

How Do I Buy or Handle...

Donated or Gifted Items

Background:

A Gift is defined as any money or assets from private sources, whether solicited directly or indirectly, for which the donor does not retain any reversionary interest or cannot be expected to receive any material deliverable from the act of donating funds. This definition follows the guidelines established by the Internal Revenue Service as well as practices of other universities and non-profit organizations.

Procedures:

To assist in implementation of this policy, a further definition of each of the key elements follows.

- The key definition here is for the term "**deliverable**". A deliverable is defined as a tangible product or service resulting directly from the use of funds transferred to the foundation or university for which the original payer of the funds will receive a material, tangible benefit to which they would not otherwise be entitled.
- If the transfer of these funds would result in the payer deriving a unique or preferential benefit, the funds cannot be treated as a gift. A benefit would be defined as being "**unique**" if the payer were allowed to receive the benefit prior to the benefit being made publicly available. Examples would include first or initial rights to specific research findings, inventions, reports, etc. before this information was made available to the general public.
- The requirement of a payer that he/she receive reports outlining the expenditure of the funds given would not preclude the funds from being defined as a gift, as this is a common practice of many large charities. Further, restrictions placed on the use of the funds by the payer would not preclude the funds from being treated as a gift, as this is also a very

common practice. Finally, funds could be restricted by the payer for any purpose, including areas of research. Restrictions of funds to particular areas of research would not preclude the funds from being treated as gifts, as long as the remaining criteria in the gift definition were met. Further support for this concept is found with the AICPA, FASB, NACUBO, Auditor of Public Accounts and the Internal Revenue Service, all of whom accept the concept of restricted giving, including restrictions to specific research programs. The specific policy outlining the definition of private funds can be found on the University's Administrative Policies and is [policy number 3630](#).

- Donations should be sent to the University Gift Accounting Office located at 902 Prices Fork Road, Mail Code 0336. Gifts are entered into the donor database and reports are generated which notifies the respective department of all gifts. A [Gift Transmittal form](#) should be completed and be sent with the monies. Gift Transmittal Forms can be obtained from the University Development Office.
- The donor determines the use of the monies. If a new foundation fund needs to be established, the receiving department must complete a [VTF New/Change Fund form](#) (contact the Controller's Office) and indicate the authorized user (s) of the fund to be established. For more information, see the foundation Funds section in the [Faculty/Staff Procedure Guide](#).

Gift-in-Kind to Virginia Tech:

- Virginia Tech benefits from a surprising range of gifts of tangible personal property and gifts-in-kind such as artwork, architectural drawings, collectibles, books, supplies, and numerous other items, many of which would otherwise have required the donor to provide costly or time-consuming care and management.
- Both the value to the university and your potential tax benefits depend upon the use of the gift.
- Related use: If your gift qualifies as "**related use**" – that is, if it will be used by the university to accomplish its mission – you can deduct the property's full fair market value. Examples of such gifts have included musical



instruments used by student performers, scientific specimens for study and exhibit, and equipment used by researchers.

- Unrelated use: For tangible personal property gifts with "**unrelated use**," the donor can typically deduct the lesser of the cost basis (usually the purchase price paid by the donor for the property), or the fair market value.

If in any doubt regarding a donation, contact:

Office of University Development
902 Prices Fork Road,
Blacksburg, VA 24061
540-231-2801
800-533-1144
<https://givingto.vt.edu/Contact.html>