



In-Kind Donations: A Different Type of Contribution

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What is an
In-Kind Donation? 1

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An anti-hunger organization needs more than just cash and food to survive. The value of a dollar can be stretched further by the donation of time, goods and services to your organization. This type of donation is called an “in-kind” donation and can be hugely beneficial to your bottom line. Some basic examples of non-food, in-kind donations include professional services (accounting, lawyer, etc.), printing, equipment, meeting space, advertising space, etc.

How to Solicit In-Kind
Donations 1

In-kind donations can be critical to the success of your organization. Whenever you can use an in-kind donation instead of paying for the good or service, you are preserving cash resources. Money won’t solve all of your problems, but having more cash at your disposal certainly allows for flexibility in processes.

Accounting for In-Kind
Donations 2

How to Solicit In-Kind Donations

According to the Conference Board, a nonprofit research group, in-kind donations represent nearly half of all corporate donations. From an individual donor all the way up the ladder to huge corporations, how can your organization take advantage of these important donations?

What to Do When
You Have Too Many
In-Kind Donations 2

Think Small First - Large corporations receive thousands of requests for in-kind donations. Before jumping into what can be a long process with large businesses, start local. Build relationships with small-business owners and solicit from them first. And don’t be discouraged by denial---the more organizations you solicit, the more people who get to hear your story. When you do decide to ask a large corporation, do your research first. Many corporations have a giving philosophy and process. Make sure your mission aligns with theirs before you approach them.

Landlords and Property Managers - Looking for refrigerators/freezers, shelving or office equipment for your organization? Property renovations and moving tenants often leave property managers with unwanted items that are still in good condition.

Free Wanted Ads - In Alaska, www.craigslist.org is a very popular way to let others know what your needs are. If you are looking for a specific item, post your organization’s information, contact name and phone number in a want ad. Make sure you let potential donors know the tax benefit of donating to a nonprofit.

Create a Wishlist - Use your website and/or your monthly newsletter to publish a wishlist of needed items. At a regular interval, check off items as they are donated so recipients can see your progress. Be sure to publicly recognize donors (unless they specifically request not to be recognized)!

Accounting for In-Kind Donations

Now that you know how to tap into in-kind resources, how do you account for them? If not accounted for appropriately, in-kind gifts can cause misleading surpluses or deficits and mask the financial condition of a nonprofit.

Create an In-Kind Journal - Along with a category designated for in-kind donations in your general ledger, an In-Kind Journal can help you by providing a central collection point, a reminder that you need to acknowledge the donor for his/her contribution, and appropriate documentation required for grants and the Internal Revenue Service.

Putting a Value on In-Kind Donations - In general, the donor is required to establish the value of the donated good or service. That value must be presented in writing and both the organization and the donor must keep a copy in order for the donor to receive the tax benefits.

For more information about calculating the value of various in-kind donations, read *In-Kind Donations: Hidden Assets for Your Organizations, A Resource Guide* developed by the Missouri Department of Health and Senior Services. You can access the document through the following website: <http://www.dhss.mo.gov/AdolescentHealth/InKindDonations.pdf>.

What Happens When You Have an In-Kind Donation to Give?

A donor comes in with an item that you didn't really need but you just couldn't turn it down. You've gotten a new commercial refrigerator donated and you need to find a new home for the several household refrigerators that you were previously using. How can you get the most benefit from these situations?

If you don't know of another nonprofit that could benefit from the donation, contact the Alaska Food Coalition (afc@foodbankofalaska.org) or your local food bank as they might know of an agency in need.

If these options don't work, do what everyone else does--put them on eBay! In coordination with www.missionfish.org, eBay has created an easy way for nonprofits to turn in-kind donations into cash. All you need to do is register your nonprofit with MissionFish and then you can post items on eBay under the eBay Giving Works program. With this designation, your items will be given special classification identifying that the proceeds go to charity. When you sell your items, the buyer pays the nonprofit directly. The buyer cannot get tax credit for their purchase as they are purchasing goods or services from your organization and their purchase is not considered a donation.

Next Month:
Food
Stamps

