
2207 GIFTS-IN-KIND

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Resp. Office: Treasurer
Approval: Treasurer

PURPOSE

The purpose of this document is to broadly provide guidance regarding the acceptance of Gifts-In-Kind and define related responsibilities.

POLICY

Gifts-in-kind are defined as any donations of real estate, or tangible personal property, such as, but not limited to the following examples: property, antiques, rare books, art, equipment, inventory, livestock, and software.

Gifts-In-Kind should only be accepted if they are going to be put into use, including public display, by the University or subsequently be sold to provide funds for other purposes.

RESPONSIBILITIES

In accordance with Responsibility Center Management (RCM) and related Internal Control Governance (ICG) as defined in Financial Policy 2701, the accepting organization has ultimate responsibility for compliance with this policy.

Development and Alumni Relations (DAR) in collaboration with Gifts and Investment Services (GIS) is responsible for collaborating with the accepting organization with respect to ICG and providing guidance and compliance oversight.

The responsibilities vary based on the categorization of the gift.

Used in Operations

Tangible property or real estate employed in support of the University's mission, including the generation of revenue, with an economic life greater than one year.

Gifts used in operations are required to be fair valued, if the anticipated value exceeds \$25,000, and added to the Property Management System in the fiscal year in which they were received.

GIS, in collaboration with the accepting organization, will coordinate the provision of all appropriate documentation, including useful life estimates, to Property Management in the Comptroller's Office to ensure proper recording of the assets by the accepting organization.

Held for Sale

Tangible or real estate property held for sale.

With the exception of real estate assets, the University generally does not accept donated assets that are not intended to be used for more than three years. DAR and GIS must approve all gifts held for sale prior to acceptance.

On the rare occasion that donated assets are accepted and sold prior to three years, the tax department is required to complete Form 8282 and remit to the IRS on behalf of the accepting organization. The accepting organization, in collaboration with DAR and GIS, is required to report the disposition of donated assets to the tax department in the Comptroller's Office.

Accepted gifts held for sale are required to be fair valued and recorded as such if they have not been sold as of June 30 of the fiscal year.

Held for Public Exhibition

Works of art, historical treasures, and similar assets added to collections held for public exhibition, education, or research in furtherance of public service rather than financial gain.

Accepted gifts held for public exhibition are not recorded as a financial asset for financial statement purposes.

The Office of the Curator should be notified of all proposed artwork and collection donations proposed for review and approval. Please see the Art Collection Policy for further information.

Real Estate

Real Estate donations must be approved by DAR and GIS, in consultation with the Office of General Counsel. See Policy 2231 – Gifts of Real Estate.

Fair Value Determination

Generally accepted accounting principles require the University to determine and record the fair value of Gifts In Kind in the fiscal year received unless they are held for public exhibition as defined above.

As per IRS Publication 561, donors are required to obtain substantiation of value to support any deductions taken on their personal tax returns.

To minimize costs to the organization accepting the gift, the donor's appraisal or other form of substantiation should be obtained from the donor in accordance with written documents requiring the donor to provide such substantiation of value. If the accepting organization in collaboration with DAR and GIS determine that the donor's substantiation documentation is timely and reasonable it may be used to record the gift.

If the donor's substantiation is not obtained or it is not timely or reasonable, the accepting organization in collaboration with DAR and GIS must obtain an appraisal or other form of substantiation and record the gift at this value in the fiscal year received.

As a general rule an appraisal or other form of acceptable substantiation is considered timely if it is dated within 12 months of the contribution date. Planning for gift acceptance should consider the donor's plans for obtaining and providing value substantiation to the accepting organization. The appraisal generally must be completed by an independent expert in the field.

A timely independent appraisal is required to support recorded values for real estate.

Recorded values for new equipment may be supported by a recent invoice, catalog inventory listing, or other retail listing. Recorded values for used equipment may be supported by listings from eBay, Craig's List, or other online bidding systems.

The contribution date is determined by the date the item(s) is transferred (either physically delivered, or in the case of real estate when the deed is signed) to the University.

There may be unusual circumstances where determining a timely and reasonable value of the gift in the fiscal year received will be difficult or costly. The accepting organization in collaboration with DAR and GIS with approval by the Vice President for Finance and Vice President of Development may defer valuation to the following fiscal year if the anticipated value will not be material to the current year GAAP financial statements.

STEWARDSHIP REPORTING

At no time will the University place a value on donated assets on an official University tax receipt. It is the donor's responsibility to place a value on these assets for reporting it to the IRS on their individual tax returns.

Penn's receipt can just acknowledge the acceptance of the gift and provide a description of the assets received.

The value, if any, added to the donor record is for donor record keeping and recognition purposes only.