

Humboldt State University  
University Advancement

Gift-in-Kind Guidelines

Policy

The Humboldt State University Charitable Contributions Acceptance Policy (EM:P14-01) provides that:

“All charitable contributions intended to benefit any unit, program, scholarship or auxiliary of Humboldt State University shall be accepted by the Humboldt State University Foundation.”

and that,

“Contributions of services and gifts-in-kind will be accepted at the discretion of the University provided that they meet a programmatic need of the University.”

Definition of Gift-in-Kind

A gift-in-kind is generally any contribution of an item other than cash or readily marketable securities, usually materials or long-lived assets that are directly related to the mission of the University. Gifts-in-kind include such items as equipment, software, printed materials, food or other items used for hosting events, etc. Gifts-in-kind often come from companies, corporations, or vendors, but may also come from individual donors who typically give personal property.

Gift-in-Kind Proposal

All gifts-in-kind must be proposed using the Gift-in-Kind Proposal Form provided by University Advancement which requires a complete description of the item including its physical location and evidence of ownership as well as a recommendation by a University department or program that acceptance of the item will further a programmatic need of the University.

Gift-in-Kind Acceptance

Upon recommendation of the University, the Foundation will consider accepting the item as a gift-in-kind. The Foundation may require additional information especially regarding costs (maintenance, transportation, etc.) expected to be incurred in connection with the item and provisions for paying these expenses.

In general, the contribution of a gift-in-kind is not complete until the donor has irrevocably surrendered control of the item. The item is considered accepted once the

Foundation has legal ownership of the item and can record it as an asset or other property owned by the Foundation.

### Disposition of the Item

If the University department or program has a relatively long-term use for the item, the Foundation will formally contribute the item to the University and establish a legal transfer of ownership to the University.

Under certain circumstances the Foundation may agree to continue to own the item and make it available for the use of the University department or program. These arrangements are documented in a formal written agreement between the University and the Foundation.

In those cases where the University department or program has no immediate use for the item, the Foundation may make arrangements to sell or otherwise dispose of the item.

In any case, it should be made clear in writing to the donor that, once the item is contributed, the choice to keep, sell, transfer, or otherwise dispose of the item is at the sole discretion of the Foundation.

### Valuation

In general, the gift-in-kind will be recorded as a contribution at the fair market value of the item (i.e. the price that would be arrived at between a willing buyer and a willing seller). The Foundation may accept a valuation provided by the donor or may seek alternative valuations if necessary.

### Tax considerations

The intention of the University in accepting the gift-in-kind must be accurately documented and communicated to the donor before the contribution is made because the use of the item can have a significant impact on the donor's income tax charitable contribution deduction. In general, if a gift-in-kind does not have a use directly related to the university's mission or is accepted with the intention that it will be sold and the proceeds used by a University department or program, then then the tax benefit will typically be reduced, sometimes significantly, for the donor (e.g., the income tax charitable deduction will be limited to the donor's cost basis and *not* the current fair market value).

In addition, donors should be made aware that in certain cases the Foundation is required to track and report to the Internal Revenue Service any sale or disposition of a gift-in-kind within three year of the date of the contribution.