

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Operating Policy and Procedure

**HSC OP:** 02.03,

- (b) If the donor wishes for the stock to be held rather than sold, the donor should make this request in writing directed to the Office of Institutional Advancement and it must be approved by the VCIA.

(2) **Closely Held.**

- (a) The stock subject to these considerations is stock in companies that are of a size such that they are not required to register with the Securities and Exchange Commission (fewer than 35 shareholders). These are generally small family companies.
- (b) The development officer must determine if there are restrictions on transfer contained in the bylaws and/or reflected on the stock certificate, and must inspect the certificate for transfer restrictions upon receipt of the certificate.
- (c) Prior to acceptance of the gift, the development officer must request a copy of the company's most recent audited financial statement or financial appraisal. The development officer should explain that this information will be used only to reasonably value the stock for purposes of recording the gift and its sale.
- (d) Since the primary market for this type of stock is often the company itself or the other stockholders, the development officer should determine the intent of these parties. It should be made clear to the donor and other interested parties that the primary intent of the Foundation is to sell the stock, and every effort will be made to accomplish this objective. It should also be made clear to the donor that the Foundation has the right to sell a gift of stock to any buyer at any time in order to protect the interests of the Foundation.
- (e) Before acceptance, the development officer should provide the information obtained to the treasurer of the Foundation and inform the prospective donor that it will be reviewed by staff and an answer provided on a timely basis. If there is any question about donor intent or financial solvency, the prospective gift and circumstances will be brought to the attention of the Chief Operating Officer for further consideration.
- (f) If the value of the gift is more than \$500, an Internal Revenue Service Form 8283 should be filed by the donor. If the claimed amount is more than \$10,000, the donor is required to secure a formal appraisal. The appraiser and the Foundation will be required to sign the Form 8283. If the Foundation signs the Form 8283 and sells the stock within two years of acceptance of the gift, the Foundation is required to file Form 8282 with the Internal Revenue Service, reporting the net proceeds from the sale.
- (g) The Foundation will communicate with the company periodically, at least annually, requesting financial information and other pertinent data as appropriate, while advising the company that the stock is for sale and asking for assistance in locating interested buyers.

c. **Real Property.**

(1) **Conditions of Acceptance.**

- (a) If the real property is to be sold, it should be given to TTFI. If the real property is not to be sold, it should be given to TTUHSC.
- (b) No working interests, nor any other property deemed inappropriate by TTUHSC or TTFI in their sole discretion, will be accepted. This exclusion includes both inter vivos and testamentary gifts.
- (c) The donor must provide an acceptable policy of title insurance or an acceptable title opinion drawn by an attorney.

- (d) If staff determines that circumstances surrounding the property warrant an environmental audit, the donor must provide an environmental audit for hazardous waste.
- (e) If staff determines that circumstances surrounding the property warrant a survey of the property, the donor must provide an updated survey of the real property.
- (f) The donor must provide a general warranty deed by which the real property is to be conveyed.
- (g) No liens or unpaid taxes may exist on the property.
- (h) Neither TTUHSC nor TTFI shall be made liable for any fees or assessments on the property.
- (i) The donor shall provide a fair market value appraisal by a qualified appraiser, or if such an appraisal is not provided, the property shall be valued based upon the taxing authority appraised valuation.
- (j) Real property appraised for less than \$50,000 shall not be accepted.

(2) **Procedure for Acceptance.** Official approval must be obtained before a gift receipt may be issued for the property. In order to obtain official approval, the following steps must be followed:

- (a) Initiate a *Gifts-in-Kind Information Form* (Attachment A) through administrative channels to the Office of Institutional Advancement via the faculty member, staff member, administrative head or dean. A third-party independent appraisal of the gift secured and paid for by the donor must be attached to the information form. Employees of either Texas Tech University (TTU) or TTUHSC cannot appraise the gift, nor can TTU or TTUHSC funds be used to pay for the appraisal.
- (b) The VCIA will review and approve the proposed gift. The VCIA will forward the GIK form to the Executive Vice President for Finance and Administration (EVPFA) for approval/disapproval. The EVPFA will forward the form to the President for approval/disapproval, and then the form will be sent back to the VCIA. The VCIA will seek Board of Regents approval of the gift. After (EVP



- (f) Once donated items have been approved and accepted, appropriate items will be processed through Property Inventory for tagging or identification.
  - (g) Gifts of personal property with a value of \$50,000 or more to TTFI must be approved only by the Board of Directors of TTFI.
  - (h) **Internal Revenue Service Reports.**
    - (i) Any forms, including but not limited to Internal Revenue Service Form 8283, required by the Internal Revenue Service by either TTUHSC or TTFI as charitable donee of real property must be forwarded to the VCIA for appropriate signature and processing.
    - (ii) If donated real property is to be sold within 3 years of acquisition by TTUHSC or TTFI, the person responsible for the sale must notify the VCIA of such sale, including the amount received at sale. The VCIA will file the appropriate Internal Revenue Service Form 8282 as required.
- e. **Library Gifts.** Unrestricted gifts of books, collections, and other library materials (not including equipment) valued at less than \$50,000 donated to the Preston Smith Library of the Health Sciences will not require the usual approval process as set forth in this operating policy. These gifts will be handled in the following manner:
- (1) The donor will be provided with a copy of *Preston Smith Library of the Health Sciences Gift Information for Prospective Donors* (Attachment B).
  - (2) The final decision on acceptance of such gifts lies with the Director of the Library and the President of TTUHSC.
  - (3) The Director of the Library will write a letter of appreciation to the donor with a copy to the VCIA. Information forwarded to the VCIA will include the following: (i) full name of donor; (ii) a concise description of the gift; (iii) anticipated benefit to TTUHSC; (iv) expenses connected to the gift; and (v) TTUHSC contact.
  - (4) If the gift of library materials is valued at \$50,000 or more, or if there are restrictions on the gift (outside the bounds of accepted archival practice) by a potential donor, the Director of the Library must follow the approval process for other gifts of personal property.

confidentiality, if applicable, that exists between the donor and representative.

- (2) When approached by the donor or representative intending to leave a bequest to TTUHSC or TTFI, the donor should be informed that the bequest will be officially accepted at the donor's death only in accordance with the terms -8.3(eonor)-8.3( or)-8.4( r)-8.3(epr)-8 (15.71986 -1.143 Td ( )Tj EMC /P4Td [(()-8.3(2))TJ 0 Tc 0 Tw 1.

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As proscribed by the *Council for Advancement and Support of Education Reporting Standards & Management Guidelines for Educational Fundraising*– 4<sup>th</sup> Edition, 2010