

# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Operating Policy and Procedure

**HSC OP:** 02.09, **Gifts of Securities**

**PURPOSE:** The purpose of this Health Sciences Center Operating Policy and Procedure is to define and clarify the policies and procedures necessary to properly accept, record and acknowledge gifts of securities from donors to Texas Tech.

**REVIEW:** This Health Sciences Center Operating Policy and Procedure will be reviewed on April 1 of each even-numbered year (ENY) by the Vice Chancellor for Institutional Advancement. Changes regarding financial procedures will be made with the concurrence of the Executive Vice President for Finance and Administration.

### **POLICY/PROCEDURE:**

#### **1. Transfer of Securities**

##### **a. Notification of Transfer**

1. Donor, development officer, or donor's agent should notify the Institutional Advancement's legal counsel at Central Office of Institutional Advancement when a transfer of stock is to be made for a gift to Texas Tech.

**Note:** If possible, the transfer of ownership should be made from donor to Texas Tech Foundation, Inc. Transfers to Texas Tech University and Texas Tech University Health Sciences Center may also be made.

2. When notification has been confirmed, a Gift of Stock Transmittal form should be initiated by the primary person of notification (e.g. legal counsel) or representative of Accounting Services for Institutional Advancement to capture the necessary information to properly record and designate the donor's intent. Refer to Attachment A for an example of the form and the required information.

Note: The transmittal is not complete until the stock is sold, the keedtige ,  
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Basic Rules:

- a. If the securities are hand-delivered to the Foundation by the donor or donor's broker or agent, then the Date of Record is the day the Foundation receives the securities.

The physical address for delivery is:

Institutional Advancement  
Administration and Accounting Services  
Texas Tech Plaza, Suite 406 A  
Lubbock, Texas 79410

- b. If the donor or donor's broker or agent mails the securities to the Foundation, the Date of Record is the day the securities are mailed to the Foundation. This applies only to the U.S. Mail, not to private couriers. Rule 1 applies when other couriers are used for delivery.
- c. If the securities are delivered by the donor to his or her bank or broker or to the issuing corporation with instructions that the securities be reissued in the Foundation's name, the Date of Record is the day the stock is transferred to the Foundation on the corporation's books.
- d. On closely held stock, the Date of Record will be the date that the Foundation has



Institutional Advancement  
Attention: Associate Director of Financial Services  
P.O. Box 45025  
Lubbock, Texas 79409-4025

- e. Upon receipt of the proceeds, the stock gain or loss, commissions and other related costs of sale should be determined.
- f. The Gift of Stock Transmittal (Attachment A) should be completed and copies forwarded as required.

### **3. Recording and Reporting Requirements**

#### **a. Area Responsibility**

- 1. The Accounting Services area of Institutional Advancement will be the primary source of tracking, recording, and filing of gifted securities.
- 2. The Associate Director of Financial Services will be the primary contact for questions and answers related to this function. The Director of Financial Services and/or Associate CFO of TTUS will serve as a secondary source of information and perform similar responsibilities in the absence of the Associate Director of Financial Services.

#### **b. Transfer of Stock**

- 1. When the Date of Record and stock value have been determined, a journal entry needs to be prepared to record the outstanding stock as a current asset on the balance sheet as code "170503" and the gift in revenue code "560300" in Banner.

The same information must be entered in the Advance database to properly credit and acknowledge donor for gift (reference the Advance Policies and Procedures).

- 2. The timing of this recording should follow the same rules set forth under OP 02.04, Section 1 ..."Cash, securities, or other gifts shall be deposited within three working days; however, funds of more than \$100 shall be deposited no later than the following day."

#### **c. Sale of Stock**

- 1. When the proceeds of the sale of stock have been received, a Cash Receipt should be prepared to record the proceeds in Banner on the day of receipt or the next business day following delivery.

The entry will also include the net gain or loss from the sale based on the value determined on the Date of Record.

- 2. The same information must be entered in the Advance database to properly credit and acknowledge donor for gift (reference the Advance Policies and Procedures).

#### **d. Reporting and Filing Requirements**

##### **Closely Held Stock**

- 1. If the value of the stock gift is more than \$500, the donor should file an Internal Revenue Service Form 8283.
- 2. If the claimed gift amount is more than \$10,000, the appraiser and the Foundation will be required to sign the Form 8283.

3. If the Foundation signs the Form 8283 and sells the stock within two years from the Date of Record, the Foundation is required to file Form 8282 with the Internal Revenue Service, reporting the net proceeds from the sale.

**Gift of Securities Transmittal**

1. When the stock has been sold and all required steps in recording and reporting have been performed, a copy of the completed transmittal form should be forwarded to the development officer or prospect manager, the account manager, and to the Institutional Advancement legal counsel.
2. The original transmittal form should be attached as a cover page to all documentation and correspondence applicable to the acceptance and sale of the stock.

The completed stock "packet" should be filed as designated. Retention of the "packets" should follow the retention schedule as maintained by IA - Accounting Services.