

GIFT-IN-KIND DONATIONS

Gifts-in-Kind specifically refer to contributions of products, inventory, or personal property from corporations, private donors, or other nonprofit organizations. The following policy and procedures should be followed in order to make the most efficient use of available resources, recognize donors, control donor contacts and requests, and satisfy Internal Revenue Service (IRS) financial reporting requirements.

Gifts-in-Kind should not be solicited or accepted without the approval of appropriate administrative and/or academic personnel.

Gifts-in-Kind Accepted by the College

Otis College of Art and Design will consider gifts of tangible personal property or corporate inventory for a use that is in keeping with the College's mission; that is, for education in art and design. Donations of services may be accepted, but are not tax deductible and will not be formally acknowledged by the College.

Gifts-in-Kind Not Accepted by the College

Some gifts of tangible personal property or corporate inventory should not be accepted. The following are examples of unacceptable gift categories:

- Gifts that are not consistent with its program service activities. (Gifts not related to the College's mission may not be accepted for the purpose of selling them to raise money for a department budget.) For example, the College does not accept works of art because it is an educational institution, not a collecting institution (art museum). The College would never allocate institutional resources to maintain and conserve works in the collection. Given the College's mission, it always gives priority to allocating its funding to scholarships or other educational activities.
- Gifts that have an unusually large cost of maintenance attached. To test this, think about whether the department would be able to pay the maintenance out of its normal operating budget. If not, the gift is not to be accepted. If you have any doubt whether a gift to your department is acceptable, contact the Vice President for Institutional Advancement.

Procedure for Accepting Gifts-in-Kind

1. Notify the Institutional Advancement office of the anticipated gift. Development will provide a Gift-in-Kind Registration form.
2. Fill out the Gift-in-Kind Registration form as completely as possible.
3. If the gift will benefit one Department only, have the Gift-in-Kind Registration form signed by the Department Chair.
4. If the gift is to benefit more than one academic department or the College as a whole, the Gift-in-Kind Registration form will be signed by the Vice President for Institutional Advancement, Vice President for Administrative and Financial Services; or the President of the College. Submit it unsigned.

Additional Considerations

Who will pay for the conveyance and delivery of the gift? If a gift is of great benefit to the department, the Department Chair might consider paying these costs from the departmental budget. Otherwise, the donor should clearly understand that delivery must be at no cost to the College. If the donor wishes to put any special restrictions on the gift, the Vice President for Institutional Advancement must approve the special arrangements before the gift can be accepted and, along with the Chair or Director, must sign the Gift-in-Kind Registration form.

Donor Receipting and Acknowledgment

The Office of Institutional Advancement will provide the donor with receipts and thank-you letters for Gifts-in-Kind. Department Chairs or faculty may send additional thank you letters to the donor.

The receipt issued by the Development Office for all Gifts-in-Kind reflects the following two messages to emphasize the donor's responsibility to obtain tax advice:

- Your (the donor's) gift may require that you complete IRS Form 8283, together with an appraisal of the donated property. Please consult your tax advisor.
- The deduction you (the donor) receive from this gift may be limited to the lower of the cost or the market value of the goods donated. Please consult your tax advisor.

Sale of Gifts-in-Kind

Normally the department will use the gift for College-related activities—books used in the Library, fabric used by students, and so on. Sometimes, however, all or part of the gift will be sold—magazines sold by the Library, excess fabric sold by the Fashion Department, and so on. The following rules and considerations apply:

If a gift is to be sold for \$500 or more (cumulatively), an officer of the College must approve the sale.

Institutional Advancement office is required by law to file IRS Form 8282 for all gifts of tangible personal property valued at more than \$5,000 that are sold by the College within two years of the date of the gift.

If the gift or any part of the gift is to be sold within two years' time, the Donor must sign the Gift-in-Kind Registration form prior to acceptance of the gift. The Donor should be provided with an estimate of how much the gift will be sold for, as the sale of the gift may have an impact on the donor's tax deduction.

When a gift is sold, the proceeds must be deposited with the Business Office for the benefit of the Department that received the gift.

Upon sale of the property, the department selling the gift will prepare a financial summary of proceeds received from the sale, and distribute it to the Vice President for Institutional Advancement and the Controller.

Assessing the Value of the Donated Goods

In keeping with IRS regulations, the College will not appraise or assign a value to the gift property. It is the donor's responsibility to establish a value for the gift and to provide, at the donor's expense, a qualified appraisal required by the IRS in the case of gifts of tangible personal property valued in excess of \$5,000.

If the donor submits an IRS Form 8283 or an outside appraisal, send it to the Institutional Advancement office with the Gift-in-Kind Registration form. Do not sign the IRS Form 8283.

The donor will receive a receipt for the fair market value of the gift, as determined by that donor. If the donor is unable to provide a fair market valuation, the receipt will be issued as "Value to be provided by donor."