Davis Technical College
Donations Accounting Policy

Effective Date: 01 July 2015

1. Purpose

To provide a joint policy governing the receipt and accounting for donations or charitable grants made to Davis Technical College (College), Davis Technical College Foundation (Foundation), College student organizations, and for proceeds from any fund raising activities.

2. References

2.1. Internal Revenue Service Publication 1771 Charitable Contributions, Substantiation and Disclosure Requirements

2.2. Internal Revenue Service Notice 2006-1 Information Reporting by Organizations That Receive Charitable Contributions of Certain Motor Vehicles, Boats, and Airplanes

2.3. Davis Technical College Foundation Mission - To provide scholarships, equipment, and financial support to provide a world-class education at the Davis Technical College.

2.4. Davis Technical College Property and Fixed Asset Disposal Procedure

3. Definitions

3.1. Donation to the Foundation - All donations and charitable grants received will be a donation to the Foundation as a matter of policy. Grants awarded directly to the College for items unrelated to the Foundation’s mission will not be recorded in the Foundation’s records.

3.2. Donation to a College Student Organization - A donation that has been specified for the use of a student organization.

3.3. Charitable Grant - A grant provided by a non-governmental entity for the purpose of scholarships, internships, prizes, awards, or to further the Foundation’s mission or purpose.

3.4. Government Grant - A grant provided to the College directly, or as a sub-recipient, from any government or quasi government agency.

3.5. Fund Raising Activity - A single or ongoing effort to accumulate voluntary contributions of money or other resources by requesting donations from individuals, businesses, charitable foundations, or governmental agencies.

4. Policy

4.1. All donations and charitable grants received by the College will be processed through the Foundation. Grants awarded directly to the College for items unrelated to the Foundation’s mission will not be recorded in the Foundation’s records.

4.2. The Foundation Director or designee will verify that all donations have a beneficial use to the College and its mission prior to the acceptance of any form of donation.
4.3. The Foundation Office or designee must issue the Donation Receipt to the Donor for all donations received.

4.3.1. Donation Receipts will contain all of the following (see Internal Revenue Service Publication 1771):

4.3.1.1. Name of the organization
4.3.1.2. Amount of the monetary contribution
4.3.1.3. Description (but not value) of any in-kind contribution
4.3.1.4. A statement that no goods or services were provided in return for the contribution, if that was the case

4.3.2. Any Donors of motor vehicles, boats, and airplanes will also receive an IRS form 1098C, if applicable.

4.4. Donations shall be considered unrestricted unless the donor specifies that the donation must be used for a specific purpose, in writing, at the time the donation is made. In such cases the Fiscal Services Office shall record the donation in a restricted fund account, and maintain a central file of written requests restricting donations.

4.5. Expenditures from any donated funds shall be made by the Fiscal Services Office only after receiving proper approval and ensuring all restrictions placed on the donated funds are being met. The Foundation Director, Executive Committee, or Foundation Board approval is required in addition to any other approvals required by College Purchasing and Payment policies.

4.5.1. Authorization limits for the disbursements of cash donations will be set by the Foundation Board according to Foundation Policy.

4.5.2. All disbursements from the Foundation must be made directly to the College, directly benefit the College’s students, or be made in furtherance of the College mission.

4.6. The Foundation Director shall be responsible for compliance with all federal and state laws pertaining to donations, fund raising, and other matters associated with Foundation activities.

4.7. The Foundation shall be responsible for filing all tax and information forms and returns required by the Internal Revenue Service or other regulatory agencies for donations, fund raising, and other matters associated with Foundation activities.

4.8. Foundation representatives shall not attempt to provide legal or tax advice to donors and shall refrain from any acts or statements that might be construed as tax or legal advice. College Fiscal Services Office personnel should not be consulted for legal or tax advice related to donations. When appropriate, donors should be advised to consult with their own legal or tax advisors.

4.9. No personal use or benefit will be allowed to Foundation personnel of items donated to the College or the Foundation for any purpose.

4.10. Procedures and Forms regarding Donations and Charitable Grants will be developed and maintained by the Foundation Director and the College Controller.

5. **Cash Donations**

5.1. Cash donations and donations by check must be deposited into the Foundation's bank account within three business days of receipt. The amount of the cash donation is to be stated on the Donation Receipt, along with the estimated value of any goods or services given to the donor in return for the donation as required in Internal Revenue Service Publication 1771.

5.2. Donations deposits utilizing credit cards or electronic fund transfers should be made directly into the Foundation bank account, or remitted to the Foundation within 30 days, if deposited into any College account.
5.3. All cash or check donations should be mailed or delivered directly to the Foundation or College Fiscal Services offices and receipted by the College Cashier or Foundation clerical personnel.

5.4. The Foundation Director is prohibited from directly receiving cash donations in excess of $500 or checks in excess of $15,000.

5.5. Foundation clerical personnel shall follow proper cash and check receipting procedures for donations received in the mail and/or delivered directly to Foundation offices by the donor. Logs or summaries of cash receipts will be prepared to support all cash activity.

6. Fund Raising Activities

6.1. All fund raising activities for the Foundation or College student organizations must be approved in advance by the Foundation Director.

6.1.1. Fund raising activities shall only be approved that either enhance or promote the positive image of the Foundation or College.

6.1.2. All fund raising activities, including raffles, must be done in compliance with federal and state laws including, but not limited to Title 76, Chapter 10, Part 11 of Utah Code Annotated, 1953, regarding Gambling.

6.2. Expenses incurred for supplies, promotion, and the performance of any student organization’s fund raising activities shall be charged directly against the revenues of that activity and shall not be absorbed by any College department.

6.3. Fund raising activities will be promoted communicating both the tax deductible and non-deductible portions of donations in all solicitations in accordance with federal and state laws and regulations including, but not limited to, IRS Revenue Ruling 67-246.

6.3.1.1. For fund raising activities, where a portion of the funds is deemed to be tax deductible to the donor, a Donation Receipt form may not be provided to donors who contribute $100 or less for a single activity. A cash receipt, in place of the Donations Receipt Form, may be provided to the donor.

6.3.1.2. Donations for which no Donor Receipt Form is issued may be aggregated by activity to a single Donation Receipt form for internal processing.

6.4. Students soliciting donations for College student organizations must pool collected funds for use by the entire student organization.

6.4.1. Students receiving donations for use by any specific student or to pay for their own individual costs for student organization-related activities may deposit these funds with the College in order to pay for activities as a group. These deposits of individual students will not be considered as donations for College or Foundation purposes. These student deposits will be accounted for in an agency fund and will not be processed through the Foundation.

6.4.2. Distributions of funds raised on the behalf of College student organization’s must be authorized by the advisor assigned to the organization by the College Vice President of Instruction, in addition to any other approvals required by College Purchasing and Payment policies.

6.5. Funds collected by any fund raising activities must be deposited within three business days.
7. **In-Kind Donations**

7.1. The Foundation Director or designee will verify that all donations have a beneficial use to the College and its mission prior to the acceptance of any form of donation.

7.2. For in-kind donations, excluding vehicles, a copy of the Donation Receipt issued to the Donor must be provided to the Fiscal Service Office within 60 days of receipt of the item(s). A Non-Cash Donation Valuation Form must be attached for valuation purposes.

7.2.1. Documentation from the donor is not required for items where possession is primary evidence of ownership and for which title paperwork is not normally prepared.

7.2.2. A letter or other document from the donor which transfers ownership and/or title is required if the donation is for items for which title paperwork is normally prepared, regardless of value. Any questions in this regard should be directed to the College Controller.

7.3. For in-kind donations of motor vehicles, boats, and airplanes the Foundation Director will issue a Donation Receipt at the time of the donation, as well as IRS form 1098-C to the Donor by January 31st of the following year.

7.4. The Fiscal Services Office will maintain a historical list of all non-cash donations processed through the Foundation for seven years.

7.5. Foundation and College representatives shall avoid appraising or assigning a value of non-cash donations for the donor. The value that donors assign to non-cash donations for purposes of computing an income tax deduction is in no way binding upon the College or the Foundation when it assigns its own book value to such donations.

7.6. The responsibility for the valuation of in-kind donations for internal records rests wholly with the Foundation Director and College personnel. The Program Director or designee of the program receiving the donated item should estimate the fair market value of each item donated according to the following guidelines: (note: this valuation is per item, not for the entire donation).

7.6.1. If the Donor fails to provide an estimated fair market value for in-kind donations, the Program Director, or designee, should provide a brief explanation as to their methodology and assign reasonable fair market value (per item).

7.6.2. If the Donor states that the individual donated item’s values are below $3,000, personnel are to verify that donor's estimate is reasonable and use that amount. Should personnel feel the Donor’s estimates are not accurate, they are to provide a brief explanation and provide a more reasonable fair market value (per item).

7.6.3. If the Donor states any individual donated item’s value is greater than $3,000, personnel are to obtain two comparisons and take the average. Comparisons may include telephone bids, internet bids, etc.

7.6.3.1. If this is not practical due to old or unique items, the Program Director should use their best judgment in determining the value.

**Disposal of In-kind donations**

7.7. Supplies and other consumable items will be properly disposed of as used by the College.

7.8. Equipment will be disposed of following the College Property and Fixed Asset Disposal Policy.
7.9. Motor vehicles, boats, and airplanes shall only be disposed of once the “significant intervening use” rules of the Internal Revenue Service have been met (See IRS PUB 4302) or three years from the date the donation was made. At that point the item can then be disposed of following the College Property and Fixed Asset Disposal Policy.

8. Approval and Notes

Board Approval: 25 June 2015
President’s Council Approval: 08 June 2015