

NORTHEAST CONTEMPORARY SERVICES, INC. POLICY REGARDING IN-KIND CONTRIBUTIONS

Introduction

In-kind contributions are non-monetary items of tangible personal property such as art, collectibles, books, equipment, automobiles, inventory, and other personal assets or materials that represent value to Northeast Contemporary Services, Inc. (NCSI).

Because we welcome many in-kind contributions, it is necessary to set guidelines for the official acceptance of these gifts. It is also important that both donors and the organization understand the necessary procedures and approvals associated with in-kind contributions.

Donations of professional services are not considered tax-deductible, charitable in-kind contributions by the Internal Revenue Service. We would accept such gifts, but the donor will not receive an official tax receipt for this donation.

Acceptance of In-Kind Contributions by NCSI

When offered an in-kind contribution, NCSI may choose to use, sell, or decline the gift.

When evaluating the acceptance of in-kind contribution, NCSI will consider if the gift is needed, wanted, and/or has use within the organization or if it can be sold to benefit our programs.

NCSI will not accept gifts that are inconsistent with its stated mission, purposes, and priorities.

NCSI will not accept gifts that cannot offset an expense. All in-kind contributions that are accepted will be recorded as both revenues and expenses in NCSI's general ledger.

NCSI will not accept gifts that are too restrictive in purpose; gifts that are too restrictive are those that violate the terms of the corporate charter, gifts that are too difficult to administer, or gifts that are for purposes outside the mission of NCSI.

Consideration will be given to the cost of accepting the gift (e.g., shipping and handling costs, installation charges, licensing fees, etc.); the long-term viability of the gift (e.g., maintenance costs, associated staff needs, storage fees, insurance rates, copyright issues, etc.); any undue restrictions on the use, display or sale of the gift; and the resale market if the gift is to be sold.

Some gifts will require paperwork documenting ownership (e.g., a signed title for a vehicle).

All final decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Executive Director and/or Chair of the Board of Directors. Other individuals are not authorized to accept such gifts for the organization.

Income Tax Charitable Deductions Available for an In-Kind Contribution

If NCSI accepts an in-kind contribution, if it will be used for the organization's exempt purposes, and the donor completes and transmits the necessary signed forms, then the donor may claim a charitable deduction for the fair market value of the gift.

If an in-kind contribution will not be used for NCSI's exempt purposes, a deduction can only be claimed for the property's cost basis (usually the original amount paid by the donor for the property).

Instructions for Completing an In-Kind Contribution

Donations of in-kind contributions valued from \$1.00 to \$499.99

The donor must report his/her desire to make an in-kind contribution to the Executive Director, listing the following information:

- complete description of the item(s)
- estimated value of the item(s) (attach a purchase receipt if available)
- the purpose of the donation.

If the estimated value is not provided, the Fair Market Value (FMV) of the item will determine the value. FMV is the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell.

If the gift-in-kind is accepted, NCSI will issue an acknowledgment note and tax receipt, which states the description only and does not state the value of the items(s).

Donations of in-kind contributions valued from \$500.00 to \$4,999.99

In addition to the above instructions, the donor must complete IRS Form 8283 with his/her tax return to claim the deduction. NCSI will provide the donor with IRS Form 8283 on request. The donor should advise his/her tax consultant.

Donations of in-kind contributions valued from \$5,000 and above

In addition to the above instructions, the donor must get a qualified, independent appraisal for contributions of personal property exceeding \$5,000. NCSI is not a qualified appraiser for the purpose of valuing the donated property. The independent appraiser must sign the IRS Form 8283 and return it and the appraisal to NCSI's Executive Director.

NCSI's Executive Director must sign Part IV of Section B, Form 8283 unless publicly traded securities are donated (the signatory must be an authorized official or a person specifically designated to sign by that official). The signature does not represent concurrence in the appraised value of the contributed property. A signed acknowledgement represents receipt of the property described on Form 8283 on the date specified on the form. The signature also indicates knowledge of the information reporting requirements on dispositions.

A copy of Form 8283 must be returned to NCSI. After this work has been completed, the in-kind contribution may be immediately turned over to NCSI and added to its inventory. NCSI may choose to hold ownership for disposal or for future considerations.

Adopted: November 2021