

SOUTHERN WEST VIRGINIA COMMUNITY COLLEGE FOUNDATION, INC.
SFP-1002

SUBJECT: Acknowledgment of Gifts Policy

REFERENCE: SFP-4003, Gift Acceptance General Policy

ORIGINATION: December 3, 2009

EFFECTIVE: January 1, 2010

REVIEWED:

SECTION 1. PURPOSE

- 1.1 The objective of this policy is to outline the Foundation's acknowledgment policy for gifts received in order to provide donors with the necessary documentation for income tax purposes.
- 1.2 The IRS has established two general rules regarding substantiation and disclosure requirements for federal income tax return reporting purposes. The first is that a donor is responsible for obtaining a contemporaneous written acknowledgment from a charitable organization for any single contribution of \$250 or more before the donor can claim a charitable contribution on his or her federal income tax return. The second is that a charitable organization is required to provide a written disclosure to a donor who receives goods or services in exchange for a single payment in excess of \$75.
- 1.3 Benefits Received
 - 1.3.1. A donor may only take a contribution deduction to the extent that his or her contribution exceeds the fair market value of the goods or services the donor receives in return for the contribution; therefore, the donor needs to know the value of the goods or services provided to them in exchange for their gift. The acknowledgment describes the goods and services provided to the donor and a good faith estimate of the value of such goods or services. However, the IRS allows an exception for token benefits which do not have to be valued or described in the acknowledgment. The IRS considers token benefits to be insubstantial goods or services that the Foundation provides to donors in exchange for a contribution. Goods and services are considered to be insubstantial if:
 - 1.3.1.1. They are free, unordered low-cost articles or
 - 1.3.1.2. If the payment occurs in the context of a fundraising campaign in which a charitable organization informs the donor of the amount of the contribution that is a deductible contribution, and:
 - 1.3.1.3. The fair market value of the benefits received does not exceed the lesser of 2 percent of the payment or \$91, or
 - 1.3.1.4. The donation payment is at least \$45.50 and the only items provided bear the Foundation's or college's name or logo (e.g., calendars, mugs, or posters), and the cost of these items is within the limits for "low-cost articles," which is \$9.10.
 - 1.3.1.5. These items are adjusted annually for inflation.

SECTION 2. DEFINITIONS

- 2.1 Contemporaneous – For the written acknowledgment to be considered contemporaneous with the contribution, a donor must receive the acknowledgment by the earlier of: the date on which the donor actually files his or her individual federal income tax return for the year of the contribution; or the due date (including extensions) of the return.
- 2.2 IRS – Internal Revenue Service.
- 2.3 Quid Pro Quo – A contribution made by a donor in exchange for goods or services is known as a quid pro quo contribution..

SECTION 3. POLICY STATEMENT

- 3.1 It is the Foundation’s policy to send a written acknowledgment receipt to donors for charitable contributions received. The Foundation’s receipt includes the following:
 - 3.1.1 The Foundation’s name: Southern West Virginia Community College Foundation, Incorporated.
 - 3.1.2 The amount of the cash contribution received OR
 - 3.1.3 The description (but not the value) of the non-cash contribution
 - 3.1.4 A statement that no goods or services were provided by the Foundation in return for the contribution, if that was the case OR
 - 3.1.5 A description and a good faith estimate of the value of goods or services, if any, that the Foundation provided in return for the contribution
- 3.2 The Foundation provides donors with a separate acknowledgment for each single contribution and for college faculty and staff who make payroll deductions. In these cases the Foundation may provide one acknowledgment or an annual summary for all contributions made during the calendar year. .

SECTION 4. BACKGROUND OR EXCLUSIONS

- 4.1 None.

SECTION 5. GENERAL PROVISIONS

- 5.1 None.

SECTION 6. RESPONSIBILITIES AND PROCEDURES

- 6.1 A receipt or acknowledgment is sent to each donor by the Development Office. The receipt reflects the amount or description of the gift and the value of any quid pro quo received by the donor. Special acknowledgments are sent to donors and families or honorees for memorial and tribute gifts. Receipts are not sent for non-gift items, such as expense refunds.
- 6.2 The Foundation will rely on information provided in the Donor and Gift Information Received Form which must indicate if any goods or services were provided to the donor in exchange for the gift. Please be advised that there are IRS imposed penalties for providing false written substantiation to a donor.
- 6.3 NOTE: The information contained in this document is intended to be used for Southern West Virginia Community College Foundation internal policy guidelines only and cannot be used for the purpose of tax reliance or tax advice related to IRS or any other federal or state regulations.

SECTION 7. CANCELLATION

7.1 None.

SECTION 8. REVIEW STATEMENT

8.1 This policy shall be reviewed on a regular basis with a time frame for review to be determined by the President or the President’s designee. Upon such review, the President or President’s designee may recommend to the Board that the policy be amended or repealed.

SECTION 9. SIGNATURES

President **Date**

Attachments: SFP-1002.A, Donor and Gift Information Received Form

Distribution: Members, Southern West Virginia Community College Foundation, Inc.
President, Southern West Virginia Community and Technical College
www.southernwv.edu

Revision Notes: