In-Kind Contributions: Accounting for Nonprofits

WEDNESDAY, JULY 10, 2019, 1:00-2:50 pm Eastern

### IMPORTANT INFORMATION FOR THE LIVE PROGRAM

This program is approved for 2 CPE credit hours. To earn credit you must:

- **Participate in the program on your own computer connection (no sharing)** - if you need to register additional people, please call customer service at 1-800-926-7926 ext. 1 (or 404-881-1141 ext. 1). Strafford accepts American Express, Visa, MasterCard, Discover.

- **Listen on-line** via your computer speakers.

- **Respond to five prompts during the program plus a single verification code.**

- **To earn full credit, you must remain connected for the entire program.**

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In-Kind Contributions

July 10, 2019

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subject to change. Applicability of the information to specific situations should be
determined through consultation with your tax adviser.
Noncash Contributions

By
Joseph Kanjamala, CPA, CGMA
Partner
Marks Paneth LLP
WHAT WE WILL COVER

**Non Cash Contributions**

**Contributed Services**
- Create or enhance non-financial asset
- Require specialized skills
- Provided by an affiliate

**Gifts in Kind**
- Tangible personal property used in operations
- Items contributed for sale at fundraising events
- Contributed fundraising material, including advertising and media time
- Use of long-lived assets
- Contributed collection items
- Contributed securities
- Bargain purchase
- Guarantees
- Below Market Interest Rate Loans

Best Practice
Have an accounting Policy Manual
REVENUE RECOGNITION

Why recognize non-cash contributions?

• Provides better information about an organization’s support and costs
• Allows for more comparability between similar organizations that have different sources of support
• Required in certain circumstances by generally accepted accounting principles

When would revenue recognition not be appropriate?

• Goods are not in a condition that allows for their use
• An organization receives goods for benefit of another organization (agency transaction)
• The value is so difficult to determine that it cannot be recognized
GENERAL TREATMENT OF NON-CASH CONTRIBUTIONS

- Recognize at fair value
- Pledge date or the date when the contribution is made known to the NFP
- Record as contribution and related expense (unless agency transaction)
  - Debit  Appropriate Expense Account
  - Credit  Appropriate Contribution Account

- Contributions may be restricted
- Expense should be recorded in its natural account (inventory/cost of sales, supplies) rather than “in-kind expense”
CONTRIBUTED SERVICES

Recognized when:

- The services create or enhance non-financial assets
- Or, requires a specialized skill, which the contributor has, and would typically need to be purchased
Example: Volunteers help to renovate a homeless shelter. The shelter was appraised at $175,000 before the renovation and $250,000 after the renovation.

DR Building improvements $75,000  
CR Contributed services $75,000

The estimated value of the donor time could be used instead of change in appraised value.
Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftspeople.”

Whether such contributions should be reported is unaffected by whether the NFP could afford to purchase the services at their fair value.”
Board members frequently have specialized professional skills, and are expected to draw on those skills as part of their normal board duties.

Occasionally, board members may use their expertise on a project that would normally be considered outside the scope of normal board duties.

**Example:** An attorney serving on a board and providing general advice would generally not be recognized as contributed services. However, if the attorney represented the organization in a lawsuit, that would generally constitute contributed services.
ASC 958-720-25-9 A not-for-profit entity (NFP) shall recognize all services received from personnel of an affiliate that directly benefit the recipient NFP (that is, are similar to personnel directly engaged by the recipient NFP). For example, that would include services performed by personnel of an affiliate for and under the direction of the recipient NFP and shared services. Shared services generally refers to services provided by a centralized function of one or more individuals within the affiliate group that the recipient NFP would otherwise typically need to purchase or have donated, if not provided by those personnel.

Example: A corporation has established a related foundation that provides grants to organizations in communities in which the corporation has projects. The corporation provides all bookkeeping and administrative functions. The foundation should record the value of all services provided.
Gifts in kind = All non cash gifts

TANGIBLE PERSONAL PROPERTY

• Clothing, Pharmaceuticals, Furniture, Etc.
• Contribution or Agency Transactions
  - Variance Power
  - Risk and Rewards of Ownership
  - Specified Beneficiary Accounting
EXAMPLE: DONATED AUCTION ITEMS

- Initially record a contribution at fair value when the item is received
- Recognize an adjustment to the original contribution upon sale
  - A charity receives a Broadway show ticket valued at $2,000 on the date of donation. The collection ultimately sells for $2,500.
  - Initial entry: DR Inventory $2,000
    - CR Contribution Income $2,000
  - Entry upon sale: DR Cash $2,500
    - CR Contribution Income $500
    - CR Inventory $2,000

In practice, this may be recorded as one transaction after the event.
CONTRIBUTION OF USE OF AN ASSET - MEDIA

- As noted in FASB ASC 958-605-55-23, the use of property, utilities, or advertising time are considered to be forms of contributed assets rather than contributed services. Therefore, the criteria for recognition of contributed services in FASB ASC 958-605-25-16, as discussed in paragraph 5.112, are not applicable.

- FinREC believes that in the case of fund-raising material, informational material, advertising, and media time or space, the NFP has received an asset (future economic benefit) and can control others’ access to the benefit, and therefore has received a contribution, if the NFP has an active involvement in determining and managing the message and the use of the materials. The future economic benefit received may be either (a) cash inflows, such as contributions arising from fund-raising activities or revenues arising from exchange transactions, or (b) service potential in conducting program or management and general activities.
USE OF LONG-LIVED ASSETS

- Donor retains legal title to asset
- NFP is allowed to use asset without charge
- Determination of recognition is unaffected by whether the organization can afford to purchase
- If multiple years involved, must consider the fair value for the entire term of the arrangement
- FV of “lease” cannot exceed FV of property
- Multiyear arrangement would generally be recorded as with donor restriction and released over term of agreement
CONTRIBUTION OF LONG-LIVED ASSETS

• NFP gains legal title to asset

• Recognize all as unrestricted in first year, depreciation expense incurred over useful life

• With the adoption of ASU 2016-14, in the absence of explicit donor restrictions, NFPs would be required to use the “placed-in-service” approach and can no longer imply a time restriction and release it over the life of the long-lived asset.

Best Practice
• Have a gift acceptance policy
CONTRIBUTIONS OF COLLECTION ITEMS

Definition of collection:
“(a) They are held for public exhibition, education, or research in furtherance of public service rather than financial gain, 
(b) They are protected, kept unencumbered, cared for, and preserved, and 
(c) They are subject to an organizational policy that requires the proceeds of items that are sold to be used to acquire other items for collections.”

Three alternatives:
1. Capitalize all collection assets
2. Capitalize all obtained after a certain date
3. Don’t capitalize at all

• Selective capitalization is not permitted, but if a specimen is obtained only for scientific study, it may not have a market value.
• Capitalized items must be depreciated and considered for impairment.
• If the policy is to capitalize collections, an asset is recorded for contributed collection
• If the policy is not to capitalize, contributed collection is not recorded
COMMON NONCASH CONTRIBUTION:
DONATED STOCK

• Three relevant dates:
  • Pledge date – if pledged, but not yet received, record at value on pledge date
  • Received date – adjust value upon receipt
  • Sale date – recognize gain/loss on sale

Example:
  • 12/01/18 – Shares of stock valued at $20,000 are pledged
  • 12/31/18 – Shares are received and worth $19,000
  • 01/05/19 – NFP’s broker sells the shares $19,500, after $50 commission
COMMON NONCASH CONTRIBUTION:
DONATED STOCK

Accounting Entries:

12/01/18
DR Contributions Receivable $20,000
CR Contribution Income $20,000

12/31/18
DR Contribution Income $1,000
DR Investments $19,000
CR Contribution Receivable $20,000

01/05/19
DR Cash $19,500
DR Investment Fees $50
CR Investments $19,000
CR Realized Gains $550
ASC 230-45-21A Cash receipts resulting from the sale of donated financial assets (for example, donated debt or equity instruments) by NFPs that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash shall be classified as operating cash flows. If, however, the donor restricted the use of the contributed resource to a long-term purpose of the nature of those described in paragraph 230-10-45-14(c), then those cash receipts meeting all the conditions in this paragraph shall be classified as a financing activity.
A contribution may occur as part of an exchange transaction. For example, nonprofit land trust purchases compensates a resort to set aside part of its land from development. The appraised value of the land is $3 million but the resort agrees to accept only $500,000. The difference between the appraised value and the purchase price is a contribution.
GUARANTEES

• NFP Receives a Guarantee on a Debt Without Providing Commensurate Consideration

• Unaffiliated Entity

• Conditional and Unconditional Contribution
  - Payment upon default
  - Lower Interest Rate Due to gift of guarantor’s credit support

• Recording The GIK
  - DR. Interest/bank charges   XX
  - CR. Contribution revenue    XX

• Fair Value Is Estimated By Present Value of The Interest Savings
BELOW MARKET INTEREST RATE LOANS

• Interest Free or Below market interest rates
• Recording the GIK in Donne’s books
  ➢ Dr. Interest Expenses
  ➢ Cr. Contribution revenue
• Fair Value
  ➢ Difference between market interest rate and stated interest rate
  ➢ Multi-year loan with no interest (see example on the next slide)
For example, on January 1, 2018, an NFP with a December year-end receives an interest-free loan of $200,000, payable on December 31, 2019. The appropriate imputed market rate of interest is 6 percent. The journal entries over the life of the loan would be as follows.

1/1/18
Dr. Cash 200,000
Cr. Loan payable 179,245
Cr. Contribution revenue — net assets with donor restrictions 20,755
(Receipt of cash; liability reported at the fair value of the loan using the present value of $200,000 due in 2 years, discounted at 6 percent.)

12/31/18
Dr. Interest expense 10,075
Cr. Loan payable 10,075
(Accretion of loan using the effective interest method.)
Dr. Reclass: Net assets with donor restrictions 10,075
Cr. Reclass: Net assets without donor restrictions 10,075
(Reclassification due to lapse of restriction.)

12/31/19
Dr. Interest expense 10,680
Cr. Loan payable 10,680
(Accretion of loan using the effective interest method.)
Dr. Reclass: Net assets with donor restrictions 10,680
Cr. Reclass: Net assets without donor restrictions 10,680
(Reclassification due to lapse of restriction.)

Dr. Loan payable 200,000
Cr. Cash 200,000
(Payment of the loan.)
JOSEPH J. KANJAMALA, CPA, CGMA
Partner
Marks Paneth LLP
212-503-8952
jkanjamala@markspaneth.com

Joseph J. Kanjamala, CPA, CGMA, is a Partner in the Nonprofit, Government & Healthcare Group at Marks Paneth LLP. His responsibilities in this role include designing audit strategies, supervising and training staff, liaising with clients, and providing oversight so that audits are conducted in a timely and cost-effective fashion. During his nearly 21 years of public accounting experience, Mr. Kanjamala has developed deep skills in providing tax and audit services for nonprofit organizations. He has served numerous charitable organizations, private foundations and educational institutions.

Prior to joining Marks Paneth in 2004, Mr. Kanjamala worked in the assurance and advisory practice of Ernst & Young LLP, where he served both for-profit and not-for-profit clients. Mr. Kanjamala was also a previous assistant controller for a large nonprofit organization that received New York City, New York State and Federal funding. In that role, he learned first-hand the positive impact that sound accounting and financial practices can have on a nonprofit entity and, in turn, upon the constituents it serves.

Mr. Kanjamala is a member of the American Institute of Certified Public Accountants and is a fellow member of the Institute of Chartered Accountants of India. He is also a member of the New York State Society of CPAs and currently serves its Tax Exempt Organizations Committee. In addition, he is an active member of ASCEND, the largest nonprofit Pan-Asian organization for business professionals in North America.

In his off hours, Mr. Kanjamala donates his time and expertise to the Syro Malabar Catholic Congress where he is a Board Member. Based in Chicago, this national nonprofit organization conducts youth education, leadership and career-development activities throughout the United States. He is also Finance and Long-term Planning Committee Chairman and a parish council member at Saint Thomas Syro Malabar Catholic Church in New York and a pastoral council member.

Mr. Kanjamala holds a Bachelor of Science in Accounting from the City University of New York as well as a Bachelor of Commerce from Kerala University in India. Mr. Kanjamala holds the distinction of scoring among the Top 10 candidates at the state level in the November 1996 Uniform CPA Examination.

Areas of Specialty:
• Audit, Tax & Advisory
• Federal Single Audits
• Nonprofit Industry

CPA Certification Membership:
• American Institute of Certified Public Accountants
• New York State Society of Certified Public Accountants
• Institute of Chartered Accountants of India

States Licensed In:
• New York

Education:
• City University of New York
  Bachelor of Science
  Major: Accounting
• Kerala University, Thiruvananthapuram, Kerala, India
  Bachelor of Commerce
  Major: Accounting

Professional Associations and Memberships:
• Member, American Institute of Certified Public Accountants
• Member, New York State Society of CPAs
• Member, Tax Exempt Organizations Committee
• Fellow Member, Institute of Chartered Accountants of India
• Member, ASCEND

Charitable Affiliations:
• Board Member, Syro Malabar Catholic Congress
• Finance and Long-term Planning Committee Chairman and Council Member, Syro Malabar Catholic Church
• Pastoral Council member – Syro Malabar Catholic Diocese, Chicago
In-Kind Contributions: Accounting for Nonprofits
Tax Considerations

Magdalena M. Czerniawski, CPA, MBA
Tax Director
Marks Paneth

July 10, 2019
AGENDA

- Definitions
- Valuation Methods
- GAAP/Tax Differences
- Reporting on Form 990 and related schedules
- Schedule B
- Schedule M
- Form 8283 & 8282
- Substantiation requirements
- Vehicle donation programs
- Unrelated business income potential
DEFINITION – NONCASH CONTRIBUTION

- Contributions of anything other than cash, checks, money orders, credit card charges
- Contributions of property, tangible or intangible
- Noncash contributions include, but are not limited to:
  - stocks, bonds, and other securities;
  - real estate;
  - works of art;
  - stamps, coins, and other collectibles;
  - clothing and household goods;
  - vehicles, boats, and airplanes;
  - inventories of food, medical equipment or supplies, books, or seeds;
  - intellectual property, including patents, trademarks, copyrights, and trade secrets;
  - donated items that are sold immediately after donation, such as publicly traded stock or used cars;
  - items donated for sale at a charity auction.

- Noncash contributions do not include volunteer services performed for the reporting organization or donated use of materials, facilities, or equipment.
DEFINITION – FAIR MARKET VALUE ("FMV")

• The price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of the facts.
VALUATION METHODS

- **Cost or selling price** - appropriate when:
  - purchase or sale was close to contribution date,
  - the original transactions was arm’s length, and
  - there was no change in market value
- **Sale of comparable properties** - useful when:
  - there is a market for comparable goods,
  - the original transactions was arm’s length, and
  - there was no change in market value
- **Replacement cost** – cost of replacement adjusted for depreciation, not necessarily applicable since it would need to be adjusted to fair value
- **Expert’s Opinion** - appraisals are required when value is greater than $5,000, and may be the best way of obtaining value for art, real estate and other unique properties
GAAP – TAX DIFFERENCES

- Donation of services or use of facilities is not reported on Form 990, however, it is reported on GAAP Financial Statements
- The difference becomes a reconciling item on:
  - Form 990, Part XI, line 6, and
  - Schedule D, Parts XI and XI

<table>
<thead>
<tr>
<th>Part XI</th>
<th>Reconciliation of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total revenue (must equal Part VIII, column (A), line 12)</td>
</tr>
<tr>
<td>2</td>
<td>Total expenses (must equal Part IX, column (A), line 25)</td>
</tr>
<tr>
<td>3</td>
<td>Revenue less expenses. Subtract line 2 from line 1</td>
</tr>
<tr>
<td>4</td>
<td>Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))</td>
</tr>
<tr>
<td>5</td>
<td>Net unrealized gains (losses) on investments</td>
</tr>
<tr>
<td>6</td>
<td><strong>Donated services and use of facilities</strong></td>
</tr>
<tr>
<td>7</td>
<td>Investment expenses</td>
</tr>
<tr>
<td>8</td>
<td>Prior period adjustments</td>
</tr>
<tr>
<td>9</td>
<td>Other changes in net assets or fund balances (explain in Schedule O)</td>
</tr>
<tr>
<td>10</td>
<td>Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (E))</td>
</tr>
</tbody>
</table>
GAAP – TAX DIFFERENCES

- Schedule D, Parts XI and XI

**Schedule D (Form 990) 2018**

**Part XI**  
Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Total revenue, gains, and other support per audited financial statements</td>
</tr>
<tr>
<td>2</td>
<td>Amounts included on line 1 but not on Form 990, Part VIII, line 12:</td>
</tr>
<tr>
<td>a</td>
<td>Net unrealized gains (losses) on investments</td>
</tr>
<tr>
<td>b</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>c</td>
<td>Recoveries of prior year grants</td>
</tr>
<tr>
<td>d</td>
<td>Other (Describe In Part XIII.)</td>
</tr>
<tr>
<td>e</td>
<td>Add lines 2a through 2d</td>
</tr>
<tr>
<td>3</td>
<td>Subtract line 2e from line 1</td>
</tr>
<tr>
<td>4</td>
<td>Amounts included on Form 990, Part VIII, line 12, but not on line 1:</td>
</tr>
<tr>
<td>a</td>
<td>Investment expenses not included on Form 990, Part VIII, line 7b</td>
</tr>
<tr>
<td>b</td>
<td>Other (Describe in Part XIII.)</td>
</tr>
<tr>
<td>c</td>
<td>Add lines 4a and 4b</td>
</tr>
<tr>
<td>5</td>
<td>Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)</td>
</tr>
</tbody>
</table>

**Part XII**  
Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total expenses and losses per audited financial statements</td>
</tr>
<tr>
<td>2</td>
<td>Amounts included on line 1 but not on Form 990, Part IX, line 25:</td>
</tr>
<tr>
<td>a</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>b</td>
<td>Prior year adjustments</td>
</tr>
<tr>
<td>c</td>
<td>Other losses</td>
</tr>
<tr>
<td>d</td>
<td>Other (Describe In Part XIII.)</td>
</tr>
<tr>
<td>e</td>
<td>Add lines 2a through 2d</td>
</tr>
<tr>
<td>3</td>
<td>Subtract line 2e from line 1</td>
</tr>
<tr>
<td>4</td>
<td>Amounts included on Form 990, Part IX, line 25, but not on line 1:</td>
</tr>
<tr>
<td>a</td>
<td>Investment expenses not included on Form 990, Part VIII, line 7b</td>
</tr>
<tr>
<td>b</td>
<td>Other (Describe in Part XIII.)</td>
</tr>
<tr>
<td>c</td>
<td>Add lines 4a and 4b</td>
</tr>
<tr>
<td>5</td>
<td>Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)</td>
</tr>
</tbody>
</table>

**Marks Paneth**  
Accountants & Advisors
REPORTING FOR TAX PURPOSES

- Only noncash donations of goods are reported on Form 990
- Donation of services or use of facilities is not reported
- Donations must be reported at Fair Market Value at the time of the donation
- If total noncash contributions exceed $25,000 in FMV Schedule M must be prepared
- Form 990, Part IV, “Checklist of Required Schedules”:
  - Line 7 - conservation easement
  - Line 8 - art work
  - Line 29 - Schedule M
  - Line 30 – Schedule M art, conservation easement, etc.
Noncash contributions are reported on lines 1a through 1g and also on line 1g.

If line 1g is more than $25,000, then the organization needs to check on Form 990, Part IV, Checklist of Required Schedules, line 29 “Yes” and complete Schedule M.

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>(A) Total Revenue</th>
<th>(B) Related or Exempt Function Revenue</th>
<th>(C) Unrelated Business Revenue</th>
<th>(D) Revenue Excluded from Tax under Sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a-1f: $</td>
<td></td>
<td>$5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h Total. Add lines 1a-1f</td>
<td></td>
<td></td>
<td>$5,000</td>
<td></td>
</tr>
</tbody>
</table>
Donation of stock is reported on line 1g and included in one of the above lines, usually, 1f

Subsequent sale of the donated stock is reported on lines 7a(i)

**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td>75,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a-1f</td>
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<td></td>
</tr>
<tr>
<td>1h Total, Add lines 1a-1f</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7a Gross amount from sales of assets other than inventory</th>
<th>(i) Securities</th>
<th>(ii) Other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>75,000</td>
<td></td>
</tr>
<tr>
<td>b Less: cost or other basis and sales expenses</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>c Gain or (loss)</td>
<td>74,500</td>
<td></td>
</tr>
<tr>
<td>d Net gain or (loss)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total**: 74,500
• Donation of the item is reported on line 1c, 1g, 8a and 8b

• Example 1
  • Organization receives noncash donation of home theater with FMV at the time of donation of $5,000. It sells it for $7,500 at auction, after having it displayed at auction showing the FMV to donor of $5,000 and incurs $500 in cost relating to the sale
**FORM 990, PART VIII STATEMENT OF REVENUE**

**DONATION FOR AUCTION – EXAMPLE 1**

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td>2,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td></td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a–1f: $</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1h Total. Add lines 1a–1f</td>
<td></td>
<td>7,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Revenue</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>8a Gross income from fundraising events (not including $2,500 of contributions reported on line 1c). See Part IV, line 18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a See Part IV, line 18</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Less: direct expenses</td>
<td>5,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Net income or (loss) from fundraising events</td>
<td></td>
<td></td>
<td></td>
<td>-500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Example 2

Organization receives noncash donation of home theater with FMV at the time of donation of $5,000. It sells it for $2,500 at auction, after having it displayed at auction showing the FMV to donor of $5,000 and incurs $500 in cost relating to the sale.
### FORM 990, PART VIII STATEMENT OF REVENUE

#### DONATION FOR AUCTION – EXAMPLE 2

#### Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a-1f $</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1h Total. Add lines 1a-1f</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Other Revenue

8a Gross income from fundraising events (not including $0 of contributions reported on line 1c). See Part IV, Line 18

<table>
<thead>
<tr>
<th></th>
<th>Total revenue</th>
<th>Related or exempt function revenue</th>
<th>Unrelated business revenue</th>
<th>Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>8a</td>
<td>2,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8b</td>
<td>5,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8c</td>
<td>-3,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• Contributions of items that the organization usually sells are reported on lines 1a-g and line 1f
• An organization that sales goods as part of it’s exempt purpose, includes sales of those items on Part VIII, line 10a, column B
• An organization that sales goods strictly for fundraising purposes reports sales on Part VIII, line 10a, column D, under IRC 513(a)(3) “selling of merchandise, substantially all of which has been received by the organization as gifts or contributions.”
• If the organization sells items that are outside of it’s exempt purpose, then it is reported on Part VIII, line 10a, column C
**Donation of items for resale**

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td>15,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a–1f: $</td>
<td>15,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1h Total. Add lines 1a–1f</td>
<td>15,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• Contributions of items that the organization subsequently distributes to others are reported on lines 1a-g and then 1f.
• The distribution of goods will be reported on Part IX as grants to individuals or organizations.
### FORM 990, PART VIII STATEMENT OF REVENUE

**DONATION OF GOODS DISTRIBUTED TO OTHERS**

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>Total Revenue</th>
<th>Related or Exempt Function Revenue</th>
<th>Unrelated Business Revenue</th>
<th>Revenue Excluded from Tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td>$15,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a-1f: $</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1h Total. Add lines 1a-1f: $</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants and Other Similar Amounts</th>
<th>Total Expenses</th>
<th>Program Service Expenses</th>
<th>Management and General Expenses</th>
<th>Fundraising Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Grants and other assistance to domestic individuals. See Part IV, line 22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
• If an organization receives $5,000 or more in cash or noncash contributions it needs to prepare Schedule B
• On Part I, page 2 indicate whether the contribution is noncash
• For noncash contributions Part II requires:
  • description of the noncash property given
  • FMV estimate
  • date of the donation
SCHEDULE M NONCASH CONTRIBUTIONS

- It is only required for 990 filers
- It is required for noncash contributions of $25,000 or more
- It provides additional details on items contributed
  - 24 categories of contributions
  - Number of items contributed
  - Method of determining value
- Other compliance disclosures, including donor reporting
- Report number of Forms 8283
- Receipt of property with a three-year holding period, which isn’t required to be used in the exempt purpose
- Gift-acceptance policy
- Third-party solicitation, processing or selling
## SCHEDULE M NONCASH CONTRIBUTIONS

### Part I: Types of Property

<table>
<thead>
<tr>
<th>1. Art—Works of art</th>
<th>(a) Check if applicable</th>
<th>(b) Number of contributions or items contributed</th>
<th>(c) Noncash amounts reported on Form 990, Part IV, line 1g</th>
<th>Method of determining noncash contribution amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Art—Historical treasures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Art—Fractional interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Books and publications</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Clothing and household goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Cars and other vehicles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Boats and plane</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Intellectual property</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Securities—Publicly traded</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Securities—Closely held stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Securities—Partnership, LLC, or trust interests</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Securities—Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Qualified conservation contribution—Historic structures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Qualified conservation contribution—Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Real estate—Residential</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Real estate—Commercial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Real estate—Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Collectibles</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Food inventory</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Drugs and medical supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Taxidermy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Historical artifacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Scientific specimens</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Archeological artifacts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29. Number of Forms 9210 received by the organization during the tax year for contributions for which the organization completed Form 990, Part IV, Donor Acknowledgment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Part II: Other Considerations

| 30a. During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, which must hold for at least three years from the date of the initial contribution, and which isn’t required to be used for exempt purposes for the entire holding period? | Yes | No |
| 31a. If Yes, describe the arrangement in Part II. |                         |     |     |
| 31b. Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions? |                         |     |     |
| 31c. If the organization hires or uses third parties or related organizations to solicit, process, or sell noncash contributions? |                         |     |     |
| 31d. If Yes, describe in Part II. |                         |     |     |
| 32a. If the organization didn’t report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II. |                         |     |     |
• Required if the amount of deduction for all noncash gifts is more than $500
• Is filed by individuals, corporations (deduction more than $5000), and partnerships
• Section A - information on donated property
• Section B must be completed when the deduction for an item, or group of items, exceeds $5,000 (except publicly-traded securities)
• Appraisals are required for contributions in excess of $5,000 (Part III signature)
• For donations over $5,000 - If the organization receives partially completed Form 8283, it generally should complete the Form 8283 and return it so the donor can get a charitable contribution deduction. The organization should keep a copy for its records.
• Required for donations over $5,000
• Donor must provide donee with name, TIN and description of the donated property
• Person acknowledging on behalf of charity must be an official authorized to sign the tax returns of the organization, or specifically designated to sign these forms
• The acknowledgment does not constitute agreement with the claimed value
• If the property is sold within three years, the organization needs to file Form 8282
• Required when an organization receives a charitable contribution of property and within three years sells, exchanges, or otherwise disposes of the property
• Not required:
  • For items valued at $500 or less,
  • Items used in exempt purpose
• When required Form needs to be filed within 125 days of disposition
• Only fill out information that the organization has and file it by the due date
• Penalty $50 per Form
• Fraudulent use penalty $10,000
Donor is required to have a contemporaneous written acknowledgement in order to claim deduction of $250 or more

The written acknowledgement must include:

- Name of organization
- Amount of cash received
- Description (but not value) of noncash contribution
- Statement regarding value of goods or services provided by the organization to the donor
- Description and good faith estimate of the value of goods or services, if any, that the organization provided in return for the contribution

Contemporaneous – generally send to donors no later than 1/31 of the year following the year of donation.

Example:

“Thank you for your contribution of $300 to (organization's name) made in the name of our Special Relief Fund program. No goods or services were provided in exchange for your contribution.”
DONATIONS OF MOTOR VEHICLES, BOATS

- Charity operates vehicle donation program
- Charity hires an agent to operate the program
- For-profit entity receives and sells vehicles using charity’s name – no deduction
- Written acknowledgement for contributions over $500– Form 1098-C - Contributions of Motor Vehicles, Boats, and Airplanes
• Acknowledgement must include:
  • Charity’s intent
  • Donor information
  • Vehicle Identification Number
  • Date of the contribution, and one of the following:
    • a statement that no goods or services were provided by the charity in return for the donation,
    • a description and good faith estimate of the value of goods or services, if any, that the charity provided in return for the donation, or,
    • a statement that goods or services provided by the charity consisted entirely of intangible religious benefits.

• If the charity sells the vehicle for more than $500, the contemporaneous written acknowledgment must include:
  • a statement certifying that the vehicle was sold in an arm’s length transaction
  • date the vehicle was sold,
  • gross proceeds received from the sale, and,
  • a statement that the donor’s deduction may not exceed the gross proceeds from the sale
DONATIONS OF MOTOR VEHICLES, BOATS

• If the charity intends to use the vehicle in it’s exempt purpose then, in addition to the information required for all acknowledgments, the contemporaneous written acknowledgment must include:
  • statement certifying that the charity intends to make a significant intervening use of the donated vehicle,
  • detailed statement of the intended use,
  • detailed statement of the duration of that use, and,
  • certification that the vehicle will not be sold before completion of the use

• If the charity makes significant improvements to the vehicle then, in addition to the information required for all acknowledgments, the contemporaneous written acknowledgment must include:
  • statement that charity will make significant improvement to the donated vehicle,
  • detailed statement of the intended improvement, and,
  • certification that the vehicle will not be sold before completion of the improvement
DONATIONS OF MOTOR VEHICLES, BOATS

• If the charity’s purpose is to relief distressed individuals who are in need of transportation and the charity provides the donated vehicle to them significantly below the FMV, then in addition to the information required for all acknowledgments, the contemporaneous written acknowledgment must include:
  • that the charity intends to give or sell the vehicle to a needy individual at a price significantly below fair market value, and,
  • that the gift or sale is in direct furtherance of the charity’s charitable purpose of relieving the poor and distressed or the underprivileged who are in need of a means of transportation
UNRELATED BUSINESS TAXABLE INCOME

- Donation of partnership interest
  - Trade or business activity
  - Debt financed income
- Donation of S-Corporation
- Rental real estate
  - If transferred with debt, then rental real estate income may become subject to UBIT
RESOURCES

- Form 990 and instructions
- Schedule M and instructions
- Form 8283 and instructions
- Form 8282 and instructions
- Publication 561, Determining the Value of Donated Property
- Publication 526, Charitable Contributions
- Publication 1771, Charitable Contributions-Substantiation and Disclosure Requirements
- Publication 4302, A Charity’s Guide to Vehicle Donations
- Publication 598, Tax on Unrelated Business Income of Exempt Organizations
- Form 1098-C and instructions
THANK YOU
Valuation Issues

Gifts in Kind

Robert C. Brackett, CGMA, CPA, CVA, ICVS, MM
Valuation Issues

• Differences between Donor and Donee’s value
  • One is GAAP
  • One is FMV

• GAAP
  • Fair Value
  • Generally “Exit Price”
  • Uses Market with minimal adjustments

• FMV
  • Willing seller, willing buyer, each full knowledge of market
  • Not the highest and best use
  • Uses significant adjustments
GAAP

• Exit price
  • Willing buyer, willing seller . . . . but the seller has no say in the value

• Little “Best Practices” in this area
  • We looked to AERDO
    • Publish http://www.dochas.ie/Shared/Files/4/Gift_in_kind_Standards.pdf
    • Focuses on Donee value
    • Primarily on Pharma, but written to be open
  • ASC 820 codification of 157
GAAP

• 2 major valuation related points/focus
  • Disclosure & documentation
  • Valuing
GAAP

• Disclosures AERDO & GAAP (820-10-55-1):
  • Description of item or property, including sources and uses (500 bales of used adult clothing, versus used adult clothing)
  • Valuation premise (GAAP & IRS differ dramatically)
  • Dates, of appraisal and of transfer
  • Consideration received (e.g. mktg, PR)
  • Identify both donor and donee (include relationship, including NONE)
  • Description of valuation method used (detailed)
  • Financial data used in valuation (beginning, sources for adjustments, etc)
  • Must be conclusion of value (AICPA) and Appraisal Report (USPAP)
GAAP

• Disclosures (continued)
  • The principal market
  • Market participants
  • Judgments applied
GAAP

• Valuing (GAAP)
  • AERDO
    • Assummes this is used in furtherance of mission
    • Assumes fewest possible entities involved
      • If entity is a stepping stone
        • Administrative
        • Warehouse
        • Manage
        • Handling
    • Assumes trained users at the final receipt
      • Medical equipment operation
      • Qualified to administer pharma’s
      • Etc.
GAAP

• Exit price (GAAP, FASB ASC 820)
  • Volume of material often drives value to wholesale
  • Seldom retail
  • No reduction typically for transport or other downstream costs
  • Highest & Best use of all market participants; principal or most advantageous
  • Remaining shelf life may or may not have adjustment (look at time anticipated for receipt to end use)
  • Restrictions on use – impact on donee not donor, does not necessarily restrict/diminish the value.
GAAP

• Other matters
  • Middlemen/distribution entities have very different requirements, outside valuation per se.
  • Hierarchy of FASB (820-10-35-16BB & glossary);
    • Level 1 – active market, e.g. publicly listed stock donated
      • identical assets or liabilities that the reporting entity has the ability to access at the measurement date
    • Level 2 – observable inputs (generic equivalents 820-10-55-21)
      • Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Possibly Craig’s List, or E-Bay
    • Level 3 – Unobservable e.g. closely held company 820-10-55-22)
      • Unobservable inputs for the asset or liability
IRS

• Fair Market Value
  • Hypothetical buyer and seller
  • Adjustments for restrictions placed on distribution/use
  • Generally want to see 3 approaches to value
    • Transaction/market
    • Asset/replacement
    • Income
  • Disclosures should be similar
  • For charitable contributions-see regulation 6501 for qualified appraisal

****************Before！！！！！！！！！！！****************
IRS

• Types of assets
  • Real Estate – if actual ground and everything on and beneath it, most good appraisers can handle the highest & best use
    • If just mineral rights – geologist and a business valuator (usually)
    • If just easements – depending on what, appraiser and valuator to do court case analysis
  • If royalties or intangible assets – business valuator
  • If publicly traded stock - ??? May want a valuator, may want independent party to get closing price or average high and low on day of
  • Pink sheet – thinly traded, use valuator
  • Privately held company, FMV
Summary

• Differences
  • Highest and best use, if a bid situation, only one left in the market is the closest losing bid, not the winning bid
  • IRS FMV is more of an average value
  • GAAP value is often huge compared to the FMV of a bid
    • GAAP often uses a multiple of the EBITDA
    • GAAP is highest and best use, not normal use
    • FMV looks more to normalized Earnings after tax (interest may be added back after removing tax benefit)
  • Consider FMV and M&A value (unlevered & fully levered [risk difference may be 6% v 20%])
Robert C. Brackett, CPA, ICVS, CVA, MM, CGMA

- Mr. Brackett has served as president of Crandall & Brackett, Ltd. since 1991. As a respected member of the profession, Mr. Brackett is active in professional organizations that provide training and standards setting for business valuators and fraud deterrence professionals. He is a founding member and Secretary General of the International Association of Consultants, Valuators, and Analysts (IACVA); the world’s largest association of business valuators and fraud deterrence professionals (more than 6,000 members in over 50 countries). Mr. Brackett also serves on the Standards Committee for the National Association of Certified Valuators and Analysts. He served on NACVA’s Executive Advisory Board until 1996 when he was elected to chair the newly established Membership Board, now past chairman. At the Illinois CPA Society, he served on various Business Valuation-related committees.

- Mr. Brackett has authored and taught courses in business valuation theory and practice through the Illinois CPA Foundation, the American Institute of CPAs, IACVA, and NACVA. Mr. Brackett’s professional credentials include: a Certificate of Educational Achievement in Business Valuations from the Illinois CPA Society, and the American Institute of Certified Public Accountants; as well as the International Certified Valuation Specialist designation awarded by IACVA. He maintains his CPA license, and has been awarded the Chartered Global Management Accountant (CGMA) designation by the AICPA.

- Mr. Brackett conducts seminars on valuations and ownership issues for many professional associations and business groups, and writes articles for monthly trade publications.