

What to Do After You Receive a Contribution

Creative Ways to Thank Your Donors (So They Give Again)

1. For large gifts, call the donor immediately
2. Ask volunteers to call and thank donors; Donors love to hear from the volunteers
3. Chat with your donors on the phone or in person; Ask about their interests, what they love/enjoy about the organizations, etc.
4. Mail or email a photo or two showing how their gift has made an impact (i.e. send a photo of a school group visiting the museum)
5. Have board members call donors every November just to say thank you
6. Feature your donors in your newsletter; Ask the donor to provide a testimonial
7. Handwrite thank you notes
8. Make donors feel like they are a part of your organization!
 - a. Give select donors the direct contact information for a staff member in case they ever need anything
 - b. Ask them to join a board meeting or meet with board members to get their advice
9. Invite your donor to volunteer; short or long-term depending on their availability
 - a. Ex: invite them to read a book to a visiting school group; ask them to become a docent
10. Take major donors out to lunch or coffee with a board member or the executive director

How to Acknowledge Charitable Contributions

Types of contributions

- Money, property, securities, out-of-pocket expense such as services the donor provided (but was not reimbursed/paid for later)
- Usually, only businesses are eligible for in-kind gifts relating to services provided to the organization
- NOT volunteer time (but volunteer may be able to deduct certain out-of-pocket expenses such as cost of gas related to getting to and from your volunteer work)
- To accept securities (such as stock certificates), you will need to have an account with a brokerage firm

Disclosure requirements

- It is good practice to acknowledge all contributions, no matter the gift size. The acknowledgement letter can also be the thank you letter. Just make sure to include:
 - The name of the organization
 - The date of the contribution
 - The amount of the contribution
- The IRS requires organizations to provide written acknowledgement for any single contribution of \$250 or more

- The IRS requires organizations to provide a written disclosure statement if a donor contributes \$75 or more that is partly for goods or services
 - The statement must:
 - Tell the donor their contribution is limited
 - Provide a good-faith estimate of the fair market value of goods or services
 - Be furnished when the contribution is solicited or when received
- Example: If an organization offers a \$75 annual membership that allows free admission to the museum, plus a \$20 book on Ohio history, the organization would only need to mention the \$20 value of the book in a written acknowledgement to the donor since the free admission would be considered insubstantial and, therefore, would be disregarded.
- Another example: Donor participates in an auction and has a winning bid of \$600 for a week stay at a cabin. The donor's deductible contribution depends on the fair market value of the prize. If the prize is actually worth \$1,000, than the donor's deductible contribution is \$0. But if the actual cost of the prize is \$500, than \$100 is tax-deductible. To make sure the donor is aware of this, the organization needs to provide information about the fair-market value of the prize at the auction event and/or in the acknowledgment letter.

Example Text

- Contribution *with no* goods or services provided:
 - "Please retain this acknowledgement for your tax records. The [organization name] has not provided goods or services in exchange for your gift."
- Contribution *with* goods or services provided:
 - "Please retain this acknowledgement for your tax records. In exchange for your contribution, the [organization name] provided you with an annual membership that has an estimated fair market value of \$30."
- In-kind contribution:
 - "Thank you for your generous gift of _____(Full Description or services or items provided)_____ which we received on ____ (Date)____. Your generous contribution will help to further the important work of our organization. Please retain this acknowledgement for your tax records."
 - This language can also be used for gifts of securities

Contributions of Property

- Two most common types of property donations: Clothing and household items, vehicles – items must be in good used condition or better
- Does not include: food, antiques, collections, paintings
- The organization cannot provide the fair market value of the property; the organization should just list the item(s) in the acknowledgement letter

- For a property donation that is over \$5,000 (for one item or a group of similar items), the IRS requires that donors get a written appraisal from a qualified appraiser
 - Organizations do not provide referrals for appraisers and do not need to provide the value in any written acknowledgement letter

REMINDER: Do not give out tax advice. Only provide the necessary information the donor needs and include any goods or services your organization provided the donor in exchange for the contribution. Do not include the value of any in-kind gifts, as it is up to the donor to determine the value.

Additional Resources

Exempt Organization Website –links for more resources and a newsletter with updates
www.irs.gov/eo

IRS Exempt Organizations Customer Account Services toll-free (877) 829-5500

Stay Exempt Website – an IRS interactive web-based training program covering tax compliance issues confronted by small and mid-sized tax-exempt organizations
www.stayexempt.org