

GIFTS OF PROPERTY AND EQUIPMENT

1. The Executive Director/designee or the Chief Financial Officer of the college foundation or District Office, respectively, are authorized to accept gifts that have value to a District program in accordance with Board Policy 1007 and Administrative Procedure 1007.01.
2. Gifts of \$5,000 or greater are subject to Federal reporting requirements effective January 1, 1985 and must be appraised by a qualified appraiser. Tax regulations concerning charitable contributions of property are presented in Exhibit A.
3. Gifts of equipment with a value, **as determined by the donor**, of \$5,000 or more should be added to the equipment inventory file in accordance with Business Procedure 10.51.

TAX REGULATIONS CONCERNING CHARITABLE CONTRIBUTIONS OF PROPERTY

The tax laws concerning charitable contributions of property are summarized in this exhibit to serve as a guide to staff for accepting contributions of property. An appraisal must be provided by the donor if the claimed value of the donated property is over \$5,000.

Entities involved:

1. Individual Taxpayers
2. Closely-held Corporations
3. Personal Service Corporations
4. S Corporation Shareholders

An appraisal is not necessary if the property is:

1. nonpublicly traded stock of \$10,000 or less;
2. a vehicle (including a car, boat, or airplane) which will be sold;
3. qualified intellectual property, such as a patent;
4. certain publicly traded securities;
5. inventory and other property donated by a corporation that are "qualified contributions" for the care of the ill, the needy, or infants, within the meaning of section 170(e)(3)(4) of the Internal Revenue Code; or
6. stock in trade, inventory, or property held primarily for sale to customers in the ordinary course of the donor's trade or business.

The appraiser's qualifications must include that the appraiser:

1. has earned an appraisal designation from a recognized professional appraiser organization for demonstrated competency in valuing the type of property being appraised;
2. regularly prepares professional appraisals; and
3. be independent from the transaction.

The appraisal summary should include the following:

1. name and tax identification number of the donor;
2. name, signature and tax identification number of the appraiser;
3. the qualifications of the appraiser;
4. a general description of the property appraised;
5. the fair market value of such property on the date of contribution. (Please note that an appraisal cannot be made earlier than sixty (60) days before the contribution.);
6. the specific basis for the valuation and the method of valuation used to determine fair market value;
7. a statement that such an appraisal was prepared for income tax purposes; and
8. the date on which the property was valued and the expected date of contribution.

The Donee's responsibilities are to:

1. sign a copy of the appraisal summary. (Please note that this only indicates that Donee received and accepted the gift; not concurrence in the appraised value.);
2. retain a copy of the appraisal summary; and
3. prepare an information return to the IRS if the property is disposed of within two years after receipt.

Note: All responsibilities are per IRS regulations. It is recommended that the donee consult with his/her tax advisor regarding the tax implications of all donations.

A copy of the signed appraisal summary should be filed with a copy of the District's letter accepting property valued in excess of \$5,000.

Additional information may be found in IRS Publication 561, "Determining the Value of Donated Property."