

SUBJECT: Gifts-in-kind – Handling, Valuation and Accounting

PURPOSE: To establish procedures for the valuation, control and management of gifts-in-kind in order to ensure proper accounting and utilization in accordance with Office of the Chief Financial Officer Policy No. 3

Gifts-in-kind are contributions that fall into one of three categories: material donations, service donations and intangible donations. Gifts-in-kind will be utilized in accordance with the intent of the gift. In-kind donations will be accounted for in accordance with guidelines and handled as follows:

General guidelines:

In-kind contributions should meet certain criteria before being accepted into the financial statements.

1. The in-kind donation would be purchased by the facility in the normal course of doing business.
2. The donation is valued at the fair market price, valued by independent appraisals, present value of future cash flows, or some similar valuation technique.
3. The facility retains complete control over the donation.

Should the gift-in-kind meet the above criteria, the Development office generates a gift-in-kind form to provide to the Accounting Manager for valuation on the financial books, if appropriate. This value is shared with Development to be recorded in the donor management software.

Material Donations:

Material donations are contributions of tangible property that either increase the current value of the facility or will increase in value in the future. Material donations may be receipted to operating funds or other funds based on donor intent. Any donation of property or equipment that meets the general guidelines and has a value in excess of \$2,000 for building or \$500 for equipment should be recorded on the depreciation schedule.

Other material donation guidelines:

Toiletries: Will be received in Development and transferred to the Home Coordinator for distribution. No accounting entry will be made due to time requirements and immaterial nature of donations.

Office supplies: Will be received in Development and transferred to the Administrative Coordinator for storage and distribution. These items will be utilized when requests come in from departments. If the supplies are ones that would normally be purchased and has a value in excess of \$100, they will be credited to Gifts In Kind / Material Donations and expensed to the proper expense account.

New clothing: This will generally be solicited for a specific individual. Specific items will be routed from Development to the unit in which the resident lives. If the new clothing has a value in excess of \$100, they will be credited to Gifts In Kind / Material Donations and expensed to the Individualized Support account.

Used clothing: Due to difficulty in valuing used clothing and the established general procedure of clients purchasing their own clothing from their private funds; used clothing will not be valued or booked as a donation. The items will be transferred to the designated area and utilized for clients as appropriate.

Campbell Label Program Items: Items ordered through the redemption of this program will be valued at fair market value. Any donation of property or equipment that meets the general guidelines and has a value in excess of \$2,000 for building or \$500 for equipment should be recorded on the depreciation schedule.

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Service Donation:

A service donation is any donation of time from a skilled professional such as a physician, architect, nurse, engineer, therapist, etc., who donates time to the facility practicing his/her profession. These donations should be recognized only if one of the following is met:

1. if specialized skills are needed
2. volunteers possess these skills
3. would be purchased if not donated

Their hours should be scheduled and coordinated. The amount of their donation is equivalent to their professional rate when their time is spent in their professional capacity. The debit in the accounting system would be to the accounting code that the expense would have been charged if the volunteer had been hired for the task.

Donated Intangibles:

Donated intangibles might be mineral rights, stock options, copyrights, time shares, use of a car, etc. Any item such as these should be discussed with the Director of Development and the CFO to determine the appropriate treatment and valuation.

Approved: _____
Chief Executive Officer

Date: _____

Attachment: Gift-In-Kind