



Gift-In-Kind Guidelines

Overview

The Eastern Washington University Foundation (EWUF) may accept tangible personal property or gifts-in-kind if the asset is readily marketable or needed by the University or the Foundation. To receive the asset, the proposed gift must be related to EWU's mission or be easily converted to cash, which can then be used to further its mission.

Gifts must be processed in accordance with the Foundation's *Gift Acceptance Policies and Guidelines* (available online) and IRS regulations. These guidelines must be followed when a university representative intends to accept a gift-in-kind. This process will ensure that donors receive proper gift credit, acknowledgement, stewardship, and the gifted property is entered into the university's fixed asset inventory when appropriate.

Donor Considerations

Questions to consider regarding the gift include:

- What is the purpose of gift? Is it related to the mission of the university? As a general rule, only gifts that further the work of departments and programs at the university will be accepted.
- Does the donor's intent match the interests of the university?
- Are there any special conditions the donor may impose? If so discuss with Foundation leadership.
- If the property cannot be used in university programs, will the donor allow it to be sold?
- Is the donor interested in claiming a charitable deduction? If so are they aware they may have to complete and file IRS Form 8283 to do so?

EWU employees should not place a valuation on an in-kind gift, nor tell donors they can deduct it from their taxes. There are a variety of limits and valuation rules so only recommend that the donor consult with a tax advisor.

The donor's IRS Form 8283 can ONLY be signed by the EWUF Executive Director.

The donor should be informed that gift and administrative fees may be imposed on gifts-in-kind when the property is liquidated. Gift and administrative fees are not imposed on gift-in-kinds that remain the property of the university or foundation.



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Program/Department Considerations

Internal considerations:

1. Are there any risks associated with accepting the gift?
2. Could accepting the gift jeopardize the reputation of the donor or the university?
3. Will the gift cost the university money in the future, such as installation, maintenance, repair, cataloging, or preservation costs?
4. Will the gift require a special facility in which to house it?
5. What is the purpose of the gift? Is there a real need for the item?

If additional costs are necessary to accept and keep the gift and are not part of the program's operating budget, approval from the Provost and/or VP for Business and Finance is required.

If the value of the gift is determined to be above the EWU's property inventory threshold, the EWU Foundation will forward a copy of the form to EWU Business and Finance for proper entry into the university's financial asset management system.

It is the responsibility of the college, department or program accepting the gift to ensure that tangible property is tagged and entered into the university's fixed asset inventory.

Per IRS regulations, the donation of time or service is prohibited as a charitable donation.

Accepting and Valuation

Valuation refers to the value placed on the property gift for the EWUF gift crediting and property control purposes. It should be noted that the EWUF's valuation might differ from what the donor claims as a tax deduction.

The "Gift-in-Kind Form" form on the EWUF website should be filled out by the donor, following instructions on the back. It should be sent directly to the EWUF for processing.

Value under \$5,000

For tax purposes the donor must complete IRS *Form 8283 Noncash Charitable Contributions* for a gift of tangible personal property valued at over \$500. No signature is required from the EWUF.



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Value \$5,000 and above

To claim a tax deduction the donor must complete IRS *Form 8283 Noncash Charitable Contributions*. If the value is \$5,000 and over it can ONLY be the EWUF Executive Director that can sign as the “donee”. If the item is sold within three years the EWUF will file *Form 8282 Donee Information Return (Sale, Exchange, or Other Disposition of Donated Property)* and send a copy to the donor.

Documentation that supports the donor’s valuation should be submitted at the time the gift is to be booked. It is the responsibility of the donor to substantiate the fair market value of the gift on his/her income tax form. For internal purposes fair market value may be determined by:

- A written appraisal, for tangible personal property in excess of \$5,000 must be accompanied by an independent qualified appraisal made not more than 60 days before the date of the contribution of the appraised property and not later than the due date of the tax return, including extensions.
- Documentation obtained from a qualified outside source such as “blue book” or a knowledgeable dealer, or
- Documentation identifying what it would cost the foundation if it were to purchase the gift outright from a vendor or an original bill of sale for new equipment.

Note that the EWUF will not absorb appraisal costs. The only exception for paid appraisals is if it is deemed necessary and appropriate for proper insurance and inventory. The EWUF will never pay for an appraisal for a donor.

In addition, for gifts of inventory or scientific research equipment by corporate donors, separate valuation rules apply and the businesses should consult with their tax advisors regarding deductibility.

Special rules also exist for the valuation of “exceptional items” such as rare or historical items or works of art.

When donors pay for event expenses, the value placed on the gift must be substantiated with both the event receipts (such as a catering invoice) and payment documentation (such as a credit card receipt) to show actual payment for the expenses.

The EWUF and EWU does not generally pay to transport a gift.



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Gift Receipting and Stewardship

The EWUF will review the paperwork for completeness. If qualified, the donor will receive a receipt with a description of the gift (e.g. make, model number, year, etc.) only. The EWUF will not assign a dollar value. The value of the gift-in-kind posted is used by the EWU Foundation for recognition purposes only.

If the donated item is of significant value, a receipt will be generated only when all materials that describe and substantiate the value of the gift have been received.

EWU staff associated with the gift are encouraged to thank donors as soon as the gift is received and recorded on a donor's record.

The EWUF will notify related EWU staff when in-kind gifts are received directly by the foundation.

Other

Property not otherwise described above, whether real or personal of any type (including copyrights, trademarks, royalties, servitudes, easements or other incorporeal rights) may be accepted only after review and approval of the EWUF Gift Acceptance Committee.

Auctions

Gifts to an auction are never for a related use, even if the sale raises money for the charity to use in its programs. Consequently the donor's income tax deduction is limited to the cost basis and the donor's item must sell in order to claim a tax deduction. No gift receipt will be issued until after the auction. A purchaser of an auction item must know the fair market value of the item in advance and pay in excess of this amount in order to receive a tax deduction for the difference.

See *Auction Guidelines* for additional procedures.

References

- IRS publication 526 Charitable Contributions
- IRS publication 561 Determining the Value of Donated Property
- EWU Foundation Gift Acceptance Policies and Guidelines (online)
- EWU Foundation Auction Guidelines



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Terms

Tangible personal property

Tangible personal property is property other than real property subject to personal ownership that can be touched. Such gifts can include items as works of art, jewelry, silver, antiques, vehicles, and coin or stamp collections. Personal property may include gifts donated for purposes of being auctioned off at charity fundraising events. While possibly not related directly to the mission of EWU or the EWUF, their conversion to cash does result in a mission-related donation.

Intangible personal property

Intangible personal property is property such as intellectual property. Examples of intangible or intellectual property include: patents, copyrights or cultural, artistic or literary works, or computer software.

Related and Unrelated Use

Because the extent of the donor's allowable charitable deduction depends on the standard of related use, this issue, as previously noted, impacts the amount of tax deduction allowed the donor. The donor must consider whether or not EWU or the EWUF can, or is willing to, put the asset to a related use.

The term "unrelated use" means a use unrelated to the exempt purpose or function of the charitable organization. Example. If a painting contributed to an educational institution is used by that organization for educational purposes by being placed in its library for display and study by art students, the use isn't an unrelated use. But if the painting is sold and the proceeds are used by the organization for educational purposes, the use is an unrelated use.

Donated property retained for less than three years or sold upon acceptance will be liquidated as soon as possible and proceeds used to benefit EWU as designated by the donor. Gift and administrative fees are imposed on gifts-in-kind donated through the EWUF when the property is liquidated.

If EWU or the EWUF should sell or otherwise dispose of the donated property within three years of the date of the gift, EWU or the EWUF must file with the IRS *Form 8282 Donee Information Return (Sale, Exchange, or Other Disposition of Donated Property)* within 125 days and send a copy to the donor.

The EWUF accepts gifts-in-kind that will be retained, for a period of three years or more, for EWU's operational use or related use, such as equipment and furniture. Gift and administrative fees are not imposed on gifts-in-kind accepted that will remain on campus.



Gift-In-Kind Guidelines

Non-Allowed Per IRS and Case

- Partial interest in property” from an individual such as a week stay at a condominium, lease or loan of an item for a period of time.
- Services provided by *individuals* (versus actual product) - Includes professional or specialized services (accounting, legal, consulting, printing design); architectural, marketing or advertising design, advice or consulting. Other examples include “gourmet meal cooking”, guide services and other items typically provided for auction.
- Services provided by *businesses* (versus actual product) - design, production of advertising, technical support for computer software, printing.
- Property from government agency: intergovernmental transfer handled by EWU Inventory Control.
- Stipulations that indicate we do not have “complete and irrevocable ownership”: if artwork is not displayed must be returned to donor; software must be returned if we don’t use it; proceeds from sale of piece of art at auction are to be split with artist.
- Frequent flyer miles.
- Software that either requires purchase of a maintenance agreement (exchange transaction) or requires return if we stop using it.