

# SAINT MARY'S COLLEGE GIFT-IN-KIND POLICY

## DEFINITION

A Gift-In-Kind is a voluntary contribution of goods or services that can be used to advance the mission of Saint Mary's College or can be readily converted to cash and may qualify as a charitable deduction for the person(s) making the gift.

Gifts-in-kind are generally defined as non-cash donations of materials or long-lived assets, other than real and personal property. Gifts of materials or long-lived assets that are directly related to the mission of the institution should be reported at the face (or fair market) value.

Gifts-in-kinds might include such items as equipment, software, printed materials, food or other items used for hosting dinners, etc.

**Note:** Contributed services cannot be counted as a gift and do not qualify as a charitable tax deduction to the donor. However, a donor of services may be able to deduct expenses incurred while performing said services. In such cases, the donor should be advised to consult with a tax accountant.

## PURPOSE

The IRS has specific regulations regarding gifts-in-kind. This policy outlines the process an employee of Saint Mary's College should follow when presented with a gift-in-kind. It limits the liability that may inadvertently be assumed by placing value on gifts or by accepting a gift that does not advance the mission of Saint Mary's College or cannot be readily converted to cash. It further assures that a donor will receive timely acknowledgement of his/her contribution.

## POLICY

Saint Mary's College may accept contributions of goods or services that can be used to advance the mission of Saint Mary's College or may be converted readily into cash.

When accepting a gift-in-kind, the receiver must ask the donor to complete a Saint Mary's College Gift-In-Kind form. Once the donor has completed the form, the receiver must sign the form and send it immediately to the Advancement Services Office for processing.

The IRS allows an individual to deduct the full fair market value of a donated item if it is kept by Saint Mary's College and used for one of its tax-exempt purposes. If the item is to be converted to cash, then the donor may claim a deduction of the cost value or the fair market value, whichever is less.

**It is the sole responsibility of the donor to determine the value of a contributed item; the receiver cannot assign a value to the donated item(s).**

**According to IRS: The amount of a contribution of property (gift-in-kind) is generally the fair market value of the property at the time of the contribution and MUST BE DETERMINED BY THE DONOR OR A QUALIFIED APPRAISER. Fair market value is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller.**

For all gifts-in-kind, especially items such as equipment and software, report the educational discount value (if an educational discount is offered) – that is, **the value the institution would have paid had it purchased the new item(s) and outright from the vendor. This point is key.** Regardless of what estimated value a vendor may place on a gift-in-kind, the recipient should only count as a gift the amount it would have paid for the item or items were they not donated.

IRS Publication 561 – Determining the Value of Donated Property and Form 8283 should be consulted prior to acceptance of the gift-in-kind.

The Saint Mary's College Advancement Service Office will enter the contribution in its donor database and issue an acknowledgement to the donor along with a copy of the Gift-In-Kind form. The acknowledgement will contain only a description of the contribution and will not include a statement as to the value of the contribution. It will further contain a statement as to what, if any, goods or services were given in exchange for the contribution.

Saint Mary's College cannot issue an acknowledgement for contributions that cannot be used or readily converted to cash. Examples might include used stuffed animals, broken or outdated equipment, opened medical supplies, etc.

For gifts with values exceeding \$5,000, the donor, if he/she intends to take a tax deduction, must complete all parts of IRS form 8283 and submit the form to the Saint Mary's College for signature. The Chief Financial Officer or the Controller are the only individuals authorized to sign 8283 forms.

If the Saint Mary's College has signed IRS Form 8283 and then sells, exchanges or otherwise transfers the gift within two years from the date of the gift, the College must file a donee information return, IRS Form 8282, within 125 days of disposing of the property. Saint Mary's College will advise the donor if such a transaction occurs as it may affect the charitable tax deduction for which they qualify.

## PROCEDURE

When presented with a potential gift-in-kind, an employee or representative of the College must assess if the gift can be used to advance the mission of Saint Mary's College or could be readily converted to cash. If there is any question as to whether the contribution meets either of these criteria, the individual should contact his/her immediate supervisor or the Controller in the Business Office.

If the gift is accepted, the employee or representative of the College should offer an immediate and sincere expression of gratitude.

At that time, the donor should be given a Gift-In-Kind form and be encouraged to complete the form at that time. If the donor is unable or unwilling to complete the form, the receiver may complete the form, write "N/A" as the estimated fair market value, and enter that the form was completed by him/her in the note section in the lower right hand corner.

**The employee or representative of the College accepting the gift cannot offer tax advice or dictate the value of the contribution. It is the responsibility of the donor to determine the fair market value of the contribution.**

**Note:** the value is for Saint Mary's College internal gift reporting only; the donor's receipt and/or acknowledgement will not indicate value in any way that could be construed as an endorsement of its value.

If the item is personal property of the donor and is valued at more than \$5,000, the donor must obtain a certified appraisal. The appraisal cannot be dated more than 60 days from the date of the donation. It must be prepared, signed and dated by a qualified appraiser. Federal law requires that the donor pay for the appraisal. (The cost of the appraisal is also tax deductible). This value will be used for gift reporting purposes only.

### **What constitutes a qualified appraisal:**

- I. Appraiser must hold himself or herself out to the public as an appraiser and state credentials showing that he or she is qualified to appraise the type of property being valued.
- II. Appraiser must value the property no more than 60 days before the date of gift; it can be done after the gift has been accepted by Saint Mary's College.
- III. Appraiser cannot be (1) the donor, (2) the donee (Saint Mary's College), (3) any party to the transaction, (4) an appraiser used regularly by (1), (2) or (3), or anyone employed or related to (1),(2), or (3).

The appraisal must contain the following information:

1. A description of the item
2. It's physical condition
3. The date (or expected date) of the contribution
4. Name, address and tax ID number of the appraiser
5. Qualifications of the appraiser including his/her background, experience and education
6. A statement that the appraisal was prepared for income tax purposes
7. Date the item was valued
8. Appraised fair market value of the item
9. Method of valuation (income approach; market data approach; replacement cost minus depreciation approach.)
10. Appraiser must complete Part IV of Section B on Form 8283

The employee or representative of the College accepting the gift will sign and date the Gift-In-Kind form only after the donor has irrevocably turned over the gift-in-kind.

Once signed, the form should be turned over to the College immediately for processing and acknowledgement.

The Advancement Services Office will notify the Accounting Department of the contribution and assign it as an asset or income to the appropriate fund and/or department.

## **NON-ACCEPTABLE GIFTS**

**Saint Mary's College of California reserves the right not to accept certain gifts, including:**

Those that might be objectionable as to purpose or source;

Those that are clearly a commercial endeavor;

Those that would obligate the College to undertake responsibilities, financial or otherwise, which they may not have the ability, or be willing to meet;

Those that would not be in the best interest of the donor (i.e., ones that might be inappropriate in light of the donor's personal or financial situation);

Those that might benefit the donor in certain ways that is not available to others of similar status and interest;

Those from which Saint Mary's College of California will realize little or no financial gain;

Those that are offered for purposes inconsistent with the College's educational mission;

Those that have restrictions that might violate the College's ethical standards or require any form of discrimination;

Those that are offered that might violate the standards of the College's governing body.



**Gift-In-Kind Contribution Form**

**Date of gift:** \_\_\_\_\_

**Gift made by:** \_\_\_\_\_

**Address:**

\_\_\_\_\_

**City:** \_\_\_\_\_ **State:** \_\_\_\_\_ **ZIP:** \_\_\_\_\_

**Home Phone:** \_\_\_\_\_ **E-mail:** \_\_\_\_\_

**Detailed description of gift(s):**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**(Attach any invoices or documentation to form regarding value)**

**I, the donor, estimate the fair market value of this contribution to be:**

\_\_\_\_\_

**\*Notes to donor(s):**

Saint Mary's College gratefully acknowledges your in-kind contribution. The following information pertaining to your in-kind contribution is being provided for your convenience and does not constitute legal advice on behalf of Saint Mary's College or their employees.

**You are strongly encouraged to consult with your tax advisor and refer to the IRS publication 561.** To claim a tax deduction for in-kind gifts:

valued between \$500 and \$5,000, the donor must complete Part I of IRS Form 8283.

Exceeds \$5,000, the donor must complete ALL parts of IRS Form 8283 and submit the complete form to Saint Mary's College for a signature by the Chief Financial Officer or the Controller.

Submit a certified appraisal dated no more than 60 days from the date of the donation. The appraisal must be prepared, signed and dated by a qualified, third-party appraiser.

*The value of any item, regardless of the amount, is used for internal gift reporting only—Saint Mary's College is unable to include the estimated value on a donor receipt or acknowledgement. It is the responsibility of the donor to substantiate the fair market value for his/her own tax purposes.*

**Donor Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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**Receiving Party:**

\_\_\_\_\_ **(Signature)**

\_\_\_\_\_ **(Print Full Name)**

\_\_\_\_\_ **(Department)**

\_\_\_\_\_ **(Office Phone)**

\_\_\_\_\_ **Date of Receivership**

**SAMPLE THANK YOU LETTER FROM EMPLOYEE WHO ACCEPTED GIFT  
OR REPRESENTATIVE OF THE COLLEGE**

**Date**

**Mr. and Mrs. Frank Smith  
12345 Mickey Mouse Lane  
Disney, CA 90001**

**Dear Frank and Virginia,**

**On behalf of Saint Mary's College of California, I would like to extend my sincere gratitude for your gift of (describe gift – use description on Gift-in-Kind form). Your generosity is contributing to an integral part of our students' experience and creating the momentum we need to move forward on the College's most important priorities.**

**Frank and Virginia, thank you again for your continued and generous support. If you have a question about your recent donation, or would like to explore additional ways to get involved in the life of the College, please contact me directly at (925)631-0000 or a gift office in the Development Office at (925) 631-4328.**

**Sincerely,**

**Your name  
Title  
Address  
Telephone Number  
Email**