

## **REVENUES – NON-MONETARY METHODS OF GIVING**

The USM Foundation accepts non-monetary gifts in the form of gifts-in-kind, life insurance, trusts and annuities.

### **► Gifts-in-Kind:**

Gifts-in-kind are non-cash contributions such as real estate, equipment, and art. Gifts of this nature are usually processed by the OIA or the USM institution that will benefit from the gift, with the exception of UMBI and UMCES, whose gifts in this form are processed by the USM Foundation Business Office.

ONLY CONTRIBUTIONS THAT ARE OF DIRECT BENEFIT TO AN INSTITUTIONAL PROGRAM OR TO THE USM FOUNDATION, OR WHICH CAN BE IMMEDIATELY SOLD WILL BE ACCEPTED.

- \*\* OIA or the Accounting Associate at the USM Foundation Business Office enters the gift information in Advance, as outlined in the Advance Gift Policy and Procedures Manual.
- \*\* Forward the Batch Report and copies of the documentation related to each gift (i.e., appraisals, deed of gift, etc.) to the USM Foundation Business Office. Include an Inventory Control Form for all property where ownership is to be through the USM Foundation.
- \*\* The Accounting Associate changes the GL code in the Batch Report, from a cash account to the appropriate asset account.

**Note:** Gifts with a value over \$1,000 are recorded as assets. Gifts with a value under \$1,000 are expended in the year they are received.

- \*\* IRS Form 8283: Donors who contribute non-cash gifts with a total value greater than \$500 must file this form with their tax return. If the donor cannot obtain the form, the USM Foundation Business Office can provide a copy.
  - The donor must complete the appropriate sections of the form, including the appraisal section, which details information regarding the value of the item(s) donated.
    - >> For those items with a value under \$500, the donor's estimate is acceptable.
    - >> For those items with a value between \$500 and \$5,000, an internal "expert" can value the property.
    - >> For those items with a value of over \$5,000, an independent qualified appraiser must sign the form or provide the information on their letterhead.
  - The donor must forward the completed form to the USM Foundation Business Office for review and signature.
  - The USM Foundation mails the form back to the donor after it is signed.
- \*\* IRS Form 8282: The USM Foundation must file this form with the IRS if the property is sold within two years of the date of the gift.

➤ **Real Estate Gifts:**

(See *POLICY – REAL ESTATE and PROCEDURES – REAL ESTATE for information about this area.*)

➤ **Life Insurance:**

A donor may make a gift of life insurance, designating the USM Foundation as the owner and beneficiary. Payment of the premiums is made through the USM Foundation once that occurs and continues until the donor dies or the policy is surrendered. The USM Foundation Accounting Associate oversees the payment process as follows:

- ⇒ A schedule listing the due dates for the premium payments is maintained;
- ⇒ Two months prior to the date the premium is due for payment, the Accounting Associate prepares a reminder notice of payment due and sends it to the donor;
- ⇒ The mailing date of the reminder notice is noted on the payment schedule;
- ⇒ Premium payments are not remitted until the appropriate payment has been received from the donor;
- ⇒ The account is reconciled monthly to reflect any premium payments received from the donor and sent to the insurance carrier;
- ⇒ The Office of Planned Giving and/or the Development Office at the appropriate USM institution is notified when a problem occurs.

**NOTE:** Premium payments made by the donor are tax deductible contributions, whether paid directly by the donor or by the donor through the USM Foundation.

➤ **Trusts and Annuities:**

A donor may purchase an annuity contract or establish a trust with the USM Foundation. A portion of the annuity / trust is a gift and should be receipted as such. The remainder is recorded as a liability on the USM Foundation's records.

- \*\* The Office of Planned Giving (PG) coordinates the establishment of the annuity contract or trust.
- \*\* PG should notify the USM Foundation Business Office when documents for establishing an annuity or trust are prepared and sent to the prospective donor. This enables the USM Foundation to identify the donor and/or purpose of paperwork that is sometimes received while establishment of the annuity or trust is still in process.
- \*\* PG forwards the signed annuity contract, the annuity / trust information and the *Gift Information Form* to the USM Foundation Business Office when necessary paperwork has been completed.
- \*\* The USM Foundation creates a sub-account for each annuity contract or trust.
- \*\* Payments due to the donor are disbursed via a USM Foundation check or via direct deposit.

\*\* Tax Forms:

- ☆ The USM Foundation Business Office submits the required SS-4 Form to the IRS for all trusts established.
- ☆ 1099 Tax Forms are prepared annually by the USM Foundation and sent to each annuitant.
- ☆ Tax Returns for all Trusts administered by the USM Foundation are prepared for each donor by USM Foundation accountants.