Adopted 9/25

Choices In Community Living, Inc.
Fiscal Policy #13
In-Kind Donation Policy & Procedure

1. Purpose

To ensure consistent acceptance, recognition, valuation, recording, and acknowledgment of in-kind (non-cash) donations in compliance with Generally Accepted Accounting Principles (GAAP) and Internal Revenue Service (IRS) regulations.

2. Policy

Definition:
In-kind donations are non-cash contributions of goods, property, or professional services (see Annex A hereto). Examples include donated supplies, equipment, food, or specialized volunteer services (e.g., legal, accounting, or medical services). Contributions of property or equipment that create or enhance long-term assets (e.g., furniture, vehicles, stocks, real estate) are not subject to this policy and will be recorded as assets at fair value in accordance with GAAP.

Acceptance Criteria:
- Donations must be safe, usable and appropriate for organizational needs.
- Reasonable donor-imposed restrictions on the use of donated items will be honored, but donations subject to unreasonable conditions should be declined.
- Only officers, directors and other designated staff.

Valuation:
1. **Goods and Materials** – Recorded at fair market value (FMV) on the date of receipt. Documentation evidencing value (such as receipts, invoices, or written estimates) should be obtained from the donor when possible. Otherwise, a reasonable internal estimate of FMV should be made.
2. **Services** – Recorded in the same manner as good and materials, but only if they:
    a. Create or enhance a non-financial asset (e.g., building improvements), or
    b. Require specialized skills that would otherwise need to be purchased.

Accounting Treatment:

- In-kind contributions are recorded at FMV on the date received as **revenue (In-Kind Revenue)** and **expense (In-Kind Expense)** in the financial statements to reflect the full scope of resources supporting our programs.

Acknowledgment:

- Donors will be issued a written acknowledgment letter for each donation which describes the donated items but does **not** state a dollar value. Donors are solely responsible for determining and substantiating the value of their contributions for tax purposes.

Recordkeeping & Oversight:

- Staff must record the donor name, date of donation, description, and quantity of items/services.
- Supporting documentation must be retained in accordance with the organization's financial record retention policy.
- The Finance Department will review in-kind contributions periodically to ensure proper valuation, documentation, and compliance.

Materiality:

- All in-kind donations—even small donations—should be recorded to ensure transparency, consistency, and accurate reporting of community support.

3. Procedure

Step 1: Receipt

- Accept/collect the donation (goods, materials, or qualifying services).
- Obtain any supporting documentation (receipt, invoice, or donor estimate).
- Confirm items are usable for organizational needs.

Step 2: Internal Documentation

- Record donor name, date of donation, description, and quantity of item(s)/service(s).
- Note the fair market value based on donor-provided documentation or reasonable internal estimate.
- Save all documentation for audit and IRS compliance.

Step 3: Accounting Entry

- **Debit:** In-Kind Expense (records usage of donated items/services)
- **Credit:** In-Kind Contributions (Revenue)

Step 4: Acknowledge the Donor

- Send a written acknowledgment letter:
    - Describe the items donated (e.g., “Halloween candy”).
    - Do **not** state a dollar value.
    - Thank the donor for their support.

Step 5: Reporting & Oversight

- Include in-kind donations in monthly or quarterly financial reports.
- Retain all documentation for audits, IRS compliance, and board review.

Comparison: Non-Cash Donations vs. In-Kind Donations

This chart summarizes the key differences between non-cash and in-kind donations, with examples commonly seen in nonprofit organizations.

Category	Non-Cash Donations	In-Kind Donations
Definition	Any donation that is not money (cash, check, or electronic transfer).	A type of non-cash donation where goods or services are given instead of money.
IRS Usage	The IRS uses 'non-cash contributions' on forms like Form 8283.	Not a formal IRS term, but commonly used in nonprofit reporting.
Examples	• Stocks • Real estate • Clothing • Vehicles • Artwork	• Goods: food, furniture, equipment • Services: pro bono legal, consulting, design
Key Point	All in-kind donations are non-cash, but not all non-cash donations are in-kind.	In-kind is a subset of non-cash, focused on goods and services.