

What are in-kind contributions, and how do I record them in the Data Profile?

Answer What are in-kind contributions, and how do I record them in the Cultural Data Profile (CDP)?

In-kind contributions are the monetary value of contributions given to your organization in the form of goods, services, land, buildings, use of space, etc. Examples of in-kind revenue are the value of a donated computer, the value of free brochure printing services, or the value of the rent for a donated space used by your organization.

What to count as in-kind

According to accounting rules, in order for a service to be considered an in-kind contribution, it must be a professional service performed by a professional in that field which your organization would have paid for had it not been donated to you. Examples of these services include a lawyer donating legal services, or a professional grantwriter waiving his or her normal fee to prepare your grant applications. For this reason, services such as ushering, letter-stuffing, general office help, and the regular duties of a board member, while valuable to your organization, cannot be included as in-kind contributions. Whenever possible, the value of in-kind contributions must be what your organization actually would have paid for the item or service, rather than an estimated amount. In-kind services should be the hourly or contract fee the professional normally charges for that service. The value of donated goods must be the amount that was paid for them by the donor, or the amount your organization would have paid for them.

Enter in-kind in two places

Since in-kind contributions have no effect on your net income, all in-kind revenues must have the same amount recorded as in-kind expenses. In the Cultural Data Profile (CDP), the amount you record as in-kind revenue in Contributed Revenue must have a corresponding amount in Expenses in the question or questions that best fit the description of the in-kind contributions

If the in-kind contribution is a capital item, such as a building or equipment valued above your organization's capitalization threshold, record the value as a non-operating in-kind contribution in Revenue and make sure the amount is included in your Fixed Assets in the Balance Sheet rather than in Expenses.

Other things to remember about in-kind

In-kind contributions should typically be classified as unrestricted revenue, because the services or items were meant to be used immediately, but can be restricted in certain situations, such as the donation of a restricted fixed assets. Restrictions can only be placed by the donor on incoming contributions. Again, most in-kind contributions will be classified as unrestricted.

If your organization is audited or reviewed, include only the amount of in-kind revenue reported in your audit or review. If your organization is not audited or reviewed, only include in-kind items allowable under accounting rules, as summarized above.

If your organization has a parent organization, track the revenue portion of all in-kind contributions from your parent in the Parent Organization Support line in the Contributed Revenue section, instead of including them with the rest of your in-kind contributions.