

# In-Kind Donations

Most nonprofit organizations receive donations through cash, securities, goods, and services. You are already recording donations of cash and securities, but you may be missing an important component in your financial reporting—In-Kind donations of goods and services. These In-Kind donations help you maximize your expenditures and keep your organization functioning! The following is a brief overview of In-Kind donations, but you should check with your CPA about how to record these transactions in your own financials.

One very important thing to note: we **do not** put a value on the In-Kind donation for the donor, we only determine a value of the good or service for our own financial recording purposes.

## What is an In-Kind donation?

- Goods used or new, that support your cause and can be utilized or resold for cash. Examples include food, clothing, furniture, appliances, books, equipment, land or office space, tradable financial securities, and vehicles
- Services that require a special skill and the person performing the service has specialized training. Examples include branding, publishing, accounting, legal, teaching, babysitting, and catering
- Rent for office or vehicles at a discounted amount



## How is the In-Kind donation valued in your financial records?

- Any costs that are necessary to run your organization that you didn't have to pay for because of the donation. This will give a true, accurate understanding of the cost to run your program.
- Used items - use the Goodwill website for the suggested value ([download their donation valuation guide](#))
- New items - the purchase receipt
- Services - what the donor would usually charge for their services, or what is usual and customary



**NOTE:** We **do not** put a value on the In-Kind donation for the donor, we only determine a value of the good or service for our own financial recording purposes

### **Does the donor get an acknowledgement for an In-Kind donation?**

- When the value of the donation is greater than \$250, an acknowledgment is not required, but it is nice to build goodwill with the donor
- **DO NOT** value the donation in the thank you letter!

### **What should be included in thank you letters for In-Kind donations?**

- The name and EIN of your organization
- The date you received the In-Kind donation, or the service was performed
- A description of the donation or service performed
- A statement declaring that the supporter didn't receive anything in exchange for their gift
- Example: Thank you for your generous contribution of [item description] that [organization name] received on [date]. This generous gift will help further the mission of our organization. No goods or services were provided to you in exchange for this donation.

### **\*DO NOT RECORD DONATIONS FOR FUNDRAISERS OR AUCTIONS AS IN-KIND DONATIONS\***

As with any financial issue, you should verify with your tax preparer how to record these transactions in your books.

