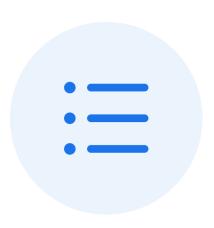
# It's Deductible! Keeping the IRS and Your Donors Happy

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President/CEO, Winona Community Foundation







# How do you rate your level of knowledge on this topic?

### **Disclaimers**

- I am not an attorney
- I am not an accountant
- I am providing general information you should confirm based on your own circumstances







**IRS Publication 1771** 

(for the organization)

Charitable Contributions

Substantiation and Disclosure Requirements



#### **IRS Publication 526**

(for the filer)



Service

Publication 526
Cat. No. 15050A

## Charitable Contributions



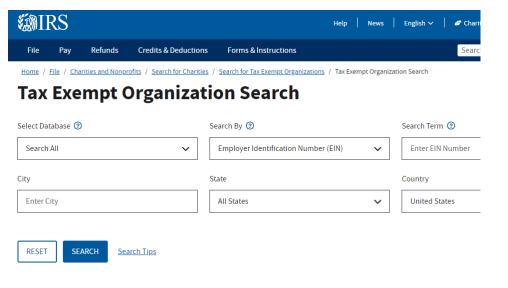


### **Know Your 501Cs**

- 501(c)(4) community welfare
- 501(c)(6) civic league organizations
- 501(c)(7) social clubs
- 501(c)(19) veterans organizations
- 501(c)(3) public charity







#### **Winona Community Foundation Inc.**

EIN: 36-3500853 | Winona, Minnesota, United States

#### **Other Names**

WINONA COMMUNITY FOUNDATION

#### **Publication 78 Data**

Organizations eligible to receive tax-deductible charitable contributions. Users may rely

On Publication 78 Data List: Yes

Deductibility Code: PC ?







#### True or False:

You are required to provide a receipt for every donation.







# You are required to provide a receipt for every donation.



### False

• It is the donor's responsibility for obtaining a contemporaneous receipt for any tax-deductible contribution of \$250 or greater





### **Substantiation of Contributions**

- A donor can deduct a charitable contribution of \$250 or more only if the donor has a <u>written acknowledgment</u> from the charitable organization or a bank record of the transaction.
- The donor must get the acknowledgement by the earlier of:
  - 1.The date the donor files the original return for the year the contribution is made, or
  - 2. The due date, including extensions, for filing the return.
- The donor is responsible for requesting and obtaining the written acknowledgement from the donee.





### Written Acknowledgement

The written acknowledgment required to substantiate a charitable contribution of \$250 or more must contain the following information:

- name of the organization;
- amount of cash contribution;
- description (but not value) of non-cash contribution;
- statement that no goods or services were provided by the organization, if that is the case;





## Written Acknowledgement (cont.)

- description and good faith estimate of the value of goods or services, if any, that organization provided in return for the contribution; and
- statement that goods or services, if any, that the organization provided in return for the contribution consisted entirely of intangible religious benefits, if that was the case.





## It Depends

• Charitable organizations are required to provide a written disclosure to a donor who receives goods or services (other than a token item) in exchange for a single payment in excess of \$75.





## Token Exception

- The fair market value of the benefits received does not exceed the lesser of 2 percent of the payment or \$125 or less, or
- The payment is at least \$62.50 and the only items provided bear the organization's name or logo, and the cost of these items is within the limit for "low-cost articles," which is \$12.50.





As part of your annual drive, anyone who donates by the end of the month will receive a t-shirt with your logo on it. Does the IRS require you to send a written receipt?







# Does the IRS require you to send a written receipt?

As part of your annual drive, anyone who donates via payroll deduction will be entered into a drawing for a flatscreen T.V.

Does the IRS require you to send a written receipt?







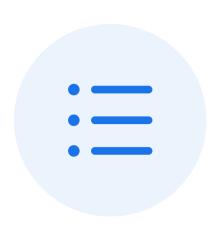
# Does the IRS require a written receipt?

### Date of Gift

- We received a check dated December 28.
- The postmark is January 1.
- We processed the gift January 5.
- What is the date of the gift?







## What is the date of the gift?

### When Does the Date of Gift Matter?

- Credit cards
- Qualified Charitable Distributions
- Gifts of Stock (mutual funds)





## Receipting Stock Gift

- Date you irrevocably received the stock
- Number of shares
- Ticker symbol

Stewardship

- High, low, average
- Provided for information & advise to talk to accountant





### Gift-In-Kind

• A long-time benefactor has a valuable piece of art they wish to donate to your organization.

#### Ask:

- Does the artwork contribute to our mission?
- Can the artwork be readily sold and converted to cash?
- Can you provide a tax receipt stating the value of the artwork?





## Gift-In-Kind

The donor is a well-known artist whose work frequently sells for thousands of dollars at their gallery.

- Can you provide a receipt for the value of the artwork?
- What can the artist deduct?





### Gift-In-Kind

- A local hotel donates a block of rooms for your special event
- An accounting service does not charge for their services
- A family donates use of their vacation home for your auction

Can you give them credit in your donor society for the value?







# Can you credit value for donor society?

## Quid-pro-quo – the Gala

Guest pays \$1,000 for a table of 8; includes hors d'oeuvres, a drink ticket, meal, dessert, dancing. A local business is underwriting the entire cost of the event. How much can your guest claim as a charitable gift?

A couple days before the event, your guest informs you no one will be attending at their table. Your guest wants an adjusted receipt reflecting the full \$1,000 as a donation. Can you send them the receipt?







# Can you send them the receipt?

## The Auction

You feature a silent auction at your gala. A guest wins an assortment of spa products valued at \$100. Their bid was \$100. The next day they call asking for a tax receipt for their gift. Can you issue them a receipt?







## Can you issue them a receipt?

What if they paid \$125?





### Who's the Donor?

- Chris is a member of a card club
- One of the members' spouse passes
- Members give Chris money for a memorial gift to the local food pantry
- Chris writes a single check for the money collected and provides a list of who and how much each contributed.
- How do you receipt the gift?







## How do you receipt the gift?

## Keeping the IRS & Your Donor Happy

- Follow the Internal Revenue Code
- Establish policies for soft-crediting gifts
- Establish policies for recognition
- You can never thank someone too much





### Questions?





## My knowledge on the subject

## THANK YOU!

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