

Gift-in-Kind Donations

What is a Gift-in-Kind?

RIT often receives gifts of equipment, printed materials, supplies, etc. from donors. These non-cash donations of materials or long-lived assets are referred to as 'gifts-in-kind'. For financial reporting purposes, gifts-in-kind are recorded on the general ledger by Development as 'gift-in-kind' income and as a 'gift-in-kind expense'.

In order for departments to have access to their gift-in-kind information, effective April 1st Development will begin to record gift-in-kind income and expenses on the general ledger account of the department that actually received the gift. In the past this information was recorded on a General Institute account. This change will be effective for all gifts-in-kind received during fiscal year 2004.

Recording Gifts-in-Kind on the General Ledger

Prior to the March 2004 closing, the Controller's Office will process a journal entry to move all gifts-in-kind recorded during this fiscal year from the General Institute account to the departments that actually received the gifts. We will credit the appropriate GIK revenue object code and debit the corresponding gift-in-kind expense object code (see table below). The financial impact to your department of including these transactions will be -0-. We have revised the RIT department statements to include gift-in-kind income and gift-in-kind expenses. Here's a list of gift-in-kind revenue and expense object codes:

Description	GIK Revenue Object Code	GIK Expense Object Code
GIK – Equipment < \$1500	54250	87100
GIK – Equipment > \$1500	54300	87105
GIK – Leases	54380	87112
GIK – Services	54400	87115
GIK – Consumable Supplies	54450	87120
GIK – Other	54500	87125

Note: capital equipment gifts-in-kind (equipment \geq \$1,500) will be recorded on the department's capital equipment account, or other project if specified. Gifts-in-kind previously recorded on grant/contract cost share projects will not be affected by this change.

Gift-in-Kind Checklist

In an effort to ensure that the required information regarding gifts-in-kind is provided to the Development Office, a checklist is attached. The information requested on the form is intended to be a guide and will streamline the process of recording and acknowledging gifts. Here's a summary of the information that is required in writing from the donor:

- A description of the gift (in basic terms that can be easily understood by a non-technical person)
- The date the gift was received by RIT
- The value / amount of the gift and how the value was determined (*see the following section for acceptable ways to value a gift-in-kind*)
- Note if the gift is used and if so, indicate how old it is and its condition

- The college / department (number) receiving the gift, and project number if applicable
- Costs associated with accepting the gift (i.e., shipping, installation, maintenance); if so the amount
- Stipulations as to how the gift will be used by RIT. It is important to substantiate that the gift has actual value to RIT and will be used
- The name of the RIT staff member who is knowledgeable about the gift

Gifts-in-Kind of \$5,000 or More

If the gift-in-kind is from an individual and the value is over \$5,000, the IRS requires the donor to obtain an independent appraisal to substantiate their charitable tax deduction (performed within IRS time requirements). The cost of the appraisal is the responsibility of the donor. Before recording the gift, the Controller's Office reserves the right to evaluate the reported valuation for reasonableness. It is the responsibility of the donor to substantiate to the IRS the gift value when taken as a tax deduction on his\her tax return. Note: the valuation used by RIT might differ from the amount used by the donor.

The gift-in-kind should be valued at the Fair Market Value (FMV), usually provided by the donor, but may require additional verification such as third party expert, appraisal, internet pricing of a similar item (to substantiate FMV). The educational discount value should always be used if one exists. Indicate whether the value provided is FMV, educational discount, retail or wholesale, and the name of the person who provided the valuation.

Processing Gift-in-Kind Journal Entries

Due to the specific rules that must be followed regarding gift-in-kind donations, all gift-in-kind journal entries (except gifts-in-kind recorded on a grant cost share project) must be reviewed and recorded on the general ledger by Pricilla Schiffhauer, Controller's Office Financial Campaign Reporting Specialist.

Gift-in-Kind Capital Equipment and Leases

The Campaign Reporting Specialist will inform Property Control of capital equipment and lease gifts-in-kind so that they can be recorded in the Institute's Fixed Asset system.

We appreciate your assistance in accounting fir gifts-in-kind correctly. Please contact Pricilla Schiffhauer, Campaign and Financial Reporting Specialist, at ext. 5-7872 (e-mail: plscto@rit.edu) if you have questions about this information.