

## Owner's Guide to Donating Used Building Materials

TRP wants your experience donating reusable building materials to be a positive one that you can recommend to friends and neighbors who plan to rebuild or remodel. We hope the following suggestions will assist you in making your donation. Regardless of what organization receives your donation, if you have any questions or concerns, or would like additional information, please don't hesitate to call us.

Unlike many donations, the donation of reusable building materials requires more participants than simply a donor (you) and a donee (the recipient organization). Unless you, as the owner, are doing the deconstruction and salvaging work yourself, it includes a deconstruction contractor. And most of the time it requires an appraiser.

**Required Forms:** Any in-kind donation (that is, anything other than money) valued at \$500 or greater requires the donor, or the donor's professional tax preparer, to complete IRS Form 8283.

**Suggestion:** Go to [www.IRS.gov](http://www.IRS.gov) and review Form 8283. Send it to your professional tax preparer.

### **Determining the Value of a Donation:**

- If the value of the donation is \$500 or greater, Form 8283 requires the preparation of an appraisal report and the signature of an independent, third party appraiser.
- Appraisers must be IRS qualified, and the appraisal must be conducted under the standards of the Appraisal Foundation, which requires that appraisers be entirely independent.
- The materials valued by the appraiser must be listed on a donation form with specific and detailed information sufficient to enable the IRS to make its own assessment as to the types of materials donated and their condition.
- The materials list must only be prepared by the donee (recipient organization) in collaboration and agreement with the donor.

**Suggestion:** The donor, or the donor's confidential agent, should work directly with the donee in determining the materials that ultimately will be donated - neither your contractor nor the appraiser are allowed to do this.

### **Appraisers:**

- Not all licensed appraisers are qualified to appraise used building materials. Often, donors think that a licensed appraiser is all they need. However, licensing is a state requirement – not federal. IRS qualified appraisers must have background, education, training and professional certifications in the exact type of materials they are valuing. A real estate appraiser, even a great one, is not necessarily qualified to appraise used building materials.
- Appraisers may not charge appraisal fees if they also work with the donor to find recipient organizations. This simple act nullifies the independence of the appraiser.
- Appraisers, to maintain independence, may not participate in the selection of materials to be donated. This would involve them in the donation transaction and pose a potential conflict of interest wherein the quantity of donated materials might be inflated simply to increase the cost of the appraisal.

**Suggestion:** The donor should request a copy of the appraiser's resume before entering into any discussion of the appraisal. More importantly, donors should work directly with the recipient organization in determining what is to be donated. This will help to ensure that the donation is not later voided by the IRS.

### **Nonprofit Organizations:**

- While in-kind donations may be made to any 501(c)3 organization that is not a foundation, there are certain restrictions as to the final tax-deductible amount of each donation.
- Donations to organizations whose core mission or purpose does not include the reuse the donated materials are subject to a reduction in value by the IRS. Such reductions sometimes occur several years following the donation.

**Suggestion:** Request a copy of the nonprofit's Form 990 "Return of Organization Exempt From Income Tax," or Form 1023 "Application for Recognition of Exemption under Section 501(c)3 of the Internal Revenue Code."

### **Deconstruction Contractors:**

- Not all contractors are licensed, since licensure is a function of state, county and municipal laws and varies by state.
- Simply having a contractor's license does not qualify a contractor to perform deconstruction. Deconstruction requires training and skill, without which the quantity of salvaged materials may be minimal, the damage to good materials may be high, and the resulting tax-deductible donation value may be low.

**Suggestion:** Obtain multiple deconstruction references and check with the donee (recipient organization) to ascertain what its experience with the contractor has been.