



Donations: Do's and Don't's

Donations:

Types of Donations:

- Cash gifts
- Non-cash gifts: stock, services, other tangible property
- Earmarked gifts: funds earmarked for a particular person or small group or people
 - not deductible by the donor
 - OK for organization to accept as a gift
- Restricted gifts: donor limits the use for a specific purpose or time period or both
 - deductible by the donor
 - OK for organization to accept as a gift provided it furthers the organization's overall mission
- Conditional Gifts: contribution is conditioned on the performance of an act by the organization or the occurrence of an event
 - not deductible by the donor until the act or event occurs
 - OK for organization to accept as a gift
- IRA Charitable Rollover Contributions: distribution from an IRA made directly to the organization from the custodian of the IRA
 - not deductible by the donor
 - OK for organization to accept as a gift
- Quid Pro Quo contributions: donor receives goods or services in exchange for the gift
 - deductible by the donor for the amount over the fair market value of the goods or services received
 - OK for organization to accept as a gift
 - donor must intend on making a donation to the organization; it cannot be a simple purchase of goods or services

Documenting Donations Received

The organization's main responsibility is to make sure it complies with the substantiation documentation requirements usually in the form of an acknowledgement letter.

The acknowledgement letter should contain the following information:

- name of the organization
- amount received
- date of donation
- statement: no goods or services... or value of the goods or services if quid pro quo

To be deductible, a donor requires a letter for donations >\$250. Donations of \$250 or less, the donor can use a bank statement, cancelled check etc.

Non-cash Donation: send acknowledgement with a description of the items/services received. Do not include monetary value, even if known.

Donations received from business: address acknowledgement letter to the business.