Donor and Alumni Records
Policy and Procedures
Personal Property and Gifts-in-Kind

INTRODUCTION
It is the policy of University Advancement to accurately record all personal property and gifts-in-kind donations based upon the guidelines provided below.

APPLICABILITY
This policy and procedure applies to all donations made of personal property and gifts-in-kind as defined in this policy.

PROCEDURES
Council for the Advancement and Support of Education (CASE) gift valuing guidelines – The University of Houston System (UHS) generally follows CASE guidelines for valuing gifts of personal property and gifts-in-kind as follows:

• **Gifts of personal property** – Personal property gifts donated to UH System include items such as art work, rare books, jewelry, antiques, collections, etc. are valued in the following manner:

• Personal property gifts with fair market values of more than $5,000 are counted at the values placed on them by qualified independent appraisers, as required by the IRS for valuing non-cash charitable contributions.

• Personal property gifts of $5,000 and less are reported at the value declared by the donor or a qualified expert on the faculty or staff of the institution.

• **Gifts-in-kind** – Gifts-in-kind might include such items as equipment, printed materials, food or other items used for hosting dinners, etc. These are non-cash donations of materials or long-lived assets that have usefulness to the UH System and the values are determined and reported as follows:

• Gifts of materials or long-lived assets that serve the purpose of the institution are reported at the face (fair market) value.

• Items such as equipment are reported at the educational discount value, such as the value the institution would have paid had it purchased the items outright from the vendor.

• Gifts of copyrights and ownership of gas or oil wells are reported at the readily determinable face (fair market) value. Alternatively, if the fair market value is not known and cannot be readily determined, report the asset in the year the value becomes known. For gifts of royalties from gas and oil wells not owned by the institution, report the amount received each year.

Such gifts are valued in the *Advance* database system at the full fair market value, regardless of the value the donor is able to take as a charitable deduction. However, gift receipts include a description of the donated property but not a dollar value. It is the responsibility of the donor to substantiate the value a gift of property for tax deduction purposes.

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To accurately record gifts of personal property and gifts-in-kind, the Financial Assistant should use the following guidelines:

Artwork, rare books, jewelry, antiques, collections, etc.
• Value is based on a qualified independent appraisal. If no such appraisal is available, the gift is valued at $1.00 or an amount, if under $5,000, determined by a reasonable faculty/staff estimate.

Computers, tools, other equipment and furniture
• "New" items are valued based on the educational discount price (what it would cost UHS to purchase). Documentation is needed from the vendor stating the price that the item(s) would be sold to UHS. The UHS gift records department may question such documentation if it appears unreasonable; therefore, each development officer has the responsibility to ensure the values submitted are fair and accurate.
• "Used" items are valued based on qualified independent appraisal. If no such appraisal is available then the gift will be valued at $1 or an amount, if under $5,000, determined by a reasonable faculty/staff estimate.
• Gifts of software are not recognized by the IRS as tax deductible. Nor are they reported in gift reporting. They are, however, included in extramural reporting. Refer to DAR-06-001, *Extramural* for more information.

Printed materials, food & beverage, etc. (usually under $5,000)
• Value is based on the educational discount price (what it would cost UHS to purchase). Documentation is needed from the vendor stating the price at which the item(s) would be sold to UHS. The UHS gift records department may question such documentation if it appears unreasonable; therefore, each development officer has the responsibility to ensure the values submitted are fair and accurate. If no such documentation is available then the gift will be valued at $1 or an amount, if under $5,000, determined by a reasonable faculty/staff estimate.

Nominal items-usually less than $100 (gift certificates, small auction items, supplies, etc.)
• Such items are generally discouraged from being reported for entry into the database; however, if this information is important for the donor's record or for other reason, it will be booked at fair market value (using the educational discount price when available).
• Documentation of the value is required. Expert staff and faculty may estimate a value when official documentation is unavailable, such as an appropriate employee of the College of Hotel and Restaurant Management may estimate a price for a donated weekend for two at the Four Seasons Hotel.

Advertising, leases/rentals, business services, etc.
• Gifts of pro bono work and discounts or waivers of rental fees are not recognized by the IRS as tax deductible. Nor are they included in gift reporting. They are, however, included in extramural reporting. Refer to DAR-06-001, *Extramural* for more information.

Additional UH System valuing guidelines – UH System provides additional guidelines that the DAR department follows when recording gifts of personal property or gifts-in-kind.
• A donor or their financial advisor, such as a lawyer or accountant, does not qualify as an independent appraiser.

• Any gift-in-kind should have usefulness to the UH System. For example, a ten-year old computer that cannot be used by the university is not an acceptable as a gift and is not processed in the *Advance* database system.

• The signature of a Development Officer is required on all Gift Transmittal Forms for gifts of personal property and gifts-in-kind to assume responsibility for submitting supporting valuation documentation.

• All receipts for gifts of personal property and gifts-in-kind include a description of the donated item but no stated value, even when there is a qualified independent appraisal.

• The DAR Manager issues a monthly report of personal property and gifts-in-kind that have been received to the Property Manager who determines if the property is to be entered into the UHS inventory.

CROSS-REFERENCES
DAR-06-001 Extramural Gifts

RESPONSIBILITIES
• Development Officer responsible for obtaining appropriate documentation that values the donated personal property or gifts-in-kind and ensuring its accuracy.
• DAR Financial Assistant responsible for recording all person property or gifts-in-kind donations at the fair market value.

REVIEW AND APPROVAL
Executive Director of Advancement Services
University Advancement Development Committee