



When Companies Donate Property to Auctions

What deductions can corporations claim when giving products to a charity auction?

Q: If a company donates products to a charity to sell through an auction program, what charitable contribution deduction will be available to the donor?

A: If an organization uses donated property in an auction, the donor's deduction is based on the lesser of two things: (1) the property's cost basis (what the donor paid plus any improvements the donor made to the property) or (2) the property's fair market value.

If the property is sold in a broad auction such as eBay, the sale price may help to determine its fair market value. If the donor originally claimed a deduction

based on a fair market value higher than the cost basis and filed the Form 8283 (with an independent appraisal if the value claimed is more than \$5,000), the charity will have to report the actual sale price and the deduction will be limited to the cost basis. If the sale comes in the year after the gift, the donor will have to take into account the difference between the claimed deduction and the cost basis. (See "Charities Have New Opportunities, Responsibilities in Fundraising," www.nonprofitissues.com.) ■

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Should You Recruit Corporate Leaders as Board Members?

What if board and staff members disagree about whom to recruit for your board? Is there a middle ground?

Q: Our board nominating committee is most enthusiastic about recruiting corporate leaders—the same people who are tapped out in terms of time and willingness to give (and raise) funds. Staff would like to see a different mix of board recruits—middle managers, up-and-comers, worker bees—people interested in hands-on volunteering. What are your thoughts?

A: What kind of board members you need depends on what kind of strategic plan you have. If you need to raise large amounts of money for a capital

campaign, for instance, you need people with access to great wealth. If you want to increase your volunteer base, you need people who are connected to large groups, such as the Junior League. Consult your plan, and decide who can execute that plan best. ■

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