

 <p>Category: Financial</p> <p>Policy applicable for: Faculty/Staff</p>	<p><i>Policy Title:</i> Gifts-in-Kind to the University</p> <p>Effective Date: 11/17/2009</p> <p>Prior Effective Date: mm/dd/yyyy</p> <p>Enabling Act(s): University Board Rules 10-21-01, 10-5-04 Ohio Revised Code 153</p>	<p><i>Policy Number:</i> 2.1.10</p> <p>Policy Owner: Sr. VP for Administration and Finance</p> <p>Responsible Office(s): Controller's Office UC Foundation</p>
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Background

Gifts-in-kind support the mission of the University of Cincinnati and enhance the quality of the education, research, or a combination thereof. Gifts-in-kind include tangible personal property (e.g., antiques, equipment), intangible personal property (e.g., patents, copyrights, software licenses) and real estate. In general, contributions are transactions in which one entity makes an unconditional voluntary transfer to another entity without directly receiving equal value in exchange.

Policy

This policy will assist the university with accepting and recognizing gifts-in-kind and supplements the University of Cincinnati Foundation's gift acceptance policy. Gifts-in-kind will be accepted only after a review indicates the property is either readily marketable or needed by the university. Organizational units being offered a gift-in-kind must coordinate any acceptance of the gift with UC's Foundation. Approval may also be required from the Office of General Counsel, Director of Real Estate, Central Purchasing, etc. The Controller's Office must be copied on all gift-in-kind documentation for gifts valued at \$5,000 or more to ensure the gift is properly recognized in the university's financial statements. Gifts-in-kind valued at less than \$5,000 will not be recorded in the university's financial statements. The university and its Foundation are sensitive to any potential ethical issues surrounding the acceptance of a gift and may decline to accept a gift on that basis. It is the responsibility of the Foundation to assure the gift is appropriately recognized within the university donor recognition framework. If any financial, promotional, or other consideration is paid or given to a donor, vendor, service provider, etc., then a gift-in-kind will not be recognized.

Valuation

Gifts that cannot be used internally or quickly sold should not be accepted. There are also a few categories of gifts that, as a general rule, are not accepted. They are automobiles, boats, or livestock. Gifts with major uncertainties about the existence of a value may indicate that a contribution should not be recognized or that the gift should not be accepted. Gifts that are not easily valued will be assigned a value for internal accounting purposes only. Those gifts that can be used or sold will be measured at fair market value.

All gifts-in-kind of \$5,000 or more for which the donor wishes acknowledgement of the gift by the Foundation must include an appraisal from an independent appraiser. The appraisal cannot be made earlier than 60 days prior to the date of the gift. If the gift appraisal lists a range of values, the gift will be recorded at the midpoint of the value range. In most cases, gifts-in-kind that are produced or manufactured by the corporation or other business making the contribution and that have a value of \$5,000 or more must include an itemized inventory list, an invoice or letter from the vendor/donor, or published information on the value of the items. Any forms required by the Internal Revenue Service (IRS) relating to the acquisition or disposition of gifts of real or personal property, will be executed by the Foundation.

For those gifts that have not received a qualified appraisal, the university will not include a value on the donor receipt for the gift-in-kind; it is solely the donor's responsibility to establish the value in order to substantiate a possible charitable deduction for tax purposes. The university cannot provide specific tax advice to donors and should instruct all donors to consult with his or her tax advisor regarding the charitable deduction amount.

Gifts of equipment and software will be booked at the educational discount value, which is defined as the value the university would have paid had the equipment or software been purchased from the vendor.

Appraisal Standards

The university will not perform appraisals or pay for the appraisal of contributed assets. All appraisals must comply with the guidelines set forth by the IRS.

Special Types of Gift-In-Kind Contributions

Software

Software gifts that serve the academic or research purpose of the university are considered a contribution depending upon the terms of the agreement. The agreement between the donor and the university will be used to determine whether the transaction is classified as a gift. The following guidelines concern software contributions:

- 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 in relation to the number of concurrent users will determine the value.
- The gift of the software license must be irrevocable and in writing from the donor.
- If the use of the software license must be renewed at a later date, the transaction is not considered a gift.
- Upgrades in subsequent periods that have a higher value (either educational discount or retail value) will be recognized as an additional gift.

Contributed Services

Generally, contributed services are not considered charitable contributions and will not be recorded in the university’s financial statements. Those services that are prohibited from being considered as gifts-in-kind include professional design, engineering, and construction services per State law (Ohio Revised Code 153). However, certain services such as advertising and promotions are eligible to be recognized if the donated service creates or enhances a non-financial asset and the service would typically need to be purchased if not donated. Eligibility is determined by the Foundation with potential input from General Counsel, Central Purchasing and the department/unit benefiting from the gift-in-kind.

Even though contributions of broadcast time, newspaper space and other advertising outlets are considered contributed services, they should be recognized at their fair value of the service.

Use of Long-Lived Assets

Unconditional promises to give the use of long-lived assets (such as a building or other facilities) for a specified number of periods in which the donor retains legal title to the long-lived asset may be received in connection with leases or may be similar to leases but have no lease payments. For example, the university may use facilities under lease agreements that call for lease payments at amounts below the fair rental value of the property. In such circumstances, the university should report a contribution for the difference between the fair rental value of the property and the stated amount of the lease payments. However, amounts reported as contributions should not exceed the fair value of the long-lived asset at the time the university receives the unconditional promise to give.

Procedure

Recommended UC Flex GL Account	<i>423009 Gifts-in-Kind</i>
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All exceptions to this policy must be approved by the senior vice president for Administration and Finance. Organizational units may institute policies more, but not less, restrictive than this policy (2.1.10) if desired.

Related links:

- [University Rule 10-5-04](#)
- [University Rule 10-21-01](#)

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