

## 2009 TILE PARTNERS FOR HUMANITY IN-KIND CONTRIBUTIONS POLICY AND PROCEDURES

### **PURPOSE**

The IRS has specific regulations regarding in-kind contributions. This policy outlines the process an employee of TPFH should follow when presented with an in-kind contribution. 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 and vision of TPFH or cannot be readily converted to cash. It further assures that a donor will receive timely acknowledgement of her/his contribution.

### **DEFINITION**

An in-kind contribution is a voluntary contribution of goods or services that can be used to advance the mission and vision of TPFH or can be readily converted to cash and may qualify as a charitable deduction for the person(s) making the contribution. To qualify as an in-kind contribution, the contribution must be given to TPFH without charge or consideration.

**Note 1:** The value of a person's or organization's time or service is not considered a charitable contribution and does not qualify for 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.

**Note 2:** Although contributed services cannot qualify as a charitable contribution, TPFH keeps track of contributed services because they constitute a significant part of TPFH's ability to accomplish its mission, vision and goals for each year. TPFH, therefore, encourages all donors to keep a record of their contributed time and services and to forward said record to TPFH on a monthly basis for purposes of TPFH's internal recordkeeping. A copy of the In-Kind Services Log is attached hereto.

### **POLICY**

Tile Partners for Humanity may accept contributions of goods or services that can be used to advance the mission and vision of TPFH or may be readily converted into cash. When accepting an in-kind contribution, the TPFH staff member must ask the donor to complete a Tile Partners for Humanity In-Kind Contribution form. Once the donor has completed the form, the TPFH staff member must sign the form and send it immediately to the Associate Director, or her designee, for processing.

The IRS allows an individual to deduct the full fair market value of a donated item if it is kept by TPFH 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).**

Tile Partners for Humanity staff will enter the contribution in its donor database and issue an acknowledgement to the donor along with a copy of the In-Kind Contribution 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. TPFH cannot issue an acknowledgement for contributions that cannot be used or readily converted to cash. An example would be a contribution of broken or outdated equipment.

For contributions with values exceeding \$5,000, the donor must complete all parts of IRS form 8282 (sample attached) and submit the form to the Associate Director for signature by either the Executive Director or the Associate Director.

If TPFH has signed an IRS form 8283 (sample attached) and then sells, exchanges or otherwise transfers the contribution within two years from the date of the contribution, TPFH must file a donee information return, IRS form 8282, within 125 days of disposing of the property. TPFH 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 in-kind contribution, the TPFH staff person must assess if the gift can be used to advance the mission and vision of TPFH or can be readily converted into cash. If there is any question as to whether the contribution meets either of these criteria, the staff person should contact the Associate Director.
- If the gift is accepted, the TPFH staff person should offer an immediate and sincere expression of gratitude. At that time, the donor should be given the TPFH In-Kind Contributions form and be encouraged to complete the form then. If the donor is unable or unwilling to complete the form, the staff person may complete the form, write "N/A" as the estimated fair market value, and enter that the form was completed by her/him in the note section in the lower right-hand corner.

## IT IS IMPORTANT TO REMEMBER:

- The staff person accepting the contribution 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 of the contribution is for TPFH's internal contributions 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 contribution. It must be prepared, signed and dated by a qualified appraiser. Federal 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:

- ❖ The appraiser must hold her/himself out to the public as an appraiser and state credentials showing that s/he is qualified to appraise the type of property being valued.
- ❖ The appraiser must value the property no more than 60 days before the date of the contribution; it can be done after the contribution has been accepted by TPFH.
- ❖ The appraiser cannot be (1) the donor, (2) the donee (TPFH), (3) any party to the transaction, or (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:

- ❖ 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 her/his background, experience and education,
  - ❖ A statement that the appraisal was prepared for income tax purposes,
  - ❖ The date the item was valued,
  - ❖ The appraised fair market value of the item,
  - ❖ The method of valuation (income approach, market data approach, replacement cost minus depreciation approach),
  - ❖ The appraiser must complete Part IV of Section B on form 8283.
- The TPFH staff person accepting the contribution will sign and date the TPFH In-Kind Contribution form only after the donor has irrevocably turned over the contribution in-kind.
  - Once signed, the form should be turned over to the Associate Director immediately for processing and acknowledgement.
  - The Associate Director, or her designee, will notify the Assistant Treasurer and assign it as an asset or income as is appropriate.



## In-Kind Donation Form

Thank you very much for making an in-kind donation to Tile Partners for Humanity, Inc. This form will help us to properly record and acknowledge your generous gift. If you have any questions, please contact Lynn Labuda or [Lynn.Labuda@tpfh.com](mailto:Lynn.Labuda@tpfh.com).

### **Donation and Donor Information (to be filled out by donor):**

I/we wish to donate the following items to Tile Partners for Humanity, Inc., as described below:

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Estimated Value of the Donation<sup>1</sup>: \$\_\_\_\_\_ Date of Donation: \_\_\_\_\_

Donor Name(s): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Email Address(es): \_\_\_\_\_

Special Instructions, if any, including designated Good Shepherd program, if any. Attach additional pages if necessary:

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Signature of Donor(s): \_\_\_\_\_

### **Disbursement Information (to be filled out by Tile Partners for Humanity, Inc.)**

Program/Department: \_\_\_\_\_ Fiscal Code: \_\_\_\_\_

Program Contact: \_\_\_\_\_

Development Dept Contact: \_\_\_\_\_

<sup>1</sup> The IRS requires, for our records and yours, that an estimation of the dollar amount of a non-cash contribution be given. IRS publication 563, *Determining the Value of Donated Property* is helpful for individuals, partnerships, and corporations who make non-cash contributions. If a non-cash contribution exceeds \$500, the taxpayer must file IRS Form 8283.

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