

WESTERN KENTUCKY UNIVERSITY FOUNDATION

POLICY AND PROCEDURES MANUAL

SECTION: Treasury

SUBJECT: Guidelines for Handling Gifts on Non-Publicly Traded Stock

PURPOSE: To state the general guidelines for the handling of non-publicly traded stock

PROCEDURE: Provided below are procedures indicating how gifts of non-publicly traded stock should be handled. These procedures will be part of the acceptance and marketing process for any gift of closely held stock.

1. The stock subject to these guidelines is stock in companies which normally do not have to be registered with the Securities and Exchange Commission.
2. The Foundation must determine whether the corporation involved is a Subchapter S corporation. The Foundation is not an acceptable shareholder under the Subchapter S rule.
3. The Foundation must determine if there are any restrictions on transfer contained in the Bylaws and/or reflected on certificates and inspect the certificate for transfer restrictions upon receipt. Restrictions could have an impact on the marketability of the stock.
4. Prior to acceptance of the gift, the Foundation must request a copy of the company's most recent financial statements (audited if available), financial appraisal, a current shareholders list, number of shares outstanding, copy of Minutes of Shareholder's Meeting, and names and addresses of the officers of the corporation. The Foundation representative should explain that this information will be provided to the Executive Director or Treasurer for information purposes and to reasonably value the stock for purposes of recording the gift and its sale.
5. Since the primary market for this type of stock is often the company itself or other stockholders, the Executive Director or Treasurer should determine the interest (intent) of these parties to purchase the stock.

6. If the value of the gift is over \$500, an IRS Form 8283, Non-Cash Contributions, should be filed by the donor. If the claimed amount is over \$10,000, the donor is required to secure a formal appraisal; the appraiser and the Foundation signs the Form 8283. Of the Foundation signs the Form 8283 and sells the stock within two years of the gift, then the Foundation is required to file a Form 8282 with the IRS, reporting the net proceeds from the sale.
7. 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.
8. A schedule of all non-publicly held stock will be submitted to the Board of Trustees for review annually.