

## Accepting Gifts in Kind & Gifts of Tangible Personal Property

Gifts given to the University of Southern California are either meant to be kept and used by the University or meant to be sold in order to support the donor's purpose or intention. Gifts donated with the understanding that the property will be retained by the department or the campus are to be held in perpetuity, and therefore not be sold by the University, unless the gift loses its usefulness and circumstances arise in which it might be sold, traded, or otherwise disposed of in order to acquire other items of greater usefulness in fulfilling the purpose and intent of the original gift.

Gifts donated to be sold with the purpose of funding a department or unit on campus are to be accepted by the Office of Real Estate and Asset Management. The Office of Real Estate and Asset Management is responsible for conducting the due diligence review and approving the acceptance of gifts of tangible personal property. The office also manages the disposition of such assets.

The Dean of a school or the head of a unit may authorize the acceptance of tangible personal property to be kept and used by the department after taking into consideration the following factors.

1. Whether the property furthers the mission of the university or a specific school or unit;
2. Carrying costs and potential liability;
3. Costs relating to long-term storage;
4. Any donor-imposed restrictions on the use, display or sale of the property; and
5. Costs relating to transportation and/or installation.

The Dean or unit head should first seek approval from the Senior Vice President for University Advancement before proceeding.

Information about any gift of tangible personal property should be forwarded to Advancement Gift Services, which will credit the donors and prepare an appropriate gift receipt.

### EXAMPLES OF GIFTS-IN-KIND (GIK) AND GIFTS OF TANGIBLE PERSONAL PROPERTY (TPP)

#### **Gifts in Kind** –Corporate Gifts

*Computers*

*Software*

*Office and Medical Equipment*

#### **Tangible Personal Property** –Individual Gifts

*Jewelry*

*Automobiles\**

*Books*

*Decorative Arts*

*Paintings*

*Prints/Lithographs*

*Manuscripts*

*Fine Wine*

*Furniture*

*Fine Photographs*

*Memorabilia*

*Tribal Art*

*Oriental Carpets*

*Sculptures*

*Vintage Posters Armor Boats*

*\*For donations of automobiles – Contact [careasy.org](http://careasy.org) directly at: (844) 324-4483 or <http://usc.careasy.org/HOME.html>*

## Intangible Property

Copyrights  
Patents

Contract Rights  
Royalties

The University of Southern California legal counsel will need to be consulted prior to the acceptance of gifts of intellectual property listed above.

Un-reimbursed out-of-pocket expenses incurred in performing a service for the University may be deductible, provided they are directly connected with, and solely attributable to, the services that were rendered to the University. For example, if a volunteer or alumnus is volunteering to host a dinner to raise funds, the expenses incurred for that event are deductible as a charitable expense.

**Note:** *Rent Free Use of Property* and *Time* are **not** considerations for a charitable donation.

## **REQUIRED FORMS AND DOCUMENTATION TO ACCEPT GIFTS-IN-KIND AND GIFTS OF TANGIBLE PERSONAL PROPERTY:**

### **Gifts in Kind**

- Letter from donor on **corporate letterhead (Gift Agreement)** and Deed of Gift. A letter of gift should include the following points:
  - Clearly state the donor's intention to make a gift
  - Include a brief description of the gift
  - Declare that the gift is irrevocable (under California law, a gift is considered revocable unless the donor specifies that it is irrevocable)
  - Include a specific designation of the purpose or purposes for which the gift is to be used.

### **Tangible Personal Property**

- A. If gift is valued at \$5,000.00 or less:
  - [Deed of Gift](#)
  - Receipt or other documentation to substantiate donor's cost and/or market value of gift.
  
- B. If gift is valued over \$5,000.00
  - [Gift Agreement and Deed of Gift](#)
  - **IRS Form 8283** (Noncash Charitable Contributions Form)  
[IRS Form 8283](#)
  - Signed Independent [Qualified Appraisal](#)

**Note:** As with all donations, donors should be advised to consult with their tax advisor. For a comprehensive description of the use of IRS Form 8283 please refer to [IRS Form 8283 Description of Use](#). For Appraisal requirements refer to [Appraisal Requirements](#).

## HOW TO COMPLETE THE REQUIRED GIFT PAPERWORK

### Deed of Gift

This completed document irrevocably transfers the title of the property from the donor to the University of Southern California.

- The donor must complete Item 3 “Description and Transfer of Property”. Please make sure there is a value (\$) and full description of the type of gift (i.e. 14” x 10” Oil on Canvas Painting Titled ‘The Trees’ by Augusta Renoir). The donor is also responsible to provide documentation in order to substantiate the donor’s cost and/or market value of the gift donated.
- After receiving the completed portion from the Donor, the Development Officer is responsible for completing the *Signature of Departmental Official/ Date/ Title/ Department* (located below *For Departmental Use Only*).

### ADDITIONAL FORMS FOR GIFTS VALUED OVER \$5,000.00 REQUIRED BY THE IRS

If the value of the gift is over \$5,000.00 the **donor must provide**/submit with the Deed of Gift:

- **Signed Qualified Appraisal**
- IRS Form **8283**
  - Completed Section B
    - Part I**
      - *Information on Donated Property*
    - Part III**
      - *Declaration of Appraiser*

The **original** IRS Form 8283 signed by the university, with a receipt and a **copy** of the executed Deed of Gift will be returned the donor.

The University is required to file an IRS 8282 Form (Noncash Charitable Contributions), which provides for donor information, a description of the property donated, date of the donation, and net proceeds realized from the sale within 125 days after the date of disposition of any property donated and disposed of within three (3) years of the accept date of the donation. The IRS requires this only if the gift is sold within a three (3) year time period from gift acceptance date. A copy of the completed form filed with the IRS will be mailed to the donor.

### TAX DEDUCTION CONSIDERATIONS (RELATED AND UNRELATED USE)

When a donation is made of tangible property, the amount of the income tax charitable deduction depends in part of how the University will make use of the property. When the University can use the property for the educational purposes on which its federal tax exemption is based, or is likely to be able to use it for such purposes, the donor is entitled to a deduction equal to the property’s full fair market value. (related use)

If the University is not likely to put the property to a use related to the University’s exempt purpose, the donor’s income tax deduction is limited to the donor’s cost basis (which generally will be what the

property cost the donor, or, if acquired by gift, the cost to the person who gave it to the donor).  
(unrelated use)

## GENERAL POLICY INFORMATION

It is the responsibility of the recipient department to assist in the performance of adequate due diligence (e.g. provenance issues and confirmation of origin, etc.) and evaluation of the suitability of all Gifts-in-Kind and gifts of Tangible Personal Property prior to rendering an opinion on acceptance.

As with all other types of gifts for acceptance by the University, Gifts-in-Kind and gifts of Tangible Personal Property are subject to current gift acceptance policies, and require approvals prior to acceptance. ***Real Estate and Asset Management is responsible for the acceptance of gifts that are donated to the University with the intention of being sold.***

The office of Real Estate and Asset Management will sell gifts that are donated with the purpose of being sold as soon as possible. The Office of Real Estate and Asset management will assess the gift and its marketability. Depending on the type of gift and the value, REAM will determine the best way to dispose of the property. REAM may sell the items on consignment or through auction and will make every effort to sell the property for the highest amount. It is important that donor understands that the item is sold to the highest bidder and this may not be the amount the donor anticipated. REAM reserves the right to refuse any gift if it determines the gift is not marketable.

***Related-Use Rule:*** The donor may not be allowed to claim fair market value for the donated property if the contributed personal property is put to unrelated use by the charity, or has a claimed value of more than \$5,000, and is sold, traded, or otherwise disposed of by the qualified organization during the year of the donation, and the organization has not made the required certification of exempt use as outlined on [Form 8282](#), Part IV.

***Unrelated-use Rule:*** means a use that is unrelated to the exempt purpose or function of the charitable organization. For example, if a painting contributed to an educational institution is used by that organization for educational purposes by being placed in its library for display and study by art students the use is related. But if the painting is sold and the proceeds from the sale of that painting are used by the organization for educational purposes, the use is considered unrelated use.

***Donation of self-created works:*** Since the 1970s, an artist may not claim the fair market value of self-created works donated by the maker to a qualifying nonprofit organization. The artist may only claim the cost of materials used in creating the works. Donation of other intellectual property such as patents may be allowed as a deduction, but donor must verify whether the property is allowed, and what documentation will be required when claiming the deduction.