

**Interfaith Food Ministry of Nevada County
Gift in Kind Policy**

Approved October 26, 2013

I. STATEMENT OF PURPOSE

The IRS has specific regulations regarding gifts-in-kind. The purpose of this policy is to portray economic reality and outline the process that Interfaith Food Ministry of Nevada County 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 Interfaith Food Ministry of Nevada County. It further assures that a donor will receive timely acknowledgement of his/her contribution.

II. DEFINITION

A Gift-In-Kind is a voluntary contribution of goods or services (non-monetary in nature) that can be used to advance the mission of Interfaith Food Ministry of Nevada County and may qualify as a charitable deduction for the person(s) making the gift.

Generally accepted account principals (GAAP) require in-kind donations of goods or facilities to be recorded at fair market value.

Donated services are recorded at fair market value when the following criteria are met:

- The service provided requires specialized skills (legal, accounting, general contracting, etc.)
- The service is provided by someone with those skills
- The service would have otherwise been purchased if they were not donated

Gifts-in-kind might include such items as equipment, software, printed materials, auction items, food or other items used for distributing food, and professional services.

Discounts are quite often offered to nonprofits. Consequently, Gifts –in-Kind are not to be confused with discounts offered from merchants or service providers in the normal course of business.

Gift cards or certificates that have a cash value are not by nature Gifts-in-Kind given they have a monetary value and as such are recorded as a donation.

III. POLICY

Interfaith Food Ministry of Nevada County may accept in-kind donations of goods or services that can be used to advance the mission of Interfaith Food Ministry of Nevada County or may be converted readily into cash. In-kind donations may be accepted following the procedures outlined below.

Interfaith Food Ministry of Nevada County will record in-kind donations that exceed \$25 in value.

No gift may be accepted or repurposed for personal use by any member of staff or board, even if the donor says it is acceptable. This is a violation of our code of ethics, acceptable fundraising principles, and the Federal Government IRS guidelines.

IV. GENERAL PROCEDURES

In-kind donations may be accepted by following these procedures:

- When presented with a potential gift-in-kind, a representative of Interfaith Food Ministry of Nevada County must assess if the gift can be used to advance the mission of Interfaith Food Ministry of Nevada County.
- If the gift is accepted, the employee or representative of Interfaith Food Ministry of Nevada County 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. Once the donor has completed the form, the representative must sign the form and give it to the Executive Director/Treasurer for processing.
- It is the responsibility of the donor to determine the fair market value of the contribution. The value indicated by the donor is for Interfaith Food Ministry of Nevada County internal gift reporting only.
- If the donor is unable or unwilling to complete the form, the Interfaith Food Ministry of Nevada County representative may complete the form, write "N/A" as the estimated fair market value and complete the section in the lower right hand corner that the form was completed by him/her.
- The employee or representative of Interfaith Food Ministry of Nevada County accepting the gift cannot offer tax advice or dictate the value of the contribution. The donor should be referred to donor's own tax counsel to answer any questions regarding tax deductions.
- Interfaith Food Ministry of Nevada County 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.
- For all gifts-in-kind, especially items such as equipment and software, Interfaith Food Ministry of Nevada County should report the value Interfaith Food Ministry of Nevada County would have paid had it purchased the new item(s) 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.
- In-Kind donations will be recorded in the books on a donation-by-donation basis with the exception of food donations, which will be recorded monthly in aggregate. A record of the donations supporting the monthly food donation entry will be maintained.

V. SPECIAL PROCEDURES FOR PERSONAL PROPERTY DONATIONS WITH VALUE GREATER THAN \$5,000

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 Interfaith Food Ministry of Nevada County for signature. Only the Treasurer or President of the Board are authorized to sign 8283 forms.

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

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:

- 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.
- 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 Interfaith Food Ministry of Nevada County.
- Appraiser cannot be (1) the donor, (2) the donee, (3) any party to the transaction, (4) an appraiser used regularly by Interfaith Food Ministry of Nevada County or anyone employed or related to a representative of Interfaith Food Ministry of Nevada County.

The appraisal must contain the following information:

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

The employee or representative of Interfaith Food Ministry of Nevada County 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 Executive Director and Treasurer for acknowledgement and accounting treatment.

VI. NON-ACCEPTABLE GIFTS

Interfaith Food Ministry of Nevada County 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 Interfaith Food Ministry of Nevada County 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 Interfaith Food Ministry of Nevada County will realize little or no financial gain;
- Those that are offered for purposes inconsistent with Interfaith Food Ministry of Nevada County's mission;
- Those that have restrictions that might violate Interfaith Food Ministry of Nevada County ethical standards or require any form of discrimination.

Gift-In-Kind Contribution Form

Date of gift: _____
Gift made by: _____
Address: _____
City: _____ State: _____ ZIP: _____
Home Phone: _____ Cell 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):

Interfaith Food Ministry of Nevada County 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 Interfaith Food Ministry of Nevada County 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:

- I. If the in-kind gift is valued between \$500 and \$5,000, the donor must complete Part I of IRS Form 8283.
- II. Exceeds \$5,000, the donor must complete ALL parts of IRS Form 8283 and submit the complete form to Interfaith Food Ministry of Nevada County for a signature by the Treasurer, Board of Directors. 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— Interfaith Food Ministry of Nevada County 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: _____

Receiving Party from Interfaith Food Ministry of Nevada County:
Representative Signature: _____
Representative Name: _____
Date: _____

Sample Thank you Letter from Interfaith Food Ministry of Nevada County

Date

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

Dear Frank and Virginia,

On behalf of Interfaith Food Ministry of Nevada County, 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 commitment to supporting our local community.

Frank and Virginia, thank you again for your generous support. If you have a question about your recent donation, or would like to explore additional ways to get involved with Interfaith Food Ministry of Nevada County, please contact me directly at 530-555-273-8132.

Sincerely,

Sue Vanson
Executive Director