



Donor Thanks: Required Content And Best Practices

With Giving Tuesday¹ just behind us, and the end of the tax year quickly approaching for many individual donors, now is a great time to make sure you have adequately acknowledged your donors for their gifts during this challenging year. Interestingly, charitable organizations are not required to acknowledge all donor contributions. However, donors cannot claim tax deductions for their contributions without written records of their donations. Since tax deductions are intended to incentivize charitable contributions, nonprofits should make it as easy as possible for their donors to apply for a deduction at the end of the donor's tax year.

In general, to claim a deduction for a charitable contribution, donors need either a bank record or a written acknowledgment from the charity containing all of the following information:

- 1) The name of the charitable organization to which they donated;
- 2) The date of the contribution; and
- 3) The amount of the contribution.

If a donor's contribution equals or exceeds \$250, the donor cannot claim a deduction unless the recipient organization provides the donor with a "contemporaneous" written acknowledgment of the contribution that includes:

- 1) The name of the charitable organization;
- 2) The amount of cash donated, and a description (but not the value) of any property *other than cash* contributed. When property is donated, the acknowledgment must also include:
 - a. The date and location of the property donated.
 - b. A description of the property in detail that is "reasonably sufficient under the circumstances." The donor will also need to make a fair market value assessment of the property for the purposes of claiming a deduction (and obtain a qualified appraisal for contributions of property with value exceeding \$5,000). However,

¹ As described by the organization's website "GivingTuesday was born and incubated at the 92nd Street Y and its Belfer Center for Innovation & Social Impact in New York City. GivingTuesday is now an independent nonprofit and a global movement that inspires hundreds of millions of people to give, collaborate, and celebrate generosity." (Find out more online at hq.givingtuesday.org.)

such value need not be stated on the acknowledgment provided by the charity receiving the donation.

- c. Whether the charitable organization provided the donor with any goods or services in consideration, in whole or in part, for the contribution.
- 3) If goods or services were provided in consideration for the contribution, the written acknowledgment must provide one of the following:
- a. A description of the good faith estimate of the value of the goods or services provided; or
 - b. If applicable, a statement that the goods or services provided consist solely of intangible religious benefits. (This means, any benefit provided exclusively for religious purposes and which generally is not sold in a commercial transaction outside of the donative context.)

A donor must obtain the above-described written acknowledgment on or before the earlier of (1) the date the donor files their return for the taxable year in which the contribution was made, or (2) the due date for filing that year's return.

Charitable organizations are additionally required to provide a written statement to any donor who contributes more than \$75, when the contribution is made in-part as a donation, and in-part as consideration for goods or services provided by the organization (i.e. "quid pro quo contribution"). In those circumstances, the organization must provide the donor with a written statement that: (1) informs the donor that the amount of the contribution that is deductible is limited to the excess of the amount of any money and the value of any property other than money over the value of the goods or services provided; and (2) provides the donor with a good faith estimate of the value of the goods or services provided. Exceptions apply for token items and for intangible religious benefits received.

While not always required, we recommend that nonprofits provide written acknowledgments to donors for all contributions they receive. Include as much of the above information as practical, even when not required. Timely and complete acknowledgments are not only good for donor relations, but for the organization's internal recordkeeping.

Good recordkeeping will also make it easier for an organization to aggregate data for its annual information return.

Have a question about how to acknowledge a particular gift? Reach out to legal counsel for guidance. Additional considerations apply when donations include property in excess of \$500 or \$5,000, securities, or a vehicle.

This article was written by Associate [Erin Kunze](#) from the San Francisco office of Liebert Cassidy Whitmore. Erin is a member of the firm's Nonprofit Practice Group, which assists California nonprofits in a wide array of matters, including employment law, business, construction and facilities, audit services, investigations, and litigation matters. Erin can be reached at (415) 512-3095 or at ekunze@lcwlegal.com. For more information regarding the update above or about our firm please visit our website at <http://www.lcwlegal.com>, or contact one of our offices below.

To subscribe to this e-newsletter please visit: <https://www.lcwlegal.com/news>

Liebert Cassidy Whitmore publishes Nonprofit News as a service to our clients and other friends for informational purposes only. It is not intended to be used as a substitute for specific legal advice or opinions and the transmission of this information is not intended to create an attorney-client relationship between sender and receiver. You should not act upon this information without seeking professional counsel.

6033 W. Century Blvd.
5th Floor
Los Angeles, CA 90045
(310) 981-2000

135 Main Street
7th Floor
San Francisco, CA 94105
(415) 512-3000

5250 North Palm Ave.
Suite 310
Fresno, CA 93704
(559) 256-7800

401 West "A" Street,
Suite 1675
San Diego, CA 92101
(619) 481-5900

400 Capitol Mall
Suite 1260
Sacramento, CA 95814
(916) 584-7000