

Donations of Works of Art

The art collection of the Eskenazi Museum of Art has been built over the last decades through generous donations of works of art and acquisitions made with art purchase funds. We aim to continue to grow the collection through both strategic purchases and gifts of art, respecting the federal laws pertaining to charitable gifts of personal property and gifts of art specifically, and the policies which govern the Indiana University Foundation as the designated 501(c)(3) nonprofit organization.

Legally there are three recognized parts to a completed gift: an offer; an acceptance; and a transfer of property. The Eskenazi Museum of Art (EMA) has a defined method of documenting each of these steps: a Temporary Receipt (TR) issued to the donor indicating the date on which the described property was received by the museum; a signed Deed of Gift, indicating that the donor wishes to give the property to the EMA; and the Director's approval and countersign of the Deed of Gift. These three events can take place in any order, but all three must take place for the gift to be legally complete.

Process for Official Acceptance of Gifts of Art

1. The Work of Art is offered to the Museum by the Donor

After a donor makes initial contact with the museum, a curator responsible for the area of the collection related to his/her/their object will gather information, research, and review the object in person if possible. The curator will advise the donor whether the offered work fits the museum's collecting priorities before making a recommendation to the Director for approval to proceed.

2. The Work of Art is delivered to the Museum

If it is decided that the EMA would be an appropriate home for the donation, and when the donor has decided that it is time to proceed with the gift, the work should be deposited at the museum by the donor, picked up by museum personnel at a mutually convenient time, or scheduled with an art handler/shipping company. If the donation will need to be packed or shipped by an outside company, the cost of any site-visit and shipping will be considered as part of the decision-making process and may affect the timing of the gift. A Temporary Receipt (TR) will be prepared by the Registration Department and provided to the donor.

3. Notification of Acceptance into the Permanent Collection

A letter from the Director of the Museum and two copies of the Deed of Gift, signed by the Director, are sent to the donor along with a self-addressed, stamped envelope. The donor completes and signs both copies of the Deed of Gift and returns one copy to the Museum Registrar. Also included with the Deeds of Gift is information about recording gifts of art and their fair-market values with Indiana University.

4. Charitable Deductions

Should the donor wish to take a charitable deduction for the donation, the IRS requires a completed Form 8283 be submitted with the donor's tax return. This form will be initiated by the IU Foundation after receiving notice from the museum. A copy of the Deed of Gift, any gift

agreements, images, etc. are recorded in the donor's permanent record of charitable gifts to Indiana University. If no value has been established by the donor or an external, qualified appraiser, the IU Foundation records the value of \$1 in the donor's record. Valued Gifts of Art are added to donor's cumulative giving history, recognition societies, etc.

Artwork that is created by the donor, received by the donor as a gift, is held as inventory by a dealer or owned for one year or less at time of donation is considered ordinary income property. Donation of ordinary income property offers a more limited deduction. Donors can deduct their basis in the property, rather than the fair value of the item, as a deduction on their tax return. An artist's basis is the cost of materials used to create the artwork, such as the canvas, paint, and brushes.

The EMA and IU Foundation recommends all donors consult their tax lawyers or Certified Public Accounts about questions regarding their gifts of art and Form 8283.

As of the last IRS Revision:

Gifts of any type of property under \$500: Taxpayers complete Form 1040 Schedule A (itemized deductions).

Gifts of any type of property between \$500 and \$5,000: In addition to Schedule A, taxpayers must submit Form 8283, which requires the donor to provide a specific description of the valuation method they used to determine the fair market value.

Gifts of art over \$5,000: Taxpayers must obtain an independent appraisal by a qualified appraiser and include additional documentation with Form 8283.

Gifts of art over \$20,000: Taxpayers must attach appraisals to their tax returns, along with completed Form 8283. Museums are not required to verify the appraisal.

Appraisers:

The curatorial or registration staff of the Eskenazi Museum of Art cannot provide appraisals or be "party to the transaction value" for insurance, sales, or acquisition purposes. Qualified art appraisers should be consulted for monetary appraisals. The inclusion of art dealers, auction houses, and appraisers on this list is not an endorsement by the Eskenazi Museum of Art, but only a referral to resources.

American Society of Appraisers
www.appraisers.org
800-272-8258

Christie's
www.christies.com
212-492-5485

International Society of Appraisers
www.isa-appraisers.org
312-981-6778

Sotheby's
www.sothebeys.com
212-606-7000

Bonham's
www.bonhams.com
415-861-7500