



## Policy 101

### **Gift Management Policy**

Section: 100 – General Administration

Responsible Executive: Associate Executive Director, Finance and Business Operations

Responsible Department: CPC Business Office

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#### **1.0 PURPOSE**

- 1.1. To provide management with the criteria and framework by which donations may be accepted, managed, and conveyed in appropriate circumstances.

#### **2.0 BACKGROUND**

- 2.1. This policy is to establish general and specific standards for consideration of gifts, including gifts of real estate and gifts-in-kind, and the accounting standards for contributions. Cal Poly Corporation (“CPC”) is authorized to accept gifts that benefit California Polytechnic State University (“University”) and CPC under Title 5 California Code of Regulations §42500 and through the master operating agreement between CPC and the Trustees of the California State University (“CSU”).

#### **3.0 POLICY**

##### **3.1. General.**

- 3.1.1. Only gifts, bequests, devices, endowments, and similar funds or other assets which are designated for the use of, or in trust for, the University, or to CPC, for University programs or projects may be considered for acceptance.
- 3.1.2. Except as provided herein, the CPC Executive Director or a designee, has authority to accept gifts or related funds and instruments designated by the donor/grantor for purposes or uses previously approved by the Board of Directors, or for established, instructional or support programs and functions of the University authorized by the University President or a designee.
- 3.1.3. All accepted gifts are to be managed for benefit of the University, CSU and/or CPC, consistent with the policies and agreement of the CSU, University and CPC.

##### **3.2. Accounting Standards Compliance.**

- 3.2.1. CPC complies with Financial Accounting Standards Board (“FASB”) standards. FASB is the governing body that monitors accounting policies and issues standards. On July 1, 2009, FASB issued the FASB Accounting Standards Codification and became the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (“U.S. GAAP”). The FASB Codification includes accounting standards for contributions and applies to all entities that receive or make contributions. FASB 958-605-25. Some key standards are as follows:
  - 3.2.1.1. CPC must distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets.
  - 3.2.1.2. Written promises to give are recognized when received.

- 3.2.1.3. Generally, contributions received, including unconditional promises to give, are recognized as revenues in the period received at their fair values. CPC must recognize the expiration of donor-imposed restrictions in the period in which the restrictions expire.
- 3.2.1.4. In-kind contributions made, including unconditional promises to give, are recognized as expenses in the period made at their fair values.
- 3.2.1.5. Certain exceptions related to recognition of gifts are allowed for contributions of services and works of art, historical treasures, and similar assets:
  - 3.2.1.5.1. Contributions of services are recognized if the services received meet any of the following criteria:
    - 3.2.1.5.1.1. They create or enhance non-financial assets or
    - 3.2.1.5.1.2. They require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.
  - 3.2.1.5.2. Contributions of works of art, historical treasures, and similar assets need not be recognized as revenues and capitalized if the donated items are added to collections held for public exhibition, education, or research in furtherance of public service rather than financial gain.

### 3.3. Gifts of Real Estate.

- 3.3.1. Acceptance Considerations. The CPC Executive Director, or a designee, in consultation with the University President or a designee, and the Investment Advisory Committee of the Board of Directors, has authority to accept real estate gifts outright, including any conditions whereby the gift is intended for prompt conversion to cash, within the following parameters:
  - 3.3.1.1. The title is in a form satisfactory, as evidenced in a preliminary title report;
  - 3.3.1.2. A qualified appraisal has been received from the donor;
  - 3.3.1.3. The owner confirms they are not presently under any legal obligation to sell or otherwise convey the property;
  - 3.3.1.4. A review of the history of the property's known occupants and a site inspection has been conducted by CPC or University staff that reveals no uses, conditions or circumstances that suggest the existence of environmental risks that warrant obtaining an external environmental assessment;
  - 3.3.1.5. If the property does not satisfy the site inspection referred to in §3.3.1.4, then a Phase I environmental impact study is conducted, and the results of that study must conclude that the property does not present an unacceptable level of environmental risk; and
  - 3.3.1.6. Donor has acknowledged and concurred regarding any holding or other administration costs that may be deducted from the sale of the property before the net proceeds are distributed in accordance with the donor restrictions.
- 3.3.2. Determining Potential Future Use. In the absence of gift restrictions from the donor, the decision whether to hold or liquidate real estate at fair market value will be made by the CPC Executive Director, or a designee, in consultation with the University President or a designee, a representative of the academic unit benefiting for the gift, and the Investment Advisory Committee of the Board, considering all pertinent information including:
  - 3.3.2.1. Liability exposure from the past or proposed use of the property, including environmental risk,
  - 3.3.2.2. Management effort or cost of acquiring management services, necessary to realize a reasonable return on the property, and
  - 3.3.2.3. The suitability of the property as an investment within the overall investment policy and guidelines for the endowment or internal investment funds.

- 3.3.3. Periodic Evaluation of Future Use. All real property held by CPC will be evaluated at least annually to determine whether CPC should liquidate or continue to hold the property based on the factors listed in §3.5 and any additional relevant factors, including:
  - 3.3.3.1. Compliance with donor objectives,
  - 3.3.3.2. Current University needs,
  - 3.3.3.3. Changes in the potential for short or long term appreciation, and
  - 3.3.3.4. Current estimates of revenue, expenses and return.
- 3.4. Gifts- in-Kind. Gifts-in-kind of tangible personal property will be accepted by CPC for the benefit of the University in compliance with the University's Gift-in-Kind Policy and Internal Revenue Code regulations. Specific considerations for certain gifts-in-kind are enumerated below:
  - 3.4.1. Breeding Stock. Breeding stock requires the approval of the University's Dean, College of Agriculture, Food & Environmental Sciences (CAFES), or his/her designee, as a precondition to any acceptance consideration by the CPC.
  - 3.4.2. Supplies Requiring >100sf Storage. Expendable supplies/materials which involve on-campus floor space necessary to house the gift in excess of 100 square feet shall require a certification from the University that:
    - 3.4.2.1. The gift is acceptable,
    - 3.4.2.2. Space is available, and
    - 3.4.2.3. If acceptance of the property will require storage costs in relation to value and use, that the cost is "reasonable" and that the funds for such costs are available.
  - 3.4.3. Vehicles and Large Equipment. Vehicles and equipment involving on-campus space necessary to house the gift in excess of 100 square feet shall require a certification from the University that:
    - 3.4.3.1. The gift is acceptable,
    - 3.4.3.2. Authorized space of equipment has been obtained, and
    - 3.4.3.3. As acceptance will require operation, repair, and maintenance costs in relation to value and use, that the cost is reasonable and the funds for such costs are available.
  - 3.4.4. Financial Instruments. Gifts of stocks, bonds and similar instruments shall be subject to processing in accordance with established investment policy and management guidelines regarding retention in portfolio or sale.
  - 3.4.5. Software, Intellectual Property and Other Gifts-in-Kind. Gifts of software, gifts involving intellectual property rights, and gifts-in-kind shall be processed in accordance with established University and CPC policies and guidelines affecting these classes of assets.
- 3.5. Gifts requiring President Approval and Board consideration. Donation proposals to implement new University programs, proposals that would involve a substantial or unique obligation of CPC, or for real property that does not meet §3.5 parameters must be submitted to the University President for approval as to the gift's acceptability and conformance with University needs and CSU regulations (particularly Cal. Code of Reg. §42500(c) regarding real property) before being considered for acceptance by CPC.
- 3.6. Transfer to University. CPC will consider transfer title/ownership of such gifts to the University when circumstances unique to the gift or conditions of its donation and acceptance or operational considerations make such transfer feasible.
- 3.7. Annual Report. Summary information about gift activity and special reports about major or unique gifts and their disposition shall be reported periodically to the Board by the Executive Director, or a designee.

#### **4.0 DEFINITIONS**

4.1. None.

#### **5.0 PROCEDURES, GUIDELINES AND FORMS**

5.1. The Trust Administrator is charged with the responsibility of implementing this policy through guidelines, procedures and forms as needed.

#### **6.0 COMPLIANCE**

6.1. This policy applies to any contributions or gifts that would be accepted and held in CPC's name or funds.

#### **7.0 REFERENCES AND RELATED POLICY**

7.1. Title 5 California Code of Regulations §42500(c)

7.2. FASB Accounting Standards Codification 958-605-25