



Tangible Personal Property

Policies and Procedures

www.umchurchlegacy.org

The **XYZ United Methodist Church** encourages donors to make both outright and deferred gifts to the work of the United Methodist Church. (See 00/00/00 XYZ Methodist Church Planned Giving Program, Policies and Guidelines Authorization)

I. Guidelines for **Tangible Personal Property** Gifts

- A. Jewelry, artwork, collections, and other personal property shall be accepted conditioned on prior approval by the Board of Trustees or its designee.
- B. Personal property shall be accepted by XYZ only if there is reason to believe that property can be used by the church or can be quickly disposed of. No personal property shall be accepted that obligates XYZ to ownership of it in perpetuity or to incur significant costs or other obligations without offsetting benefits. No perishable property or property that will require special facilities or security to properly safeguard will be accepted without prior approval of the Board or its designee and compliance with the filing requirements described below.
- C. If there is reason to believe personal property has a value of \$500 or more, it may be accepted after receipt and review by the Board or its designee of an appraisal that is qualified under terms of the Internal Revenue Code governing gifts of property of this type.
- D. Only the Board or its designee may represent to a donor that property will or will not be held by XYZ for a requisite period of time for purposes related to its tax-exempt status. Donors should be notified at the time of receipt of a gift that XYZ will, as a matter of policy, cooperate fully in all matters related to IRS investigations of non-cash charitable gifts.
- E. XYZ will send a thank you note to the donor for the contribution.

II. IRS Filing Requirements

- A. IRS code provides that, in the case of all non cash donations of items or groups of similar items for which the donor claimed a deduction of more than \$500, the donor must submit an IRS form 8283. This form is submitted with the donor's tax return.
 1. Form 8283 in Section A, Part I asks for the items donated to be listed and specific information about the item reported.
 2. Part II of the form asks some questions about the item(s) donated.
 3. Section B, Part I asks for information about property that is claimed as a deduction that exceeds \$5,000.
 4. Part II requires the donor's signature.
 5. Part III asks for the certification of the appraiser.

6. Part IV asks for the acknowledgement of the charitable organization of the receipt of the donated property.
 - a) If the donated property is sold within 2 years of the contribution, XYZ is required to file form 8282 with the IRS
 - b) XYZ is required to give the donor a copy of the form 8282 that was filed.

B. Donors must file form 8283, signed by a representative of the church

III. Issues for the donor

- A. If the charity sells the item donated for less than 80% of the value claimed by the donor on their taxes, the IRS would recalculate the taxes owed and make an adjustment based on the sales price. XYZ will include language to inform the donor of this requirement in its thank you letters.
- B. While XYZ prefers to sell all items immediately, in the event that an item can't be sold for 80% of the value claimed, only the Board has the discretion to hold the item for a two-year period to protect the integrity of the donor's deduction on their taxes. This would require that the church would have to know the value claimed by the donor.
- C. In addition to informing the donor of the issue identified in III. A, thank you letters will include a Gift-in-Kind Form. The GiK form will include name, address and telephone of the donor. The date of the gift, its estimated value, and a brief description of the donated item(s), the purpose of the gift, and the donor's signature. (XYZ will provide a form for the donor's use.)

IV. Disposal of Tangible Personal Property gifts.

- A. For gifts of vehicles, XYZ may enter into an agreement with Vehicles for Charity, a division of the Metropolitan Association for Retarded Citizens, or with a similar organization. Vehicles for Charity manages all aspects of a car donation, including towing, and public auction. Vehicles for Charity currently manages car donations for more than 50 charities.
 1. Requires a clear title with donor's name listed as owner.
 2. All liens must be released prior to donating the vehicle.
 3. Requires the car keys.
 4. Requires completion of a donation pickup form. Vehicle will be picked up usually within 3 – 4 days.
 5. Donors can deduct the "fair market value" of the vehicle. See IRS Publication 526, Charitable Contributions, and Publication 561 Determining the Value of Donated Property for more detailed information.
 6. Neither XYZ nor Vehicles for Charity will place a value on the vehicle. See Kelly Blue Book, or NADA Appraisal Guide

7. If the value is \$5,000 or more, a certified vehicle appraiser must make that determination.
 8. Titles will be assigned to Vehicles for Charity.
 9. XYZ will be held harmless on donated items.
 10. Currently, Vehicles for Charity will split the net revenue: XYZ 60/40 VC
- B. For Gifts of jewelry, antiques, art, etc., XYZ will obtain 2 bids for purchase
1. For gifts of jewelry, Williams Jewelers has an estate department, as does Wm Crow.
 2. Each item would be evaluated for value. The jeweler would make a bid for purchase or act on our behalf to sell it. They would charge 10-20% on lower of appraisal or fair market value for selling the item.
 3. Victoriana is an excellent source for resale of lower value jewelry and antiques.
 4. Saks Galleries would be an excellent source for resale of art.
- C. If the item is valued at less than \$500 or is sold after two years from the date of the donation, there are no filing requirements by XYZ to report the sale.

XYZ reserves the right to conduct an auction among members and friends upon approval of the Board of Trustees.