

Nonprofits ensure the donor is aware of their right to take a noncash charitable contribution deduction and appraisal requirements – self appraisal (up to \$5000 contribution) or professional appraisal (contribution deductions greater than \$5000). The nonprofit should recommend they seek the advice of their tax professional and/or consult with a professional appraiser. It's important to remember, many donors may not be familiar with making large non- cash contributions and the nonprofit should make sure they understand their rights and responsibilities related to any tax benefits for their generous donation to your nonprofit.

Appraisers can usually provide “preliminary estimates of fair market value for potential donations” based on the scope of donation identified as acceptable by the nonprofit. Preliminary estimates are meant to assist the donor in determining financial feasibility of deconstruction as opposed to traditional demolition. Preliminary estimates are based upon many assumptions and are not guaranteed appraised values. The quality of the initial information provided to the appraiser and the skill of the deconstruction contractor can greatly increase the reliability of the preliminary estimate.

The nonprofit does not determine value of donations nor should there be any relationship between anticipated donation value and nonprofit services, such as deconstruction fees, or request for cash contributions.

The **deconstruction contractor**, whether part of the nonprofit or not, and the appraiser must maintain independence from one another. Deconstruction and appraisal fees should never be tied to anticipated value.

It is never advisable for an appraiser to share potential donation value or final appraised values with anyone other than the client or their assigned representative/s.

Per IRS rules, nonprofits **are not permitted to provide any donation value, either communicated verbally or documented on a receipt, to the donor.**

A qualified appraisal for IRS tax purposes must use the treasury's definition of fair market value (FMV). Information on fair market value information can be found in IRS Publication 561. FMV is defined as:

Fair market value (FMV) is the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts. If you put a restriction on the use of property you donate, the FMV must reflect that restriction.

Nonprofits should always recommend every donor to consult their tax professional to make certain the donation is tax deductible even if we feel certain it is!

A complete inventory encompasses the building components the nonprofit receives at its physical location or takes possession/title of and not what it may have inventoried before deconstruction or stated an intention to accept as a donation. The “complete inventory” is material to which the appraiser assigns the value that will be used by the donor on their taxes.

For more questions about appraisals, we recommend consulting with a qualified appraiser.