

What are In-Kind Contributions

- They comprise non-monetary gifts.
- They can be donated goods, services, labor, use of facilities or equipment, etc.

Non-monetary donations to a nonprofit are called in-kind contributions. A donor can give goods like food or computers, services, time and labor, or use of facilities or equipment at no cost.

Why are they important?

Any nonprofit will tell you they prefer cash gifts and grants. Even so, in-kind donations often play important roles for big and small nonprofits alike.

For instance, an architect who consults for free on a nonprofit's capital project, or a vendor who donates anything from water to office supplies, is making an in-kind contribution. To sponsor a nonprofit's fundraiser, a magazine might donate free ad space, or an alcohol company might donate cases of wine. An individual may donate furniture to a shelter or clothing to an organization that supports refugees. These are all in-kind contributions.

In-kind donations can be critical when grantseeking. For instance, many federal funders, and sometimes private ones, will require grantseekers to show "matching funds," that is, funds that are paid in a set proportion to other funding or forms of support. For cash-strapped nonprofits, in-kind contributions are frequently the source for showing a match; for instance, in the amount of labor or space that will be donated to a particular project.

A nonprofit records the fair market value of an in-kind contribution as revenue, and (for goods but not services) the donor can take a tax deduction for it.



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- What is a Fiscal Sponsor?

