



Policy No.	14004
Effective Date	Jan. 2005
Revision Date	March 2008
Revision No.	1
Approved:	John J. "Ski" Sygielski
Date:	April 2008

## **Educational Foundation – Gift-in-kind Policy**

### **1.0 Purpose**

The purpose of this policy is to ensure that only items that are useful to Lord Fairfax Community College (LFCC) are accepted by the College and that the items are used as the donor intended. This policy will specify how to accept and decline a gift-in-kind. It will provide guidance on how the gift-in-kind is to be reported, tracked, discarded and/or sold at the end of its useful life to the College.

All cash donations and specified gift-in-kind donations to LFCC and/or the LFCC Educational Foundation Inc. should be directed to the vice president of college advancement.

### **2.0 Revision History**

This policy has been in effect since 2005. The policy was revised in March 2008.

### **3.0 Applicability**

This policy applies to all LFCC employees.

### **4.0 Policy**

A gift-in-kind donation that the donor values at \$1,000 and under may be accepted by a unit with no prior evaluation or approval by the vice president of college advancement. A gift-in-kind donation that the donor values over \$1,000 may not be accepted without approval by the vice president of college advancement.

#### **Reporting and Tracking Gift-in-kind**

The gift-in-kind will be physically received and maintained in the unit that may use the item. The ownership of all gift-in-kind donations will be transferred from the LFCC Educational Foundation to the College upon receipt. The gift-in-kind will be reported and tracked appropriately through the College's financial statements and asset reporting system.

### Discarding, Donating and Selling Gift-in-kind

If a gift-in-kind no longer meets a specific or requested need and does not support the LFCC strategic plan in subsequent years, the item may be discarded, donated or sold. The vice president of college advancement should be contacted before any gift-in-kind is discarded, donated or sold. If possible, the donor should be contacted regarding the disposal, donation or sale of a gift-in-kind, and approval from the donor should be received in writing. Any proceeds should be placed in a fund specified by the donor; otherwise, the proceeds will be deposited into the Foundation's unrestricted fund. Special attention should be given to assets over \$1,000, since specific tax reports and notice to the donor may be necessary before items can be discarded, donated or sold.

### Transfer of Gifts and Equipment from Foundation to College

Gifts-in-kind made to the Foundation and equipment purchased with Foundation funds or grant funds administered by the Foundation will be transferred to the College immediately upon receipt and placed on the College inventory according to state policy. Specifically, only the gifts and equipment that are used by the College and not used by the Foundation will be transferred to the College. Ownership will revert back to the Foundation when the College no longer has a need for the asset. When items owned and/or funded by the Foundation are sold and are not specifically designated by a donor, the proceeds from the sales will be deposited into the Foundation's unrestricted fund.

### Charitable Value of Gift-in-Kind

The Foundation cannot establish monetary value for gifts-in-kind, per the IRS. The donor, if a value is needed for income tax purposes, must provide in writing the commercial value of the object(s) given.

## **5.0 Definitions**

- Gift-in-kind are defined as donated tangible assets and property such as equipment, art, books, equipment, automobiles and other physical assets or materials which represent value.
- Out-of-pocket expenses are defined as payments made by a donor to a vendor for material or services. This includes expenses that are not reimbursed and that are paid by a person while volunteering. For example, the expenses incurred by a donor sponsoring a dinner party to promote LFCC comprise such a gift. These gifts must be documented with written and official receipts.
- Services include professional or personal services or time, which are freely given and which easily can be valued by their usual market cost. Gifts of services may be recognized by the organization but are generally not

- recognized by the IRS as being tax deductible. Examples of gifts of services are the donation of broadcast time by a radio station or legal services by an attorney.
- Limited use of private property is the right to rent-free use of a home, office, piece of equipment or commercial property owned by a donor for a specific event for a specified period of time. Such gifts are only occasionally recognized by the Foundation but are generally not recognized by the IRS as being tax deductible. Examples include the rent-free use of office space or the rent-free use of a vacation home to host an event.
  - When someone offers a donative sale of art objects, books, equipment, etc., for use, the offer must be referred to the Office of College Advancement for legal counsel on the transaction.

## **6.0 Responsibilities**

All employees and volunteers are expected to fully comply with the gift-in-kind policy.

## **7.0 Procedures**

*The following steps should be followed for donations of \$1,000 and under*

1. The person (thereafter called donor liaison) who is approached should determine if the donation meets a specific or requested need and clearly supports the LFCC strategic plan. The following should be considered:
  - a) The cost of maintenance, cataloging, delivery, insurance, display and any space requirements for exhibiting or storage.
  - b) Gift-in-kind must be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.
  - c) All gifts of real estate or unusual items of questionable value must be presented to and approved by the College Board prior to acceptance.
  - d) The donor liaison should contact other College units who will need to be involved to make them aware of the gift-in-kind (for example, the buildings and grounds team would need to be contacted if maintenance or storage is an issue).
  - e) The advantages of accepting the gift should significantly outweigh the disadvantages.
  - f) A gift-in-kind that will not benefit or cannot be used by the College should be declined.
  - g) Arrangements will be made during preliminary discussions or correspondence about delivery of gift-in-kind directly to the Foundation. Arrangements also include agreement with the donor regarding costs of packing, freight charges, etc., which are usually the responsibility of the donor.

2. To decline the gift:

- a) The donor liaison will inform the donor, provide an appropriate explanation and thank him or her for thinking of the College.
- b) Depending upon the sensitivity of the situation, this contact may need to be handled by the donor liaison's supervisor, cabinet representative and/or College president when appropriate.

3. To accept the gift:

- a) The donor liaison will inform the donor and provide the donor with a printed or electronic copy of the Non-Monetary Gift Donation Form (available on the LFCC Intranet). The donor should complete and return the form to the vice president of college advancement.
  - (1) The donor must complete and return a Non-Monetary Gift Donation Form to the Foundation to receive written acknowledgement of the gift.
  - (2) If the form is not received, then no acknowledgement will be provided by the Foundation.
- b) The donor liaison will arrange for the gift to be transported to the College, if necessary.
- c) The donor liaison will notify the vice president of college advancement once the gift is received.
- d) After the completed Non-Monetary Gift Donation Form and gift-in-kind have been received, the Foundation will record the gift in its donor database and acknowledge the gift with a thank-you letter to the donor.
  - (1) The date of the gift-in-kind is the date the item is received by the College.
  - (2) The gift-in-kind acknowledgement reflects the valuation provided by the donor.

*The following steps should be followed for donations over \$1,000*

1. The person (thereafter called donor liaison) who is approached should inform the vice president of college advancement and copy his or her cabinet member via e-mail with the following:
- a) donor's name
  - b) gift to be donated and its purpose
  - c) gift's usefulness if accepted by the College
  - d) how it will be transported to the College
  - e) recommendation if the gift should be accepted or declined

2. The vice president of college advancement will determine if it meets a specific or requested need and clearly supports the LFCC strategic plan. The following should be considered:
  - a) The cost of maintenance, cataloging, delivery, insurance, display and any space requirements for exhibiting or storage.
  - b) Gift-in-kind must be reviewed with special care to ensure that acceptance will not involve financial commitments in excess of budgeted items or other obligations disproportionate to the usefulness of the gift.
  - c) All gifts of real estate or unusual items of questionable value must be presented to and approved by the College Board prior to acceptance.
  - d) The donor liaison should contact other College units who will need to be involved to make them aware of the gift-in-kind (for example, the buildings and grounds team would need to be contacted if maintenance or storage is an issue).
  - e) The advantages of accepting the gift should significantly outweigh the disadvantages.
  - f) A gift-in-kind that will not benefit or can not be used by the College should be declined.
  - g) Arrangements will be made during preliminary discussions or correspondence about delivery of gift-in-kind directly to the Foundation. Arrangements also include agreement with the donor regarding costs of packing, freight charges, etc., which are usually the responsibility of the donor.
3. The vice president of college advancement will review the information and inform the donor liaison via e-mail if the gift-in-kind is accepted or declined.
4. To decline the gift:
  - a) The donor liaison will inform the donor, provide an appropriate explanation and thank him or her for thinking of the College.
  - b) Depending upon the sensitivity of the situation, this contact may need to be handled by the donor liaison's supervisor, cabinet representative and/or College president when appropriate.
5. To accept the gift:
  - a) The donor liaison will inform the donor and provide the donor with a printed or electronic copy of the Non-Monetary Gift Donation Form (available on the LFCC Intranet). The donor should complete and return the form to the vice president of college advancement
    - (1) The donor must complete and return a Non-Monetary Gift Donation Form to the Foundation to receive written acknowledgement of the gift.

- (2) If the form is not received, then no acknowledgement will be provided by the Foundation.
- b) The donor liaison will arrange for the gift to be transported to the College, if necessary.
- c) The donor liaison will notify the vice president of college advancement once the gift is received.
- d) After the completed Non-Monetary Gift Donation Form and gift-in-kind have been received, the Foundation will record the gift in its donor database and acknowledge the gift with a thank-you letter to the donor.
  - (1) The date of the gift-in-kind is the date the item is received by the College.
  - (2) The gift-in-kind acknowledgement reflects the valuation provided by the donor.

## **8.0 Sanctions**

Employees who fail to comply with the terms of this policy will be subject to disciplinary action.

## **9.0 Interpretation**

Authority for interpretation of this policy rests with the vice president of college advancement.

## **10.0 Authority/Reference**

This policy was based, in part, on the "Acceptance of Gifts, Grants, and Contracts" policy from Virginia Community College System.

Per the governance policy, Foundation policies are not part of the governance model for policy formation.

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President