



MIC GIFT In-Kind ACCEPTANCE PROCEDURE

July, 2024

Gifts-in-kind are gifts of tangible assets that are voluntarily transferred by a donor to the Music Institute of Chicago (MIC).

1. The first step is for the potential donor to complete the GIFT IN-KIND INQUIRY FORM. Doing so allows MIC to evaluate the gift for potential liability, ensures compliance with IRS regulations, facilitates good donor stewardship, and creates a record for insurance, tax, or divestment purposes.
 2. MIC will evaluate the information provided in the GIFT IN-KIND INQUIRY FORM to determine if the gift is suitable for acceptance. In certain cases, such as a piano donation, an appointment to view the instrument will be scheduled before confirming gift acceptance.
 3. The donor, rather than MIC, is responsible for providing the value of the in-kind gift. Once a decision to accept a gift has been reached, the donor will need to verify the value of the gift, typically through a qualified third-party appraisal.
 4. Upon delivery, all Gift In-Kind donors must provide a completed DEED OF GIFT FORM to indicate that the donor has relinquished ownership of the item.
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GIFT In-Kind ACCEPTANCE POLICY

July, 2024

- To make a gift-in-kind, the donor must provide an indication of ownership, intent to donate, and an estimated fair market value.
- All gifts donated to MIC become MIC property. Divestment of these gifts must conform to MIC guidelines and procedures and IRS guidelines.
- MIC does not accept gifts of motor vehicles, boats, or airplanes.
- Donors of gifts-in-kind may receive a tax deduction equal to the fair market value of the property at the time of the contribution. Fair market value (FMV) is the price that a property would sell for on the open market. If a restriction is placed on the use of the property donated, the FMV must reflect that restriction. The FMV of the gift is determined based on the condition of the property on the date the contribution is made. For further assistance in determining FMV, consult **IRS Publication 561**: <https://www.irs.gov/pub/irs-pdf/p561.pdf>
- Without exception, MIC does not take responsibility for valuing in-kind contributions for its donors. It is the donor's responsibility to assign a value to an in-kind donation for tax purposes. Any value assigned by MIC is for internal use only. MIC may provide recommendations of certified appraisers upon request.
- **In-Kind donations valued between \$500 and \$4,999.99:** If the donor wishes to receive a tax deduction for a donation valued between \$500 and \$4,999.99, IRS Form 8283 must be completed and filed with their tax return. MIC does not provide tax receipts for in-kind gifts; the donor should contact his/her tax advisor for further guidance.
- **In-Kind Donations valued at \$5,000 or more:** If the donor wishes to receive a tax deduction for a donation valued at \$5,000 or more, the donor must file an IRS Form 8283 signed by a qualified third-party appraiser and representative from MIC (President and CEO or Vice President and CFO).

In this case, the appraisal documentation is required to substantiate the value. The appraisal should be completed by a qualified appraiser no earlier than 60 days before the date of the donation. MIC may provide recommendations of certified appraisers upon request. MIC does not provide tax receipts for in-kind gifts; the donor should contact his/her tax advisor.

IRS Form 8283: <http://www.irs.gov/pub/irs-pdf/f8283.pdf>

- In certain cases, if the donor is also the manufacturer of the in-kind donation, the donor may provide the value of the gift without having an outside agency appraise the item. The donor is advised to contact his/her tax advisor for guidance.

- The value of donated time or service is not considered deductible by the IRS. However, MIC is happy to steward donors of time or service as supporters.
- MIC will provide the donor with a formal acknowledgment letter indicating it has accepted the gift. The letter will acknowledge the item type, quantity, and date received. Without exception, MIC does not provide tax receipts for in-kind gifts; the donor should contact his/her tax advisor. MIC assesses the value of an in-kind donation for internal use only.
- MIC does not commit to perpetual ownership of an in-kind item as both the needs of the organization the condition of the in-kind contribution will change.
- If MIC sells, exchanges or disposes of the in-kind donation within the first three years of ownership, MIC must file Form 8282, the Donee Information Return, within 125 days unless the item is valued under \$500 or is given to another non-profit organization.

For further information, please contact Linden Leman, Annual Fund and Development Communications Manager at lleman@musicinst.org.