

Highlights

- Defines non-cash contributions to include contributions regardless of whether they are deductible under section 170 of the Internal Revenue Code.
- Describes the scope of who must file to include all organizations—not just those organizations that may receive non-cash contributions deductible under section 170 of the Internal Revenue Code.
- Permits organizations to report column (b) quantity based on the number of contributions made or number of items contributed, as determined in accordance with the organization's record keeping practices. The organization must explain the method by which they are reporting in Part II of the Schedule. Special rules apply for securities.
- Provides definitions for works of art, historical treasures, historical and archeological artifacts, and scientific specimens.
- Provides examples for how to complete column (d) "Method of Determining Revenues," including a specific example for those organizations operating a thrift store.
- Explains reporting of fractional interests in art.
- Clarifies that non-cash contributions do not include donated services.
- Provides a definition and an example of a "non-standard contribution" for line 31 gift acceptance policies.
- Clarifies that line 30a relates to contributions the organization is **not** required to use for exempt purposes for the entire holding period (the December 2007 Schedule M highlights document incorrectly described this reporting)

2008 Schedule M (Form 990) Instructions Non-Cash Contributions

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Schedule

Schedule M (Form 990) is used by an organization that files Form 990 to report the types of non-cash contributions received during the year by the organization and provide reporting of certain information regarding such contributions. The Schedule requires reporting of the quantity and reported financial statement amount of non-cash contributions received by type of property. Do not report non-cash contributions received by the organization in a prior year, or donations of services.

Who Must File

Any organization that answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, lines 29 or 30, must complete Schedule M and attach Schedule M to Form 990. This means an organization that reported more than \$25,000 of aggregate non-cash contributions on Form 990, Part VIII, *Statement of Revenue*, line 1g, or that during the year received contributions of art, historical treasures, or other similar assets, or qualified conservation contributions, regardless of whether it reported any revenues for such contributions in Part VIII.

If an organization is not required to file Form 990, it is not required to file Schedule M.

Specific Instructions

Part I Types of Property

Column (a). Check the box in column (a) if the organization received any contributions of the property type identified.

Column (b). In column (b) for each type of property received during the year enter the number of contributions or the number of items contributed, determined in accordance with the organization’s recordkeeping practices. Explain in Part II of this Schedule whether the organization is reporting the number of contributions or the number of items received. As described below, for each security, such as publicly traded stock, treat each separate gift (rather than each share received) as an item for this purpose.

Organizations that receive contributions of books and publications, clothing and household goods are not required to complete column (b) for those items.

Columns (c) and (d). In column (c), enter the revenues reported on Form 990, Part VIII, line 1g, for the appropriate property type. If none were reported, enter “0.”

In column (d) describe the method the organization used to determine the amount reported in Part VIII, line 1g. (e.g., cost or selling price of the donated property, sale of

comparable properties, replacement cost, opinions of experts, etc.). See *Publication 561, Determining the Value of Donated Property*, for more information.

Example 1:

A used car in poor condition is donated to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is \$1,600. However, the guide shows the price for a private party sale of the car is only \$750. The fair market value of the car is considered to be \$750, which is the amount the organization reported in Form 990, Part VIII, line 1g. In column (c), the organization should report \$750. In column (d) the organization should enter "sale of comparable properties and/or opinion of expert" as the method used to determine fair market value.

Example 2:

An organization primarily receives bulk donations of clothing, household goods and other similar items, intended for resale. Under its permitted financial reporting practices, it does not recognize or record revenue at the time of receipt of the contribution, but instead records such items in inventory and reports contribution revenues at the time of sale based on prior inventory turnover experience. In column (c) the organization may report the amount that represents the total estimated amount of annual sales revenue for each type of property received under its permitted financial reporting method, and in column (d) report "resale value or annual sales revenue" as the method of determining revenue.

Museums and other organizations that do not report contributions of art, historical treasures, and other similar items as revenues, as permitted under generally accepted accounting principles should enter "0" in column (c) and should leave column (d) blank. The organization may explain in Part II that a zero amount was reported in Form 990, Part VIII, line 1g, because the museum did not capitalize its collections, as allowed under SFAS 116.

Organizations that receive qualified conservation contributions may report column (c) revenue consistent with a method permitted to be used for financial reporting purposes.

Lines 1-3. Art

Line 1. *Works of Art* include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia and other similar objects. Art does not include collectibles such as autographs, sports memorabilia, dolls, stamps, coins, phonographic records, gems, jewelry, sports memorabilia, dolls, etc., which are reported on line 18.

Line 2. An *historical treasure* is a building, structure, area, or property with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archeology, or culture of a country, state, or city.

Line 3. A contribution of a *fractional interest* in art is a contribution, not in trust, of an undivided portion of a donor's entire interest in a work of art. A contribution of the donor's entire interest must consist of a part of each and every substantial interest or right the donor owns in such work of art and must extend over the entire term of the

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donor's interest in the property. A gift generally is treated as a gift of an undivided portion of a donor's entire interest in property if the donee is given the right, as a tenant in common with the donor, to possession, dominion, and control of the property for a portion of each year appropriate to its interest in such property. For each work of art or item, report in column (b) the fractional interest for each year an interest is received with respect to the underlying work of art or item. See section 170(o) for special rules for fractional gifts.

Line 4. Enter information about contributions of all books and publications, other than rare books and manuscripts reported on line 1 and collectibles that are reported on line 18.

Line 5. Enter information about clothing items and household goods which were in good used condition or better. *Household goods* include furniture, furnishings, electronics, appliances, linens, and other similar items. It does not include (1) food, (2) paintings, antiques, and other objects of art, (3) jewelry and gems (other than costume jewelry reportable on this line), and other collectibles. Clothing items and household goods which were not in good used condition or better are to be reported as a separate type in "other" beginning with line 25.

Lines 6 and 7. On line 6 include only contributions of motor vehicles manufactured primarily for use on public streets, roads, and highways. Do not include in lines 6 or 7 contributions of the donor's stock in trade or property held by the donor primarily for sale to consumers in the ordinary course of a trade or business. The organization is required to file Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, for certain of such contributions reported on these lines. See Form 990 Part V, line 7h.

Line 8. *Intellectual property* is any patent, copyright (other than a copyright described in section 1221(a)(3) or 1231(b)(1)(C)), trademark, trade name, trade secret, know-how, software (other than software described in section 197(e)(3)(A)(i)), or similar property. Certain contributions of intellectual property may require the organization to file a Form 8899, Notification of Income from Donated Intellectual Property, with the donor and the IRS with respect to such contribution. See Form 990 Part V, line 7g.

Line 9. *Publicly traded securities* means securities for which (as of the date of the contribution) market quotations are readily available on an established securities market. For each security, treat each separate gift (rather than each share received) as a contribution for this purpose.

Line 10. Closely held stock means shares of stock issued by a corporation that is not publicly traded. For each security, treat each separate gift (rather than each share received) as a contribution for this purpose.

Line 11. On this line enter information about contributions of interests in a partnership, limited liability company, or trust, which is not publicly traded. For each security, treat each separate gift (rather than each share received) as an item for this purpose.

Line 12. On this line enter information about contributions of securities that are not publicly traded securities, closely held stock, or partnership, limited liability company, or trust interests. *Security* means any bond, debenture, note, or certificate or other

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evidence of indebtedness, issued by a corporation or a government or political subdivision, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing. For each security, treat each separate gift (rather than each share received) as a contribution for this purpose.

Lines 13-14. A *qualified conservation contribution* is a contribution of a qualified real property interest exclusively for conservation purposes. A “qualified real property interest” means any of the following interests in real property:

1. The entire interest of the donor,
2. A remainder interest,
3. A restriction (e.g., an easement), granted in perpetuity, on the use which may be made of the real property.

A “conservation purpose” means:

1. The preservation of land areas for outdoor recreation by, of the education of, the general public,
2. The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems,
3. The preservation of open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or is in accordance with governmental conservation policy, or
4. The preservation of an historically important land area or a certified historic structure.

See section 170(h) for additional information, including special rules with respect to the conservation purpose requirement for buildings in registered historic districts.

Line 13. On this line enter information about contributions of a qualified real property interest that is a restriction with respect to the exterior of a certified historic structure. A *certified historic structure* is any building or structure listed in the National Register as well as any building certified as being of historic significance to a registered historic district. See section 170(h)(4)(B) for special rules that apply to contributions made after August 17, 2006.

Line 14. On this line enter information about qualified conservation contributions other than those entered on line 13. This includes conservation easements to preserve land areas for outdoor recreation by or for the education of the general public, to protect a relatively natural habitat or ecosystem, to preserve open space, or to preserve an historically important land area.

Line 15. On this line enter information about contributions of residential real estate. Include information about contributions (not in trust) of a remainder interest in a personal residence which was not the donor’s entire interest in the property. The term “personal residence” includes any property used by the donor as a personal residence but is not limited to the donor’s principal residence. The term “personal residence” also includes stock owned by the donor as a tenant-stockholder in a cooperative housing corporation if

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the dwelling the donor is entitled to occupy as a tenant-stockholder is used by the donor as a personal residence.

Line 16. On this line enter information about contributions of commercial real estate, such as a commercial office building. Include information about contributions (not in trust) of a remainder interest in a farm which was not the donor's entire interest in the property. The term farm refers to land used for the production of crops, fruits, or other agricultural products or for the maintenance of livestock. A farm includes the improvements located on the farm property.

Line 17. On this line enter information about real estate interests not reported on lines 15 or 16.

Line 18. *Collectibles* include autographs, sports memorabilia, dolls, stamps, coins, books, gems, jewelry (other than costume jewelry reportable on line 5), sports memorabilia, and dolls, etc., but not art as defined above or historical artifacts as defined below.

Line 19. On this line enter information about food items, including food inventory contributed by corporations and other businesses.

Line 20. On this line enter information about drugs, medical supplies, and similar items contributed by corporations and other businesses that manufactured or distributed such items.

Line 21. *Taxidermy* property means any work of art that is the reproduction or preservation of an animal, in whole or in part; is prepared, stuffed, or mounted to recreate one or more characteristics of the animal, and contains a part of the body of the dead animal.

Line 22. On this line enter information about historical artifacts such as furniture, fixtures, textiles and household items of an historic nature. Do not include works of art or historical treasures reported on lines 1 and 2 and archeological artifacts reported on line 24.

Line 23. On this line enter information about objects or materials received that relate to, or exhibit, the methods or principles of science.

Line 24. On this line enter information about archeological and ethnographical artifacts, other than works of art or historical treasures reported on lines 1 and 2 and historical artifacts reported on line 22. An archaeological artifact is any object that is over 250 years old and is normally discovered as a result of scientific excavation, clandestine or accidental digging for exploration on land or under water. Ethnological artifacts are objects which are the product of a tribal or non-industrial society, and important to the cultural heritage of a people because of its distinctive characteristics, comparative rarity or its contribution to the knowledge of the origins, development or history of that people.

Lines 25-28. Use lines 25-28 to separately report other types of property that are not described above or reportable on previous lines. This includes items that did not satisfy specific charitable deduction requirements applicable to the contribution of such type of

property, but which were contributed to the organization, such as clothing and household goods that were not in good used or better condition, and conservation easements that the organization knows do not constitute qualified conservation contributions. Self created items, such as personal papers and manuscripts, are to be listed separately. Non-cash contributions do not include donated services which are reportable in Schedule D, Part XI, Line 5, and may also be reported in the narrative section of Part III, line 4 of the Form 990.

Line 29. Enter the number of Forms 8283 received by the organization during the year for contributions for which the organization completed Part IV, Donee Acknowledgement, of such form. If the organization does not keep complete records of such forms, do not provide an estimate and leave line 29 blank.

Line 30a-b. Answer “Yes” if the organization received during the year a non-cash contribution reportable on lines 1 through 28 for which the organization is required, by the terms of the gift or otherwise, to hold the property for at least three years from the date of the contribution and which property is not required to be used for exempt purposes for the entire holding period. If “Yes,” describe the arrangement in Part II.

Line 31. Answer “Yes” if the organization has a gift acceptance policy that requires the review of any non-standard contributions. A non-standard contribution includes a contribution of an item that is not reasonably expected to be used to satisfy or further the organization’s exempt purpose and for which (a) there is no ready market to which the organization may go to liquidate the contribution and convert it to cash and (b) the value of the item is highly speculative or difficult to ascertain. For example, the contribution of a taxpayer’s successor member interest of the type described in Notice 2007-72, I.R.B. 2007-36 (September 4, 2007) is a non-standard contribution for this purpose.

Line 32a-b. Answer “Yes” if the organization hires or uses third parties or related organizations to solicit, process, or sell non-cash contributions. If “Yes,” describe these arrangements in Part II of this Schedule.

Line 33. Describe in Part II of this Schedule why the organization did not report revenue in column (c) for a type of property for which column (a) is checked.

Part II Supplemental Information

Use Part II to provide narrative information required in Part I, lines 30b, 32b, and 33. Also use Part II to provide other narrative explanations and descriptions. Identify the specific line number that the response supports.