OBJECTIVE
To provide business standards that comply with the Internal Revenue Code (IRC) and U.T. Fiscal Policy for documentation, entry, receipting and reporting of gifts-in-kind.

EXCEPTION:
The procedures outlined in this document do not apply to gifts of publicly traded securities. See U.T. Fiscal Policy 315 and the Advancement Services policy & procedures related to gifts of securities.

U.T. FISCAL POLICY
This document must be read in conjunction with U.T. Fiscal Policies, specifically policies 615 and 620, which contain a detailed outline of University policies and procedures governing the acquisition and disposition of real and personal property.

DEFINITIONS:
The following terms are used in this document:

1. Closely-held Stock: Stock, evidenced by a stock certificate, which is not publicly traded.
2. Gifts-in-Kind: Donated tangible and intangible property such as real estate, art, rare coins, books, equipment, software, and other physical assets or materials which represent value to the University.
3. IRS Form 8283: IRS form for reporting information about non-cash charitable contributions. IRS Form 8282 is a companion form through which the University reports on gifts of kind that are disposed of within two years of the date of gift.
4. Limited Use of Private Property/Loans: The right to rent-free use, but not permanent ownership of, a home, automobile, equipment, commercial or other property owned by a donor for a specific event or for a period of time. Examples include the rent-free use of office space by a University program, rent-free use of a vacation home to host a University event, or rent free use of an automobile by a University official.
5. Out-of-pocket expenses: Payments made by a donor to a vendor for material or services utilized by the University. Examples include the tab for a University function (e.g., Development Council dinner) paid for by a volunteer and out of pocket expenses incurred by a volunteer traveling to and from a University event (e.g., NAA annual meeting).
6. **Services:** Services provided without cost to the University. Examples include the physician who does not charge for physical examinations given to athletic team members and the business executive who does not charge for serving as an “Executive in Residence” at the College of Business.

**GENERAL PROVISIONS:**

1. **Appraisals:** Generally speaking, the IRS requires individual donors of gifts-in-kind valued at $5,000 or more ($10,000 or more in the case of closely held stock) to obtain a qualified appraisal supporting the charitable deduction claimed by the donor (the appraiser must complete IRS Form 8283, Part B, Section III).
   a. The appraised value is the actual (legal) value entered on ANDI.
   b. The University and its employees cannot serve as qualified appraisers of gifts-in-kind to the University.

2. **Gift-in-kind value less than threshold:** When a campus, institute, school/college, department or other unit receives a gift-in-kind valued at less than $5,000, the receiving unit’s development office must provide Gift Records with copies of all pertinent documentation of the gift for review and entry in ANDI.
   a. Gift Records will provide Planned Giving with the information needed to complete IRS Form 8283 (see #3, below).

3. **IRS Form 8283:** Form 8283 is the donor’s receipt for income tax purposes.
   a. The Office of Planned Giving is responsible for preparing Form 8283 for all gifts in kind. Planned Giving will forward completed Forms 8283 to the University Treasurer for signature and mailing to the donor.
      i. The Treasurer is the only officer authorized to execute Forms 8283 on behalf of the University.
   b. Because many donors require an immediate acknowledgement that the University has received the donated property, ANDI will generate receipts for gifts-in-kind. Instead of a gift amount, however, ANDI receipts for gifts-in-kind describe the property received.

4. **Loans and Limited Use of Private Property:** The IRC prohibits donors from claiming a charitable deduction for loans and/or limited use of private property. The University, accordingly, cannot issue Form 8283 to donors who provide loans and/or the limited use of private property and no entry will be made on ANDI for gifts of services.
a. For purposes of donor recognition and stewardship, however, in rare cases a donor may receive ANDI recognition-only credit (no actual or legal credit) for loans and/or providing limited use of private property.
   i. Both the campus Vice Chancellor (or equivalent in the case of Agriculture, IPS, and Knoxville Athletics) and the Assistant Vice President for Advancement Services must approve all ANDI recognition-only credit entries.
   ii. No IRS Form 8283 nor ANDI receipt will be generated for ANDI recognition-only credit entries.

5. **Out-of-pocket expenses**: If a donor incurs out of pocket expenses on behalf of the University (e.g., an alum picks up the tab for a chapter event) and declines reimbursement, Gift Records will enter a gift in kind based on the donor’s statement of the nature and amount of expenses incurred. ANDI will generate a receipt that describes the nature of the expenses incurred but does not include the amount.
   a. The donor is responsible for maintaining adequate records of the unreimbursed out of pocket expenses.
   b. No gift in kind can be recorded if the donor is an employee of the University. Rather, employees should treat such out of pocket expenses as an unreimbursed business expense on the employee’s income tax return.

6. **Pledge Payments**: Gifts-in-kind should never be used to reduce the value of a cash pledge and therefore should never be posted as a payment on a cash pledge. Gifts-in-kind may be posted as payment only on pledges with a gift-in-kind allocation.

7. **Services**: The IRC prohibits donors from claiming a charitable deduction for the gift of services. The University, accordingly, cannot issue Form 8283 to donors of services and no entry will be made on ANDI for gifts of services.
   a. For purposes of donor recognition and stewardship, however, in rare cases a donor may receive ANDI recognition-only credit (no actual or legal credit) for donated services.
      i. Both the campus Vice Chancellor (or equivalent in the case of Agriculture, IPS, and Knoxville Athletics) and the Assistant Vice President for Advancement Services must approve all ANDI recognition-only credit entries.
      ii. No IRS Form 8283 nor ANDI receipt will be generated for ANDI recognition-only credit entries.

**GIFT PROCESSING PROCEDURES:**
NOTES

1. Never enter gifts-in-kind with an IRIS account number. All gift-in-kind allocations begin with GK:
   a. GKA_ (Agriculture Institute, except Veterinary Medicine)
   b. GKC_ (Chattanooga)
   c. GKH_ (Memphis)
   d. GKK_ (Knoxville)
   e. GKM_ (Martin)
   f. GKT_ (Tullahoma)
   g. GKS_ (System)
   h. GKV_ (Veterinary Medicine)
   i. GKX_ (Hospital)

   When selecting a gift-in-kind allocation, make certain all codes (i.e., CFAE, campus, school, department, division, etc.) are appropriate for the gift being entered. If not, or if you need additional help, contact the ANDI Help Desk.

2. The ANDI receipting process will generate a receipt showing a description of the item(s) donated. This description is located on the tender window of each gift-in-kind transaction. The value of the item(s) will not be shown. Gifts-in-kind of services are not receipted.

PROCEDURES TO ENTER GIFT-IN-KIND:

1. Open a batch and enter the gift with a tender type of ‘G’ for Gift-in-Kind. (see procedures for Gifts. Notes:
   a. All gifts-in-kind of services should be entered with the legal credit as $0.00 and recognition credit should be the value of the item or items.
   b. All other gifts-in-kind should be entered with legal and recognition credit.

2. Click on the Tender button on the edit bar.
3. Enter GiK Type code.
4. In the description field, enter a detailed description of the item(s) received.
5. If the item was appraised, enter the appraiser’s name, amount the item(s) were appraised at in the Amt field and enter the date of the appraisal.
6. If known, enter information regarding the 8283 Status and Date.
7. Click Save on the edit bar.
8. The value of the gift-in-kind will not print on the receipt. The description of the gift-in-kind will print on the receipt.