

Gift-in-Kind Procedures

- I. [Introduction](#)
- II. [Tangible Gift-in-kind Procedures](#)
- III. [Special Types of Gift-in-kind Contributions](#)

I. Introduction

- A. Gifts-in-kind support the mission of the University of Hawai'i system ("University") and enhance the quality of the education offered to its students. Donors of gifts-in-kind can have a significant impact on the future of the University. One of the primary goals of the following procedures is to help facilitate the University to accept a gift-in-kind and to ensure that the University of Hawai'i Foundation ("Foundation") appropriately recognizes the donor's gift.
- B. Gifts-in-Kind generally fall into two categories.
 - 1. **Tangible Assets:** This includes such items as materials, equipment, software, printed materials, long lived assets, food or other used for hosting dinners. These items are potentially tax deductible to the donor and can be counted in the Foundation's fundraising totals.
 - 2. **Contributed Services:** This includes such items as personal time (i.e. consulting and volunteer time) and use of facilities (i.e. use of a condominium or office space). The value of these items is not tax deductible by the IRS and not in counted in the Foundation's fundraising totals.
- C. This procedure outlines the handling of gifts-in-kind that are to be received and retained for use by the University. It does not apply to gifts-in-kind that are to be sold.
- D. This document is intended to be used as an internal process document, and the Foundation and the University shall not give legal or tax advice. If a donor has questions regarding the charitable deduction amount, the donor should be instructed to consult with his/her own tax advisor.

II. Tangible Gift-in-Kind Procedures

- A. Gifts-in-kind with a Value that Exceeds \$5,000
 - 1. **Charitable Deduction Requirements**
 - a. If a donor intends to claim a tax deduction for a non-cash gift with a value that exceeds \$5,000, the donor must submit an Internal Revenue Service ("IRS") Form 8283, accompanied with an appraisal executed by a qualified independent appraiser.
 - b. The appraiser cannot be the donor or the donee (the Foundation or the University).

- c. The appraisal cannot be made earlier than 60 days prior to the date of the gift.
- d. The donor is responsible for obtaining any required appraisal and the appraiser's signature on Section B of Form 8283. An official of the Foundation must also sign Form 8283 to acknowledge receipt of the item. Please note that the signature of the Foundation Officer on the form does not represent concurrence in the appraised value of the contributed item.
- e. The original Form 8283, a copy of the appraisal, Transmittal for Non-Cash Gifts form, and other pertinent documents will be retained by the Foundation.
- f. The Foundation will file copies of the pertinent documents and send the original Form 8283 to the donor with an acknowledgement letter.
- g. The Foundation's Gift Processing Department will prepare an acknowledgement letter to the donor. Gift-in-kind acknowledgements will only include the description of the item with no value stated.
- h. If the item is sold, exchanged or otherwise disposed of within three years after the date of receipt, the Foundation will file Form 8282 (Donee Information Return) with the IRS and give the donor a copy of that form.

2. Gift Counting

- a. If the value of the gift in the appraisal is listed as a range of values, the gift will be booked at the midpoint of the range of values.
- b. The Foundation will count the reasonable value of the gift-in-kind based on paperwork received from the donor together with the opinion from the University department/unit accepting the gift.
- c. In some cases the donor does not need a charitable contribution and is not required by the IRS to complete a Form 8283. A typical example would be corporations or other businesses making a gift-in-kind, which they produced or manufactured. In these cases, appropriate documentation to establish its value might include an itemized inventory list, an invoice or letter, or published information on the value of the items in order to be counted.

B. Gifts-in-kind with a Value More than \$500 and Up to \$5,000

1. Charitable Deduction Requirements

- a. If a donor intends to claim a tax deduction for a non-cash gift with a value of more than \$500, the donor must submit an IRS Form 8283.
- b. If a donor intends to claim a tax deduction, the donor must obtain a written acknowledgement in order to take a charitable deduction.

- c. The donor is responsible for submitting a completed Form 8283 to the Foundation. Please note that the signature of the Foundation Officer on the form does not represent concurrence in the appraised value of the contributed item.
- d. The original Form 8283, Transmittal for Non-Cash Gifts form, and other pertinent documents will be managed by the Foundation.
- e. The Foundation will retain and file copies and send the original, signed Form 8283 to the donor with an acknowledgement letter.
- f. The Foundation's Gift Processing department will prepare an acknowledgement letter to the donor.
- g. Gift-in-kind acknowledgements will only include the description of the item with no value stated.

2. Gift Counting

- a. Any gift-in-kind with a value in the range of \$1,000 to \$5,000 from the donor will be recorded in the Foundation's system at the reasonable value of the gift-in-kind.
- b. A guideline for appropriate documentation would be what is considered by the IRS in order to obtain a deduction.
- c. In some cases the donor does not need a charitable contribution and is not required by the IRS to complete a Form 8283. A typical example would be corporations or other businesses making a gift-in-kind, which they produced or manufactured. In these cases, appropriate documentation might include an itemized inventory list, an invoice or letter, or published information on the value of the items in order to be counted.

C. Gifts-in-kind with Value Between \$250 and \$500

1. Charitable Deduction Requirements

- a. If a donor intends to claim a tax deduction, the donor must obtain a written acknowledgement in order to take a charitable deduction.
- b. The University school/college/unit accepting the gift-in-kind should submit the Transmittal for Non-Cash Gifts form, and other pertinent documents in order for the Foundation to generate a written acknowledgement.
- c. The Foundation's Gift Processing department will prepare an acknowledgement letter to the donor. Gift-in-kind acknowledgements will only include the description of the item with no value stated.

2. Gift Counting

- a. Any gift-in-kind with a value in the range of \$250 to \$999 from the donor will be recorded on the Foundation's system as the reasonable value of the gift-in-kind.

- b. A guideline for appropriate documentation would be what is considered by the IRS in order to obtain a deduction.

D. Gifts-in-kind With a Value Under \$250

1. The Foundation has established a minimum value for gifts-in-kind to be recorded on the Foundation's system of \$250. The school/college/unit accepting the gift is encouraged to acknowledge the gift, but no gift-in-kind paperwork is required. When acknowledging gift-in-kind donations, the school/college/unit should not include any value in the letter.

E. Additional Procedures for Gifts-in-Kind Meeting Capitalization Criteria

1. If the donated property meets the capitalization criteria set forth in the University Administrative Procedures Manual A8.550, entitled Capitalization, the Foundation shall forward the Transmittal for Non-Cash Gifts form to the University's Capital Asset Accounting Office for recordation of the property in the University's inventory.
2. The University Capital Asset Accounting Office will return a signed copy of the Transmittal for Non-Cash Gifts form to the Foundation as a confirmation of the recordation.

III. Special Types of Gift-In-Kind Contributions

A. Gifts with Title

1. Gifts-in-kind of vehicles, vessels, and real estate to be used by the University should be in compliance with University requirements. Please see the appropriate University department or unit for further details.
2. The Foundation does not accept gifts-in-kind for which a title or registration of ownership and/or transfer is required. These such items must be accepted by the University unit itself.
3. The Foundation can record gifts-in-kind requiring a title or registration of ownership for recognition credit with the submission of the Transmittal of Non-Cash Gifts form.

B. Software

1. Software gifts that serve the academic or research purpose of the University are considered a charitable gift depending upon the agreement. The agreement between the donor and the University will be used to determine whether they are gifts or exchange transactions according to the IRS.
2. Gifts of software will be recorded at the educational discount value documented in writing by the donor. If no educational discount is available, the established retail value will be used.

- a. Recommended documents to be attached to the Transmittal for Non-Cash Gifts form:
 - i. A letter from the donor on company letterhead documenting the dollar value of the software, including a statement of the educational discount value if it is available.
 - ii. A specific description of the software including the number and type of licenses (individual license, site license, etc.) and the stated value for each license.
 3. The donor must irrevocably transfer ownership of the software license to the institution. This is best accomplished by having a written communication from the donor. If use of the software license must be renewed at a later date, the transaction is not considered a gift under IRS standards.
 4. A gift of software will generally only be recorded for recognition credit unless it is highly developed or customized to support the needs of the University.
- C. Royalties
1. Gifts of royalties from property not owned by the University or the Foundation will be counted at full value each time a royalty payment is actually received.
 2. A contribution to a qualified charity of a license to use a patent is not tax deductible to the donor if the donor retains any substantial right in the patent.
- D. Contributed Services
1. Based on Council for Advancement and Support of Education (“CASE”) and Financial Accounting Standards Board (“FASB”) guidelines and IRS regulations, contributed services are not considered charitable contributions and will not be included in the Foundation’s annual fundraising totals.
 2. Services requiring specialized skills may be eligible for recognition credit. This includes services provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen.
 3. Contributions of broadcast time and newspaper space are also considered contributed services and are eligible for recognition credit only.
 4. Use of real property is considered contributed services and is eligible for recognition credit only.
 5. Restaurants or other businesses that provide catered food for events can only deduct the cost of food not the “service” as a charitable contribution.
 6. One acceptable option for volunteers who provide professional services to the University is to bill for the service, accept payment for services, and then make a cash gift through the Foundation.

7. To report contributions of services for recognition credit, please complete the Transmittal of Non-Cash Gifts form.
- E. Other Items Not Considered Charitable Contributions
1. Based on the CASE and FASB guidelines and IRS regulations, the following types of gift-in-kind contributions are not considered charitable contributions and will not be included in the Foundation's annual fundraising totals:
 - a. Costs of appraisal
 - b. Shipping costs
 - c. Sales tax

Gifts-in-Kind (GIK) Workflow

Last modified 11/03/2022

