial Officer of The University Foundation board;
- The Vice President – University Advancement;

At least three of the above must approve a decision to sell the property, and the signatures of two will be required to transact the sale. R

Real Estate Gift Information Form – Sample

REAL ESTATE GIFT INFORMATION FORM

Name of potential donor:

Are there other owners? Y/N

Address:

Telephone:

Address of real estate:

Legal Description (may be attached):

Estimated value (if known):

Is the real estate presently subject to any of the following? (check all that apply)

- ☐ mortgage or other lien; if so, identify lien holder:
- ☐ estimated value of mortgage/lien: _____
- ☐ lease or other tenant rights; if so, attach condition of lease agreement
- ☐ contract of sale
- ☐ taxes, insurance, HOA dues, litigation or other costs to be assumed
- ☐ geological or structural problems

Number of years owned by donor: _____

Age of roof _____ and air conditioning unit _____ if applicable

Please check the appropriate category of present use:

- ☐ residential housing containing low acreage and located within a sub division or residential condominium housing
- ☐ apartment buildings or other multiple family housing units
- ☐ isolated residential housing with acreage
- ☐ commercial office buildings and retail stores excluding manufacturing or repair facilities
- ☐ farms
- ☐ light industrial uses; primarily non-automobile repair or service establishments such as cleaners, bakeries or restaurants
- ☐ light industrial (automotive repair, service, or manufacturing, including service stations where it is likely that petroleum hydrocarbons have been present)
- ☐ industrial or other special use including manufacturing or storage facilities

What is the present use of the property?

How many years? _____

Information Sheet for Donors of Real Property - Sample

THE UNIVERSITY FOUNDATION AT SACRAMENTO STATE

Information Sheet for Prospective Donors of Real Estate

Thank you for considering a gift of real property to benefit Sacramento State. This Information Sheet is intended to make you aware of some of the most common tax considerations and other issues that arise when donors are contemplating a gift of real property. We provide it as a courtesy for our friends, but it is not intended as tax or legal advice. Donors are strongly encouraged to discuss this information with their professional tax and legal advisors.

1. Appraisal

To satisfy IRS requirements for the charitable contribution tax deduction, donors must obtain and pay for an independent appraisal. The requirements specify that the appraisal must be dated **no earlier than 60 days prior to the date of the gift**. While it is not necessary to supply a copy of the appraisal with the tax return, donors must complete and file IRS Form 8283 (sample attached) with the return. The donor's appraiser should complete and sign IRS Form 8283, Section B, Part III, while The University Foundation at Sacramento State will complete Part IV.

Sacramento State policy requires an appraisal as part of its review prior to accepting a gift of real property. As a practical matter, having the appraisal in place before completing a gift can protect a donor from unpleasant surprises.

2. Environmental Assessment

The 1980 Comprehensive Environmental Response Compensation and Liability Act (CERCLA) holds that any and all parties in the chain of title of property with hazardous substance contamination may be held financially responsible for clean-up, whether or not they had any knowledge of the contamination. This is an area of tremendous concern for non-profit organizations and an unpleasant issue that we are now obliged to discuss with our prospective real estate donors. Under CERCLA, charities that perform due diligence before accepting gifts of real property may in turn be eligible for federal assistance with clean-up should contamination subsequently be discovered.

Our procedures require us to have the property screened for potential problems. Ordinarily, this will entail securing a Phase I Environmental Assessment, unless it is determined on a case-by-case basis that a lesser level of screening is sufficient. The University Foundation will be responsible for obtaining and paying for these reports.

In this connection, donors will be asked to complete a "Real Property Owner Disclosure Statement".

3. Limits on Deduction

Donors should be aware that the IRS currently limits the deduction that may be claimed for gifts of property to 30% of the donor's adjusted gross income. Any unused deduction may be carried forward and used in up to five subsequent years. (Alternatively, donors may make a special election and deduct only their basis in the property, subject to the higher limit of 50% of their adjusted gross income, again with a five year carryover.)

4. Sale of the Property

It is our practice to liquidate real property as soon as it is reasonably prudent to do so. **It is critically important that the donors not make any prior commitment to sell the property to anyone. If they do, the Internal Revenue Service could declare the gift to be a "sham transaction" and hold the donors liable for tax on the capital gains.** It is permissible to have an interested buyer "waiting in the wings," however, as long as there is no obligation to sell to that buyer and as long as the ultimate buyer pays a reasonable price for the property, based on the property appraisal and other pertinent conditions.

After the property has been sold, any selling expenses and brokers' commissions will be deducted from the gross sales proceeds. **If the gift is to a trust, the net sales proceeds will be available for reinvestment. It is important to keep in mind that income payments would not stabilize until several months after the property has been sold and the trust has been invested.** Before the proceeds are used for the purpose designated by the donor (upon sale of the property or, if a trust, when the trust ends) any out-of-pocket costs incurred by the University Foundation (i.e., for the environmental screen) will be reimbursed.

If the property is sold within three years of the date of gift, The University Foundation at Sacramento State must file Form 8282 in keeping with IRS regulations. Form 8282 provides information about the sales price, the original date of gift, and the value for the gift as stated on Form 8283. The University Foundation will send a copy of the Form 8282 to the donors.

Disclosure Statement for Gifts of Real Estate - Sample

THE UNIVERSITY FOUNDATION AT SACRAMENTO STATE

Owner Disclosure Statement for Proposed Gifts of Real Estate

Thank you for considering a gift of real property to benefit Sacramento State. As you may know, environmental law holds that any and all parties in the chain of title of property with hazardous substance contamination may be held financially responsible for clean-up, whether or not they had any knowledge of the contamination.

This is an area of tremendous concern for non-profit organizations and an unpleasant issue that we are obliged to discuss with our prospective real estate donors. The law provides certain exemptions for charities that conduct “due diligence” prior to accepting a gift of real property.

As part of this due diligence, and in order to ensure that your gift will have the benefit you anticipate for yourself and for the University, please take a few minutes to share with us the following information.

What is the present use of the property (i.e., residential, commercial, etc.)?

How many years has it been used in this way?_____

Please describe other known uses of real estate and approximate dates of such use:

Please answer the following (if not applicable, please indicate so):

Are there any present or previous tanks or other storage facilities, above or below ground? If yes, please describe location and present and prior uses:

Is there heavy electrical equipment, including transformers and capacitors? If yes, please describe location.

To the best of your knowledge, has there ever been any dumping or waste disposal on the property?

Please describe the nature of the present and prior use of, storage of, or disposal of any of the following: chemicals, pesticides, herbicides, carcasses, fertilizer, manure, or like materials:

Have you or to your knowledge has any prior owner ever been cited for violation of any federal or state environmental protection act or regulation?

Is there a survey of the real estate in existence? (Yes or No)

If so, please state the date of the most recent survey: _____

If so, please state the name of the surveyor: _____

Has a preliminary title search been done? (Yes or No)

Please describe the nature and use of all property adjoining the real estate:

I (we) hereby acknowledge that the information set forth above is true and correct to the best of my (our) knowledge:

Owner/donor: _____

Date: _____

Owner/donor: _____

Date: _____

Revocable Planned Gifts

If a donor indicates an interest in making a planned (or deferred) gift, the unit Development Officer should immediately contact the Director of Planned Giving, who will assist in coordinating the gift. A revocable planned gift is, as the name implies, one in which the donor retains complete control to rescind the gift during his or her lifetime. Examples of revocable planned gifts include bequests, life insurance and retirement plan beneficiary designations, and certain financial assets with “payable on death” features (i.e., U.S. savings bonds, certain mutual funds, bank accounts, etc.) Revocable planned gifts are tracked as “expectancies” but are not counted as gifts until assets are received.

Gifts by Will or Living Trust

Gifts by will or living trust are by far the most popular form of planned gift. There are essentially three stages involved: working with bequest prospects; recording bequest expectancies; and taking the appropriate steps when the bequest “matures” (i.e., the donor dies).

Bequest Prospects

If a donor contacts (or is to be contacted by) a Development Officer to discuss making a bequest, the Development Officer should brief the Director of Planned Giving on the proposed gift. Similarly, the Director of Planned Giving will discuss the bequest with the Development Officer if the Director is the first point of contact.

- In general, the primary contact with the donor will continue to be the fundraiser who had the initial contact.
- In general, the Development Officer will assist the donor with “what for” questions, while the Director of Planned Giving will assist with “how to” questions.

The Development Officer should try to ascertain the size of the proposed bequest and the donor’s intended designation in this initial contact. In addition, it is helpful if the Development Officer is also able to glean information about the items listed below. (However, bear in mind that prospects may vary considerably in their comfort level in talking about such personal matters, and follow your own instincts about drawing the donor out.)

- How large is the bequest relative to the donor’s entire estate?
- Does the donor have children or other heirs with whom the estate would be shared?
- Is there anything in the contact to indicate that the donor might be a candidate for an irrevocable planned gift?

Bequest Expectancies

Bequest expectancies are revocable and are not reported to CAE but they are countable toward the campus’ fundraising productivity goal. Individuals who have made their bequest intentions known to Sacramento State may become members in the *Legacy Circle*, the Planned Giving donor club (see below).

College/Unit Development Officer Responsibilities

The Development Officer may be the first to learn of a bequest expectancy. Development Officers will respond to all notifications of an expectancy they have directly received, whether verbal or written.

- Send thank-you letters from self and Dean.
 - Notify Planned Giving, sending copy of any documentation (e.g., reply form with box checked; correspondence; etc.). Although it is extremely helpful to have a copy of the will, it is not necessary, especially if we provided the bequest language to the donor. However, if notification is simply verbal, try to obtain a copy of the excerpt of the will that pertains to Sacramento State. This early review will enable us to see if there may be a problem with the wording (e.g., a bequest to the “University of California at Sacramento”).
- A Gift Acceptance Form (GAF) is not submitted for a bequest expectancy.

Legacy Circle

In many cases, Planned Giving will be the first to learn of a bequest expectancy. Typically, this may happen because an attorney calls on behalf of a client, or an individual sends in a reply device.

Upon learning of an expectancy (directly or from a Development Officer), Planned Giving will take the following action:

- The Planned Giving Associate will prepare a form letter for the signature of the Director of Planned Giving. The letter thanks donors and invites them to become Enrolled Members of the *Legacy Circle* donor club (enrollment form at <http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>).
- If the Development Officer was the first to be informed of the expectancy, the Development Officer will receive a cc of the letter. If Planned Giving was first, the Development Officer will receive a bcc of the letter.
- The *Legacy Circle* incorporates all known bequest and planned giving donors:
 - Anyone for whom we have documentary evidence of an expectancy is automatically part of the greater *Legacy Circle*.
 - To become an Enrolled Member, donors must complete a form, indicating how they want their names listed.
 - Donors who elect to remain anonymous may become Enrolled Members.
- The Planned Giving Associate will maintain a list of enrollment forms sent: to whom they were sent, the date sent, and the date replies were received. If no response is received within a reasonable period of time, one follow-up will be done. If the follow-up receives no response, it will be assumed that donors have elected not to become Enrolled Members.

Note: In cases where verbal reports of an expectancy generated the invitation, if no response is received after two contacts, it will be assumed that there was a misunderstanding and that no expectancy exists.

- If a donor elects to become an Enrolled Member, the Planned Giving Associate will prepare a Certificate of Membership in the donor's name.

- The Planned Giving Associate will maintain the *Legacy Circle* membership list; maintain the Honor Roll list for Annual Report (as needed); and coordinate invitations to special receptions on campus.
- The Planned Giving Associate will notify the Advancement Services Senior Data Technician of codes to be assigned (in the affiliations section of Advance):

HER = old Heritage Club and HEP = Historic Estate Planning Prospect

- This coding will be retained for all individuals who already have it.

LEG = anyone who has informed us that Sacramento State is in their plans

LEE = Enrolled Member of the *Legacy Circle*

LEA = anonymous Enrolled Member of the *Legacy Circle*

LEI = anyone who has informed us of another type of planned gift (not an estate commitment)

Estate Distributions

When a donor dies, Sacramento State will be sent the appropriate notification from the attorney for the estate. (Appropriate notification means a copy of court papers pertaining to the probate or comparable papers pertaining to the administration of the trust.) These materials should be forwarded to the Director of Planned Giving, who will normally be the contact person with the estate's attorney and/or executor.

Normally, it will take 9-12 months after the death of the donor before the University receives the bequest, though it may take longer for complex estates. Larger estates typically involve a series of distributions over a period of time. The Director of Planned Giving will keep the Development Officer apprised of significant events involving the estate.

- As assets are received, the Development Operations Unit will be responsible for preparing Specifications Sheets as appropriate for the account(s) and for preparing the GAF. The GAF will be signed by the Director of Planned Giving and the Associate Vice President for Development and then forwarded to Gift Processing with the gift. A copy of the completed GAF will be sent to the Development Officer/Dean of the benefiting unit.

Other Expectancies

While gifts by will or living trust are the most common types of expectancy, they are not the only way in which donors can set up a revocable arrangement to benefit Sacramento State upon their death. Some other common methods include:

- Naming Sacramento State as beneficiary of an Individual Retirement Account (IRA) or other retirement plan.
- Naming Sacramento State as beneficiary of a life insurance policy that the University does not own.
- Payable on death" designations for mutual funds, bank accounts, and U.S. Savings Bonds.
- "As with bequests in wills and living trusts, no GAF is submitted for the expectancies; however, they should be reported to the Director of Planned Giving, and the donor should be invited to join the Legacy Circle.
- In all cases, donors should be advised to designate The University Foundation at Sacramento State as the beneficiary, and to specify the department, program, or purpose that the gift will support.

Irrevocable Planned Gifts (Split-Interest Gifts)

“Irrevocable” means that the gift is for all practical purposes legally complete.

The term “split-interest gifts” applies to a variety of irrevocable arrangements under which both the donor (or other beneficiary) and the charity have a vested interest. They include:

- Life Income Gifts (i.e., Charitable Remainder Trusts, Charitable Gift Annuities, etc.)
- Remainder Interest in a House or Farm (a.k.a. “Retained Life Estate”)
- Charitable Lead Trusts.

Life Income Gifts

Charitable Remainder Trusts (CRT)

The donor’s initial contact may be either with the Director of Planned Giving or Development Officer. The Development Officer should consult with the Director of Planned Giving as soon as possible, and vice versa. The Director of Planned Giving (and Development Officer, depending on the circumstances) will meet with the donor to discuss trust options and tax benefits. The Director of Planned Giving will send a written proposal letter to summarize all conversations with the donor. Donors shall be advised to discuss the information provided by the Director of Planned Giving with their own advisors. If it is anticipated that the University Foundation will be trustee of the trust, the Director of Planned Giving will furnish the donor with an up-to-date copy of the Disclosure Statement.

In developing gift proposals, the Director of Planned Giving shall use the following as guidelines:

- The minimum age for beneficiaries should be 55;
- The minimum amount funding the trust should be \$150,000 (although exceptions may be made in the case of unitrusts);
- In general, the payout rate for donors in their 50s should be 5%, donors in their 60s, 6%, etc.
- The University must be named irrevocable beneficiary of at least 51% of the trust’s remainder. Other charities may be named as beneficiary for the remaining 49%.

Depending upon the circumstances, exceptions to these guidelines may be made by the Director of Planned Giving, in consultation with the Associate Vice President – Development and the Vice President – Office of University Advancement.

The Director of Planned Giving will review the potential trust with the following persons:

- Vice President for University Advancement
- Associate Vice President – Development, and
- The investment advisor currently providing service to the Foundation.

At this juncture, an initial decision will be made whether to proceed with discussions with the donor about the University serving as trustee of the trust.

The Director of Planned Giving will coordinate any pre-gift review, such as an appraisal, environmental assessment, etc., and will make arrangements to review a draft of the trust document prepared by the donor’s attorney. Legal costs paid by the Advancement Office may be reimbursed when the trust matures.

Persons authorized to sign the trust document and accept assets on behalf of the University Foundation include any two of the following:

- Vice President for University Advancement
- Associate Vice President for Development
- University Foundation Chair

Liquid assets will be sold as soon as possible after the date of gift. Mid Atlantic Corporation will manage the trust's investment, send periodic distribution checks to donors as specified in the trust document, prepare year-end tax documents, and provide monthly reports to the Director of Planned Giving. Fees for the investment advisor's services and out-of-pocket expenses will be paid by the trust. The investment advisor has discretionary authority to make changes to the trust's investments, but the Director of Planned Giving will monitor such changes and ask for explanations as appropriate. At least once per year, the investment advisor will make a presentation to the University Foundation Board about the trusts' investments.

The Planned Giving Associate will prepare the GAF. For purposes of the University's fundraising goal, the trust assets count at face value. They are reported to CAE at both face and remainder values.

The corpus of the CRT will be carried on the University Foundation's books as a restricted asset.

The Development Operations Unit will draft the specification sheet delineating the ultimate use of the funds. A copy of the draft spec sheet should be kept on file with a copy of the trust in the Planned Giving Office; the originals of these documents should be kept in the vault in Development.

The donor is invited to join the Legacy Circle and the University will continue to cultivate the donor, placing on all appropriate mailing and invitation lists. Upon learning of the death of an income beneficiary, the Development Officer should immediately notify the Director of Planned Giving. At the death of the last income beneficiary, the assets in the trust will be distributed to the University Foundation (and any other remainder beneficiaries) for use as specified by donor.

Charitable Gift Annuity (CGA)

Charitable gift annuities are a form of life income gift that make fixed payments to donors for life in exchange for a gift of cash or securities. Sacramento State offers gift annuities through a program established by the California State University (CSU) Foundation on behalf of all CSU campuses. As such, gift annuities created by donors to Sacramento State are governed by the policies and procedures of the CSU Foundation.

In offering gift annuities, the CSU Foundation follows payment rates recommended by the American Council on Gift Annuities or a lesser rate negotiated when the annuity agreement is signed. Once fixed, the annuity will never change. The rates are actuarially determined with the goal of having approximately half the gift asset remaining after the lifetime payments to the donor.

In developing gift proposals, the Director of Planned Giving shall use the following as guidelines:

- The minimum age for beneficiaries should be 55 at the time income payments begin, although the CSU Foundation will consider exceptions;
- The minimum amount funding the CGA should be \$5,000; and
- Ordinarily, gift annuities may be funded only with cash or publicly traded securities; in rare cases, gifts of real or personal property may be used to fund the annuity (subject to CSU Foundation policy).

Although gift annuity rates are set with the goal of having approximately half of the assets remaining at the end of the donor's life, gift annuities *are* a legal obligation of the issuing charity (i.e., the CSU Foundation), which must make payments from its general funds if the annuity reserves are exhausted. This can happen either because a donor lives well beyond average life expectancy or because investments perform below expectations. Because it bears this risk on behalf of all campuses, and because it bears the cost of administering the gifts, the CSU Foundation will receive at maturity up to 5% of the remaining corpus value (i.e., the balance of the annuity reserve accounts). The fee is slightly reduced for gifts that are \$100,000 and above, to reflect an economy of scale. The CSU Foundation reserves the right to stop or delay temporarily accepting new gift annuity agreements due to unfavorable changes in the investment market; if so, it will notify campuses in a timely manner.

The CSU Foundation is the office of record for the original copy of the annuity agreement, with copies maintained in files in the office of Planned Giving. The Planned Giving Associate will be responsible for the GAF, while the Development Operations Unit will be responsible for the specification sheet. As with CRTs, the full value of the donated assets counts toward the CSU-Trustees' fundraising mandate. Unlike CRTs, CGAs are not carried as an asset on the University Foundation's books.

The donor will be invited to join the Legacy Circle, and the University will continue to cultivate the donor, placing on all appropriate mailing and invitation lists.

Pooled Income Funds (PIF)

Pooled Income Funds are a kind of collective trust operated by or on behalf of a charity for its own donors. PIFs are usually composed of the gifts of many donors, whose gifts typically are too small for an individual CRT. At the present time, Sacramento State does not offer a PIF, nor will establishing one be a priority for the foreseeable future.

Remainder Interest in a House or Farm

Donors may give a remainder interest in their personal residence or farm, while keeping the right to live there for the rest of their lives (aka a "retained life estate"). Before accepting the gift, the University will conduct the same environmental assessment, etc., that it would for any other gift of real property (*see Real Estate*). There must be no mortgage debt or other lien on the property. The donor will continue to be responsible for property taxes insurance, and maintenance of the house. The Director of Planned Giving, Development Officer, or other representative will visit the donor at least once per year to be certain that the property is being properly maintained and to continue cultivating and stewarding the donor. The University does not require a minimum age for a gift of a remainder interest.

University Foundation Counsel will be responsible for preparing the deed to complete the gift. Legal costs and other expenses paid by the Development Office may be reimbursed when the gift matures.

Persons authorized to accept the gift on behalf of the University Foundation include any two of the following:

- Vice President for University Advancement
- Associate Vice President for Development
- University Foundation Chair

The donor will be invited to join the Legacy Circle, and the University will continue to cultivate the donor, placing on all appropriate mailing and invitation lists. At the death of the donor, the house will pass to the University Foundation by operation of law.

The Development Operations Director will prepare the specification sheet delineating the ultimate use of the funds. A copy of the spec sheet should be kept on file with a copy of the gift deed in the Planned Giving Office; the originals of these documents should be kept in the vault in Development.

The Planned Giving Associate will prepare the GAF. For purposes of the University's fundraising goal, the trust assets count at face value. They are reported to CAE at both face and remainder values.

Charitable Lead Trust (CLT)

Charitable lead trusts pay an income to a charity for a set period of time, after which the asset reverts either to the donor or to beneficiaries named by the donor. Charitable lead trusts are primarily used for reducing the size of a taxable estate.

Charitable lead trusts (unlike remainder trusts) are not exempt from income taxes: the trust must pay income taxes on any revenue that is not distributed to charity in the same year that it is earned. Because it is taxed as a so-called "complex trust," greater care must be given whenever investments are sold or purchased. For this reason, the donor shall be responsible for hiring appropriate counsel for the trustee, investment advisor, and tax return preparer for their charitable lead trusts. The University Foundation will not ordinarily serve as trustee for charitable lead trusts. However, exceptions may be considered on a case-by-case basis. The following guidelines apply for any CLT of which the University Foundation is considering serving as trustee:

- The maximum term of years (or life expectancy for donor) will be seven years.
- The trust may be funded with cash or a diversified portfolio of securities; the University Foundation will not serve as trustee of a trust funded with a single asset.
- Expenses generated by the trust will be borne by the trust.
- The minimum initial corpus will be \$250,000.

The income to the University Foundation from the lead trust will be reported each year as it is received. GAFs will be prepared for each payment by the Planned Giving Associate. The Development Operations Unit will prepare the specification sheets.

The donor will be invited to join the Legacy Circle, and the University will continue to cultivate the donor, placing on all appropriate mailing and invitation lists.

Pertinent CSU Policy:

CSU Foundation: Charitable Gift Annuity Program, http://www.calstate.edu/Foundation/Gift_Annuity/

PART 4 - COUNTABLE GRANTS

Grants are funding agreements with specific terms and conditions. Grant monies are generally deposited into University Enterprises, Inc. (UEI) and administered by the office of Research Administration and Contract Administration (RACA), depending on the complexity of the grant agreement. Contact the office of Research and Sponsored Projects for policies and procedures on contracts and grants.

Private-source grants that meet the guidelines in *CASE Management Reporting Standards* for countable grants may also be recorded in Advance and reported in private support totals. For such grants, the Development Officer should prepare a Gift Acceptance Form (GAF) and attach the Cash Deposit Form that is proof of deposit from UEI, along with a copy of the grant letter and proposal. The UEI account number from the Cash Deposit Form must be indicated on the GAF. After specifying the name of the project under “Allocation,” you may also request that Advance track your College by indicating “Allocation School,” e.g., “Allocation: Survey Rosette Molecular Cloud/Allocation School: NSM.” *(This documentation may be obtained from the Grant and Contract Specialist in the RACA who is assigned to the particular unit.)*

Grant packets should be submitted to Gift Processing for recording on Advance. Receipt letters are not automatically generated for grants that are deposited into UEI.

Occasionally, the Development Officer or receiving department may, in conjunction with the office of Research and Sponsored Projects, determine that an award described by the donor as a “grant” is in fact a gift. Frequently, these types of awards are made by family or private foundations and may involve only general reports on the use of the funds. In such cases, the awards may be processed as gifts through the University Foundation and receipted as any other gift.

PART 5 - DONOR BENEFITS AND FUNDRAISING EVENTS

A fundraising event is defined as an event 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. Fundraising events with anticipated gross receipts greater than \$5,000 must be approved before the event by the Vice President for Advancement. Approval is obtained through submission of a *Fundraising Event Approval Form*. Following the event, the *Fundraising Event Data Collection Form* must be completed. Both forms are found at: <http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>. Note that this does not apply to student social clubs, fraternities or sororities raising funds for their own benefit.

Budget

Fundraising events with anticipated gross receipts greater than \$5,000 must provide a sufficiently detailed budget, according to IRS requirements:

1. Gift income
2. Non-gift income
3. Cash prize expenditures
4. Non-cash prize expenditures
5. Rent or lease of property or facility expenditures
6. Food and beverage expenditures (including service fees and taxes for catering)
7. Entertainment expenditures (including expenses for labor and wages)
8. Other direct expenditures (including labor and wages for fundraising event workers or paid independent contractors)

Strategically planned and well-executed development events can be enormously effective for donor cultivation and stewardship purposes. However, fundraising events are also extremely time-consuming and staff-intensive and rarely net significant gift amounts for the University. It is essential to involve the Development Office early on in the planning process for events to ensure that all components conform to University and IRS policies, and that the events themselves are consistent with academic priorities.

The use of a commercial fundraiser or fundraising counsel must comply with California law and reporting requirements of the California Attorney General. Commercial fundraisers and fundraising counsel must be registered with the California Attorney General and the contract must be executed before the commencement of services.

Cash and cash equivalent handling must be collected and documented in a timely, controlled and cost-effective manner. In circumstances where it is not practical (e.g. event parking) to process a receipt, other mitigating controls must be implemented, such as ticket count reconciliations against cash collected.

Pertinent CSU policy:

Fundraising – events, 15701.00, <http://www.calstate.edu/icsuam/sections/15000/index.shtml>

Gifts with Benefits

Some development programs have traditionally offered benefits to donors as an incentive to participate or in appreciation for their gifts or service. Benefits may be part of membership drives or special “fundraising” events. As a rule, benefits, if offered at all, should be minimal in order to provide donors with the greatest tax advantage for their gifts. Events that do not provide a charitable tax deduction component for the participant are not fundraising events.

Quid Pro Quo Gifts

Contributions for which donors receive benefits in return for their gifts (*quid pro quo*) may require special handling. Generally such gifts result from special fundraising events, but they may also be associated with donor memberships at certain giving levels.

Benefits may be deemed substantial or insubstantial (token). In 2010, an insubstantial benefit is defined as having a value of the lesser of 2% of the gift or \$96, or if the gift is a token item such as a key chain with the organization’s logo and costing less than \$9.60 for donations of \$4,800 or more. If the benefit meets these “safe harbor” rules, the full amount of the donation may be processed as a gift. Premium guidelines are adjusted annually, so Development Officers should confirm current figures each year.

Donors receiving a substantial benefit for their gifts may deduct only the portion that exceeds the fair market value (FMV) of the benefit. For example, alumni contribute \$50 per person to attend an awards dinner hosted by their College. The fair market value of the dinner is \$25 (what a comparable dinner in a restaurant would cost), which is greater than 2% of the donation and is therefore considered a substantial benefit. The donors may claim only \$25—the amount that exceeds the value of the dinner—as a tax-deductible donation, and the payment would be processed as part income (revenue) and part gift to the College. The donor must be informed that the amount of the contribution that is deductible is limited to the excess contributed over the good faith estimate of fair market value of goods or services provided, both in the event invitation and in the receipt. Note: even donated benefits (such as a dinner) have a fair market value. The cost to the College is not the determining factor in estimating FMV. Additionally, sales tax must be collected based on the ticket price for the meal but is generally included in the ticket price. The campus entity that serves the meals is responsible for reporting the taxable sales and paying the tax due. See IRS Publication 1771, *Charitable Contributions – Substantiation and Disclosure Requirements*, <http://www.irs.gov/pub/irs-pdf/p1771.pdf>.

A deduction for the total payment is allowable if the donor properly rejects the benefit. Refusal must be in writing (by letter or “check the box” on a remittance form). If a donor merely opts not to attend an event or take advantage of a benefit, he or she is not entitled to a deduction for the full amount of the payment.

Athletics

The Internal Revenue Code provides that 20% of the amount given in consideration of the right to purchase athletics tickets is non-deductible. Again, donors must explicitly decline the privilege of purchasing tickets in order to claim a deduction for the full amount of the donation.

Sponsorships

Event “sponsorships” that do not involve formal contractual agreements may be processed as income only, part gift/part income, or gift only, depending on whether the donor receives a benefit back. Formal sponsorships must be processed through the Sacramento State Procurement and Business Contracts office and are not considered gifts.

Revenue/Income Only

If there is no gift portion in the funds received (e.g., tickets to an event, raffle tickets), no GAF is necessary. Departments should batch and immediately deposit any cash and checks collected with the Student Financial Services Center (SFSC) for University Trust accounts or with the UEI Business Office

for University Foundation accounts. Cash deposits to University Foundation accounts require a *Cash Transmittal Form* (available at <http://www.enterprises.csus.edu/business-services/about-the-university-foundation-at-sacramento-state/managing-your-university-foundation-account/>). Departments should retain copies of receipts as well as records on number of tickets sold, total amount received in cash, and total amount in checks.

Part Gift/Part Income

A GAF is required for funds where there is a donation portion, though departments may combine smaller gifts on one GAF with an attached list of donors, addresses, Advance IDs (if known), and donation amounts. If attaching a list, indicate for each donor the gift portion and the income portion.

Donors must be notified in advance that only a portion of their gift may be tax-deductible. It may not be possible to calculate the FMV of an event until final costs are totaled. However, if known at the time of invitation, the FMV of the benefit should be noted on the invitation, and it should always be noted in the acknowledgment after the event. The receipt generated from Advance will indicate the value of the goods and services received and the tax-deductible portion of the donation.

Departments should notify the Development Office – Advancement Services department during the planning stages of an event of the different levels of gift/revenue that will be used. For example, departments should forward a copy of the invitation so that the receipts to be generated can be correctly set up ahead of the event and gift processing will not be delayed.

Auctions

Auctions

There are many steps involved in conducting a fundraising auction. The Director of Advancement Services can provide guidance to departments, and should be contacted early on to clarify processing procedures, review proposed event materials, etc.

Departments should identify as soon as possible the account to which gifts and revenue resulting from the event will be receipted. If a new account is to be established, the department should work with the Director of Advancement Services so that the Account Specifications Sheet can be completed prior to the event. All proceeds, whether gift or revenue, should be identified as auction proceeds for tracking purposes. Departments generally work with Student Financial Services Center (SFSC) on University Trust accounts or with the UEI Business Office on University Foundation accounts for processing straight revenue (e.g., ticket sales), and with the Development Office Gift Processing unit on processing proceeds that combine revenue and gifts. To facilitate reconciliation of event results, departments should keep records of the totals forwarded to each processing unit. If departments wish to accept payment by credit card as well as by check, there are additional fees for that service, and arrangements must be made with SFSC and/or the Development Office Gift Processing unit ahead of time. In an auction, the following four types of receipts can occur:

1. Donated items for the auction

Gifts-in-kind: The department is responsible for providing a completed *Deed of Gift* form (<http://www.csus.edu/giving/about-us/Campus%20Support%20Forms.html>) or obtaining other written documentation from the donor indicating the donation of item(s) to ***The University Foundation at Sacramento State**** and stating the estimated fair market value of each item or groups of items donated.

For items valued at less than \$5,000, the University can accept the donor's estimate. For all gifts-in-kind having a value exceeding \$5,000, the department is responsible for informing the donor of the related IRS requirements. Note that an appraisal and/or Form 8283 is not required for gift acceptance to occur; however, donors should be advised that the gift record must match any

appraised value if the University is to sign the Form 8283 to be filed with the donor's tax return. In the event a donor does provide an appraisal and/or a Form 8283, the Development Office will ensure that an authorized individual will sign the Form 8283 and return it to the donor.

Submit to the Development Office Gift Processing Unit the completed gift packet, which includes:

- completed Gift Acceptance Form (GAF);
- Deed of Gift/donor correspondence;
- IRS Form 8283 (if provided by the donor);

**** Please note that while gifts-in-kind are generally accepted through the University and are inventoried as property of the State, gifts-in-kind donated with the intention that they will be sold as part of a fundraising event are accepted through The University Foundation. The determination of whether the donor is entitled to claim a fair market value charitable deduction for a donation of property may depend on if it is considered related or unrelated use (unrelated to the charity's exempt purposes or function). Please have the donor consult their tax advisor.***

Also note that gifts of service (e.g., guest rooms or spa treatments donated by a resort hotel), donated labor, or professional services are intangibles and not allowable as tax-deductible gifts. GAFs are not completed for gifts of service.

2. Sponsorships

"Sponsorships" connected with fundraising events generally do not involve formal, contractual agreements, but may be processed as gifts or part gift/part income. If a sponsor receives a substantial benefit, then the department must reduce the amount of the gift by the estimated fair market value of the benefit received by the donor. For example, if a business gives \$150 and is simply noted in the event program as a sponsor, the full \$150 could be considered a gift.

However, if the business gives \$150 in consideration of placing a full-page ad (that sells for \$150) in the program, the sponsorship would not be considered a gift. Only an amount given in excess of the price of the ad could be considered a gift. (See *Gifts with Benefits* above.)

3. Ticket sales

Typically, tickets sold to attend an auction are not tax-deductible, as the benefit to the donor (admittance) roughly approximates the ticket price. Proceeds from ticket sales should be processed as revenue, as described earlier in this section.

4. Auction Items Purchased

Prior to the commencement of bidding, event organizers must publish or provide to attendees a list of items to be auctioned and their estimated fair market value. If an item is sold at auction that does not appear in this list, the purchase price will be considered the fair market value and will generally not be eligible for gift credit.

All items sold must have a sales receipt prepared. California sales tax must be added to the purchase price, and donors should be advised that the sales tax is not tax-deductible. If an item is purchased for an amount that equals or is less than the value of the item, the amount should be processed as revenue. If an item is purchased for a price in excess of the published fair market value (FMV), the amount that exceeds the FMV may be processed as a gift. Please consult with the Gift Processing unit for help in completing Gift Acceptance Form (GAF).

Gaming Activities

Raffles

Development Officers and others involved in special events fundraising should exercise special caution with regard to drawings for prizes. In general, raffles may be held as part of a larger fundraising event or other type of event for which participants pay a fee to attend, the unit sponsoring the raffle must register with the State Attorney General's Registry of Charitable Trusts for approval prior to conducting a raffle and annually report back. Campus departments should be advised that registration and reporting requirements for this type of raffle may be onerous, for example, 90% of raffle revenue must be used for charitable purposes or programs.

A raffle is only exempt from registration if: there is a general and indiscriminate distribution of the tickets; and the tickets are offered on the same terms and conditions as the tickets for which a payment is given; and the scheme doesn't require any of the participants to pay for a chance to win.

Raffles are similar to auctions but involve only two types of processing:

1. Donated items for the raffle. Follow procedures above under **Donated Items for the Auction**.
2. Tickets. Purchasers are buying chances for raffle items, and proceeds do not qualify as gifts. Revenue from ticket sales should be processed as income only.

Controlled Games

Casino nights, poker nights and other fundraising events conducted by the University or auxiliary organizations for charitable purposes are allowable as long as suppliers of equipment and/or services for such fundraising events submit an annual registration form to the Bureau of Gambling Control (contact local police or sheriff's departments for local reporting requirements).

A nonprofit organization may only hold one such fundraising event per year and it may not exceed five hours. Only individuals over 21 years of age may participate. There are additional rules that cash prizes may not be awarded, a maximum (currently \$5,000) total cash value of prizes awarded, and that detailed records must be maintained. At least 90% of the gross revenue collected must go directly to the organization, and no more than 10% of gross revenue may be used to compensate individuals or entities that conduct the event.

If a department or auxiliary wish to conduct such an event, campus approval is obtained through submission of a *Request for Approval for Fundraising Event* form:

(<http://www.csus.edu/giving/docs/FundraisingEventApprovalForm.docx>).

Bingo

Bingo games for charitable purposes by the University or auxiliary organizations are allowable provided the proceeds are used only for charitable purposes; the games are conducted by volunteer members of the organization; no salaries are paid with bingo proceeds; there is no commingling of bingo money with any other funds; and, the organization holds a valid license issued by the city or county in which the bingo is played (contact local police or sheriff's departments for reporting requirements).

Pertinent Guidelines:

- IRS Publication 561, Determining the Value of Donated Property, <http://www.irs.gov/pub/irs-pdf/p561.pdf>.
- IRS Publication 1771, Charitable Contributions – Substantiation and Disclosure Requirements, <http://www.irs.gov/pub/irs-pdf/p1771.pdf>.
- Penal Code § 320.5 Charitable Raffles (including subdivision (m)). See also <http://caag.state.ca.us/charities/statutes/pc320.pdf>
- California Business and Professions Code 19985-19987 pertains to controlled games such as casino nights, poker nights, etc.

PART 6 – DATA ADMINISTRATION

Central advancement data is managed on Advance. It is the collective responsibility of all staff engaged in Sacramento State advancement efforts to maintain accurate and timely information on alumni, friends, donors, accounts, and gifts to the University. Please refer to the Sacramento State Advance Manuals for detailed information on the database. The procedures in this section provide general guidelines for the maintenance of donor, gift, and account data.

Establishing and Revising Accounts/Allocations

Establishing New Accounts

New accounts (or allocations, as they are referred to in Advance) are established in the The University Foundation at Sacramento State when gifts are solicited or received for new purposes. Minimum gift amounts may apply in the establishment of new accounts; for example, a minimum commitment of \$10,000.00 is required to establish an endowment. *See also the **Development Policy manual**.*

The Gift Agreement with the donor is the basis for the criteria used to complete the *Accounting Specifications Sheet*. Detail must be provided as to type of fund (endowment or expenditure) and restrictions to ensure that gift monies are designated and expended in accordance with donor intent, generally memorialized in a Gift Agreement with the donor. To establish a new account, contact the Development Office (Scholarship accounts – contact the Stewardship Coordinator; non-scholarship account – contact the Director of Advancement Services and Operations.

- Once Account Specifications have been drafted, an account number will be assigned and the account set up in the relevant financial and donor systems.
At this point, gift monies may be deposited directly into the account and will start to accrue interest. Monies may be deposited prior to this point but will be held in a temporary holding account and will not earn interest.
- After all required signatures have been obtained on the Specifications Sheets, expenditures may be made from the account.
- The Development Office will retain original specifications for University Foundation accounts, and University Accounting Services will retain original specifications for University Trust accounts. The benefitting department (and the Scholarship Office, if appropriate) will receive copies of the specifications.
- Special note for non-endowed scholarships –Sacramento State will endeavor to award and distribute scholarship funds as described in the Gift Agreement, within the next scholarship cycle after funds are received, or as soon as possible thereafter. Scholarship recipients are occasionally selected, but may become ineligible based on their enrollment status. In these cases, a backup recipient will be awarded, if available, or the funds will be used for the next scholarship cycle. This will be noted in the Gift Agreement and *Accounting Specification Sheet*.

Scholarships may be awarded once the Scholarship Office receives a copy of the signed specifications.

Revisions to Existing Accounts

In general, it is best to set up accounts with specifications that allow the broadest possible use

and flexibility. Accounts with many restrictions may be difficult to administer or expend. However, there are occasions when it is appropriate or necessary to modify account terms and specifications.

The specifications for existing accounts may be revised when:

- *Restrictions on the original account were placed by the University rather than the donor.*
- *The donor has requested or agreed to a change in the use of the gift or account.*

➤ For audit purposes, the department requesting the revision must provide and maintain documentation supporting the revision, such as a letter from the donor, a written contact report from the Development Officer, etc.

Note: Changes to funds supported by an endowment require special handling if the donor who has placed restrictions on the use of a gift is no longer available to approve the change. The University Foundation at Sacramento State and the University Trust must follow the principles of the Uniform Management of Institutional Funds Act (UPMIFA) in its management of endowment funds.

To make revisions to an account, contact the Development Office (Scholarship accounts – contact the Stewardship Coordinator; non-scholarship account – contact the Director of Advancement Services and Operations.

Reconciliation of Gift Information

Fundraising units receive a weekly report of all gifts entered on Advance to accounts under their purview. It is the responsibility of the unit to verify:

- that all gifts submitted for processing have been entered on Advance
- the accuracy of data for each gift (donor, soft credit donor, amount, allocation, etc.)

All changes or corrections to gift data should be submitted to the Development Office – Gift Processing. The Financial Gift Steward will provide the information to the Advancement Services for issuance of a revised receipt, if one is needed based on any corrections to the gift record.

Adjustments to Gift and Donor Records

Adjustments (including corrections, changes, and updates) to donor and gift records are handled in one of two ways:

1. Adjustments that involve gift processing should be forwarded to the Development Office – Financial Gift Steward.

Examples: Addition of soft credit to donor.

Change in pledge schedule or amount requested by donor and accompanied by pledge payment.

2. Adjustments that do not involve gift processing should be forwarded to the Advancement Services Associate.

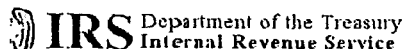
Examples: Letter from a donor canceling her pledge and no payment.

Notification of change of address, marital status, name, etc.

“Do Not Solicit” request.

Requests for adjustments should include as much information as possible, including donor or alumni correspondence, Advance Entity ID, pledge number, etc.

APPENDIX



OGDEN UT 84201-0046

In reply refer to: 0424156105
Sep. 07, 2006 LTR 252C E0
94-3001359 000000 00 000
03829
BODC: TE

UNIVERSITY FOUNDATION AT SACRAMENTO
STATE
6000 J STREET
SACRAMENTO CA 95819-2605005

Taxpayer Identification Number: 94-3001359

Dear Taxpayer:

Thank you for the inquiry dated July 28, 2006.

We have changed the name on your account as requested. The number shown above is valid for use on all tax documents.

If you have any questions, please call us toll free at 1-877-829-5500.

If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Also, you may want to keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Sincerely yours,

Marilyn Jordan

Marilyn Jordan
Dept. Manager, Code & Edit/Entity 3

Enclosure(s):
Copy of this letter

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
P O BOX 2350 ROOM 5127 ATTN: E.O.
LOS ANGELES, CA 900532350

DEPARTMENT OF THE TREASURY

Date: NOV. 26, 1990

CALIFORNIA STATE UNIVERSITY
SACRAMENTO TRUST FOUNDATION
6000 J STREET
SACRAMENTO, CA 958192694

Employer Identification Number:
94-3001359
Case Number:
950298036
Contact Person:
CAROL MOCHIZUKI
Contact Telephone Number:
(213) 894-4763

Our Letter Dated:
Dec. 4, 1987
Addendum Applies:
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization which is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social Security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

You are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. For guidance in determining whether your gross receipts are "normally" more than \$25,000, see the instructions for Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is

Letter 1050(CG)

CALIFORNIA STATE UNIVERSITY

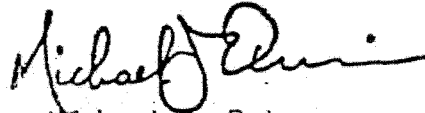
complete before you file it.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Michael J. Quinn". The signature is fluid and cursive, with a large initial "M" and a stylized "Q".

Michael J. Quinn
District Director