Gift-in-Kind Donation Policy & Procedure Updates

Caroline Johansson, Senior Director, Advancement Services
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Agenda

• Gift-in-Kind Donations Overview
• Instructional vs. Non-Instructional Use
• Gift Acceptance Committee
• Gift-in-Kind Donations of Artwork
• Gift-in-Kind Forms
• Gift-in-Kind Acknowledgements
• IRS Forms
• Questions
Gift-in-Kind Donations

Gift-in-kind donations (such as paintings, books, antiques, sculptures, furniture, and equipment) can provide valuable materials or property to the University.

- San Francisco State University may accept or decline gifts-in-kind (GIK) on an individual basis based on whether the gifts provide educational value or otherwise serve the University’s purposes.

- Departments should be consulted prior to the acceptance of any GIK for use by that department or its programs to ensure that the gift is wanted and can be used.
Gift-in-Kind Donations, continued

• Does your donor have an unusual Gift-in-Kind? Consult the AVP for Development and the department chair/dean of the College before acceptance.

• Consider requirements for special storage, display, insurance, or security measures prior to the acceptance of a GIK.

• The exact placement of furniture, artworks, or equipment cannot be guaranteed.

• Transportation and appraisal costs related to the acceptance of a GIK must be endured by the donor. This is a general rule but there may be exceptions i.e. artwork donated by the artist.
Computer Equipment

Gifts of computer equipment are valued according to CSU policy and CASE guidelines, which is generally their educational discount value. Software rarely qualifies as “gifts” and must be pre-approved by the campus Gift Acceptance Committee.
Gifts of Services/Gifts Certificates

Gifts of services or professional services are not recognized by the IRS as tax-deductible gifts.

• The value of person’s or organization’s time or service is not considered a charitable contribution and is not countable, regardless of whether the individual assists as a volunteer or as a professional providing a specialized service (e.g. accounting, legal work, consulting, or printing).

• Gift Certificates are accepted as a Gift-In-Kind donations.

• Scenario: At a university event or dinner, one of the guests picks up the check and pays the bill. In this situation only the portion of the bill that includes the cost of food and beverage can be counted as a gift-in-kind donation (but not the cost of service and tips).
Gift-in-Kind Donations of Artwork

Artist as Donor

Since the 1970's, an artist may not claim the Fair Market Value (FMV) of self-created works donated by the maker to a qualifying nonprofit organization. The artist may only claim the cost of materials used in creating the works.

Counting a Gift of Artwork

Section 1.2.9 Real and Personal Property Section of the CASE Reporting Standards states:

Count gifts of real or personal property (tangible and intangible) that qualify as a charitable deduction for a donor at Fair Market Value regardless of the value the donor may be able to take as a charitable deduction.
Special Collections, Self-Created Works, Royalties

Special Collections
GIK that consist of collections such as works of art, memorabilia, artifacts or other types of tangible personal property – must be considered on a case-by-case before they can be accepted. The Vice President for Advancement’s approval is required to accept and record a gift of a special collection.

Self-created works
Since the 1970’s, an artist may not claim the fair market value of self-created works donated by the maker to a qualifying nonprofit organization. The artist may only claim the cost of materials used in creating the works.

Royalties
Royalties from vendor affinity agreements, such as alumni credit card programs, are exchange transactions and are not countable.
Instructional and Non-Instructional Use

Also known as “Related or Unrelated” use – definition depends on how the organization intends to use the property.

Instructional (Related Use) refers to the purpose or function constituting the basis of the charitable organization exemption under Section 501(c)3

- A painting contributed to an educational institution and used by the university for educational purposes by being placed in its library for display and study by art students
- Equipment donated to COSE for use by students in labs

Non-Instructional (Unrelated Use) refers to the purpose or function constituting the basis of the charitable organizations’ exemption under Section 501(c)3

- A painting contributed to an educational institution which is sold and the proceeds used by the university for education purposes
- A bottle of wine contributed to a charitable organization and sold at a fund-raising auction.
Donor Tax Deductions for Instructional vs. Non-Instructional Use

**Question:**
Is there a tax consequence to a Donor (not original artist) on whether the charity uses the gift-in-kind for related use or uses the gift for unrelated use?

If the university use is instructional or related use, the donor can maximize their deduction taking a Fair Market Value deduction.

If used for non-instructional or unrelated use, the Donor deduction is limited to their tax basis (or cost) of the art or gift-in-kind.
Gift Acceptance Committee

The San Francisco State University Gift Acceptance Committee may convene to review Gift-in-Kind Donations over $25,000 in value:

- Vice President for University Advancement
- Associate Vice President for Development
- Vice President/CFO of Admin and Finance (or their designee)
- Associate Vice President for Advancement who serves as the recorder
- Senior Director of Advancement Services and Development Officers for the benefitting unit or other faculty/administrators may participate in determining the gift acceptability.
Gift Acceptance Committee, continued

• The department or college representative of the recipient unit should complete the Gift-in-Kind Acceptance Form and provide a valuation of the Gift-in-Kind consistent with policy.

• The GIK Acceptance Form is signed by the Dean or department chair and submitted, along with all supporting documentation, to Gift Processing Team via DocuSign.

• The AVP for Advancement will coordinate the review by the Gift Acceptance Committee i.e. acceptance of each gift of software, special collections, real estate, vessels (cars, boats, airplanes, etc.), tangible or non-tangible assets or gifts-in-kind of $25k and above.

• Approval signatures by the Gift Acceptance Committee must be on the Gift-in-Kind Acceptance form.
Gift-in-Kind donations valued under $5,000 from a donor:

- It is not required to have a qualified independent appraisal but we can accept it if the donor has one.

- Value can be provided by the donor but they should have some form of what was paid for it i.e. sales receipt or credit card statement (Sales tax does not count toward value!).

- Value determined by a qualified expert on the faculty of staff of the institution, but not an individual whose fundraising totals are directly affected by the gift.

- Value established by a purchaser’s winning auction bid at a charity auction run by the institution, only if no FMV for the item was available before the auction.

Appraisals for these items are not required and need not be attached to the donor’s tax return, but the donor should file IRS Form 8283 – Non-cash Charitable Contribution if their claim is over $500.
Gift-in-Kind donations valued under $5,000 if the Donor is the Artist

• It is not required to have a qualified independent appraisal for gifts-in-kind under $5,000 but we can accept it if the donor has one.

• Value determined by a qualified expert on the faculty of staff of the institution, but not an individual whose fundraising totals are directly affected by the gift.

• A Deed of Gift Form is needed for any gift of artwork by the artist (no matter what the value)

If the donor is also the artist and the worth of their materials is under $500, they do not have to file IRS Form 8283. If materials claimed is over $500, then they should submit the form.
Gift-in-Kind Appraisals, continued

Gift-In-Kind donations **valued over $5000 and above** (of artwork donated by a collector or someone other than the artist):

- We can book at the FMV placed on it by a qualified independent appraiser. (Not faculty or staff)

- Donor is required to provide the appraisal.

- However, the University may choose to pay for the appraisal if the artwork is of high value or significance to the University.
Gift-in-Kind Appraisals, continued

**Gift-In-Kind donations of art valued over $5000 by a donor who is the artist:**

- We can book at the FMV placed on it by a qualified independent appraiser. (Not faculty or staff).

- Donor is usually required to provide the appraisal but gifts of artwork can be the exception because the donor (artist) may only claim the cost of materials. The University may choose to pay for the appraisal if the artwork is of high value or significance to the University.

- A [Deed of Gift Form](#) is needed for any gift of artwork by the artist (no matter what the value)
Donor Hosted Events

Events hosted by a donor at their home or business are considered a Gift-In-Kind Donation

Donors need to understand that if they pay for all the expenses and expect to claim all, only the value of food and beverages are counted as a donation.

- Service such as waiters, bartenders, table/chair/glassware rental, etc. do not count.
- Sales tax and gratuity do not count! Anything that they rent or is considered a service does not count.

There are some options to appease the donor if they want to claim all the costs and we want to count the entire cost:

- Development or the College/Department pays for the entire event cost and the donor writes us a check to cover the amount. We can count the entire amount in the check and the donor gets the donation claim in full amount. (Ucorp confirmed they can get us checks in time to pay vendors if they have a heads up. Checks are run every 3-4 days.)
Forms Needed to Process Gift-In-Kind Donations

All forms for Gift-In-Kind donations can be found on the [Advancement Services Forms Page](#).

There are a number of forms needed to process a Gift-In-Kind donation:

- **Gift-in-Kind Acceptance Form** (forms for GIK under $25,000)
- **Donor Intent Form**

And, if the GIK is a donation of artwork by the original artist:

- **Deed of Gift Form**

These forms are now available in the University Advancement Folder in [DocuSign Templates](#).

- Gift-In-Kind Acceptance Form – use for GIK under $25,000
- Gift-In-Kind Acceptance Form for $25k and above - use for GIK over $25,000
- Donor Intent Form
- Deed of Gift (Coming soon!)
Gift-in-Kind (GIK) Acceptance Form

All donated non-cash items should be documented as gift-in-kind donations as they are considered charitable donations to the University. The following documentation for GIK donations should be provided to the Gift Processing Team for processing and acknowledgement purposes:

A Gift-In-Kind Acceptance Form needs to be filled out by the College/Department representative and approved by the Dean, Department Chair or Program Director. The form should also be approved by the Director of Development for the appropriate college or department and the Associate Vice President (AVP) of Development.

If the GIK is valued over $25,000, the VP of Advancement and the VP of Admin and Finance will also sign.
Donor Intent Form

A Donor Intent Form needs to be filled out and signed by the donor. This outlines that the donor is gifting the item to the university and transferring ownership.

We will also accept a letter or an email from the donor that provides a description of the gift, purpose and the fair market value of the donated item(s).
A Deed of Gift form is required if the Gift-in-Kind donation is artwork donated by the original artist.

The Deed of Gift form is needed on all original artworks, no matter what the value.

If the gift is an original work of art being donated by the original artist, a Deed of Gift Form may be used in lieu of a Donor Intent form due to the fact that it basically covers the same information about transfer of property, what area of the university they are donating to, etc.

Note: The Deed of Gift Form outlines that the appraisal is the donor’s responsibility. If SF State is going to provide the appraisal, contact Caroline for a revised copy of the Deed of Gift form which omits this.
Gift-In-Kind Acknowledgement

All GIK donations of $4,999 and below will be acknowledged with an official thank you letter for tax purposes signed by the Associate Vice President (AVP) for University Development. As per IRS, the thank you letter will be provided with the description **(but not value)** of the non-cash contribution. The donor is responsible for estimating the value of non-cash contributions when they are reported to the IRS on a donor's tax return.

GIK appraised between $5,000 and $24,999 for individuals and at $10,000 and above for organizations are acknowledged with a letter prepared by Donor Relations and signed by the AVP for University Development or VP for Advancement.

GIK appraised at $25,000 and above for individuals are acknowledged with a letter prepared by Donor Relations and signed by the President.
Forms 8283 and 8282

Form 8283: Noncash Charitable Contribution

Donor must file a completed IRS Form 8283 with their tax return for the year a deduction is claimed. It must be noted on the GIK Acceptance Form whether a Form 8283 was submitted by the donor. On the form 8283 the University certifies only Section B Part IV: Donee Acknowledgement for donations of $5,000 and above.

Form 8282: Donee Information Return

Donee organizations use Form 8282 to report information to the IRS about disposition of certain charitable deduction property made within 3 years after the donor contributed the property.
A Word About Canadian Gift-in-Kind Donations


San Francisco State University is considered a Schedule VII university under the Income Tax Act of the Canada Revenue Agency (CRA). For San Francisco State University to retain its registration with the CRA and remain in good standing with this agency, we adhere to the following procedures for gift-in-kind donations by Canadian resident donors:

• The fair market value of all Canadian gift-in-kind donations must be valued and set by the receiving organization (San Francisco State University). The value is NOT determined by the donor.

• The organization should be aware that it is not required to issue a donation receipt to a Canadian donor. However, a Canadian donor who is either an individual or a corporation is required by the Act to have an official donation receipt in order to claim a tax deduction.
The **Gift-in-Kind Acceptance Policy** lives on the [Advancement Services Policy Page](#).

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**Policy**

The Advancement Services Team at SF State University follows advancement services best practices in Advancement Management, Gift Acknowledgement, Gift (Tax) Receipts, Records and Data Management, etc. as set forth by the Internal Revenue Service (IRS), Council for Advancement and Support of Education (CASE) and the Association of Advancement Services Professionals (AASP). Advancement Services has provided links to the most frequently referenced policies and procedures for gift acceptance, gift-in-kind donations and matching gift donations. Many of the forms mentioned in these policies can be found on our Forms page.

For accessibility assistance with these documents, please email [develop@sfsu.edu](mailto:develop@sfsu.edu) or call (415) 405-3820. Download Adobe Acrobat Reader.

Advancement Services Policy documents:

- Fundraising Event Policy (UED 15-43)
- **Gift-in-Kind Acceptance Policy**
- Matching Gift Donations Policy
- Pledge Policy
- SF State Vehicle Reservation Policy
Questions/Discussion
Contact Us

University Advancement
San Francisco State University
1600 Holloway Avenue, ADM 154
San Francisco, CA 94132

Phone
(415) 338-1042 – Main Office
(415) 405-3820 – Caroline Johansson, Director
of Advancement Services

Email / Website
cjoh@sfsu.edu
http://advservices.sfsu.edu/content/forms