

LINCOLN COMMUNITY

F O U N D A T I O N

**Managing Donor Gifts
Receipting and Other How-Tos**

RECEIPTS

- Legal Requirements - all gifts more than \$250
- Best Practices – all gifts of any size
- Must include:
 - Donor Name
 - Organization Name
 - Date of Donation
 - Amount of contribution/description of item
- May include:
 - Tax ID number, 501c3 status, organization address
 - Statement that no goods/services exchanged for contribution OR
 - Statement that includes description/good faith estimate of value of goods/services provided in return for contribution.

Cash Receipt Example

Dear {{salutation}},

Thank you for your gift of \${{total_amount}} on {{donation_date}} to the Lincoln Community Foundation. It has been added to the {{fund_name}}.

The Lincoln Community Foundation is a catalyzing force that seeks to create a better future for our community. Improving our city goes beyond making grants that advance charitable activities and helping donors make gifts to support local nonprofit organizations. LCF serves in a leadership role and focuses significant support to address identified community needs and opportunities by inclusively uniting people, [institutions](#) and resources in an effort to lead positive change.

Your generosity will certainly make a difference. Our priority is your philanthropic interest. We look forward to working with you in the future to help you leave your mark.

With appreciation,

Barbara M. Bartle
President

This letter is your receipt and provides verification that the Lincoln Community Foundation has provided no goods or services in exchange for your gift. The Lincoln Community Foundation has exclusive legal control over the contributed assets. Please retain this letter with your tax records for the current year.

Stock/Securities Receipt Example

Thank you for your gift of stock to the Lincoln Community Foundation which we received on {{donation_date}}. The amount of your contribution deduction for purposes of your own income tax return is determined as of the date you make your gift. Your wonderful gift will be added to the {{fund_name}}.

For purposes of calculating your charitable contribution, IRS rules specify the following method of determining the Fair Market Value of publicly traded stock donated to a charitable organization: The value for each share is determined by calculating the average of the high and low selling prices on the date the shares are received and negotiable by the charity. Based on this approach, we offer the following confirmation of your stock gift:

Stock Name	Symbol	Low	High	Avg	Units	Valuation Amount
{{description}}	{{symbol}}	{{low_val}}	{{high_val}}	{{unit_cost}}	{{qty}}	«initial_value»

Please note that the above information about the date and valuation of your gift of stock is not intended as legal, financial or tax advice. Such advice should be provided by your attorney, accountant or other professional advisor. We are taking steps to sell the stock you gave us, consistent with our standard procedure. Bear in mind that the amount available for grantmaking will be determined by the net sale proceeds.

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With appreciation,

Barbara M. Bartle
President

The Lincoln Community Foundation provided no goods or services in exchange for your gift. Please retain this letter with your important tax documents and provide a copy to your tax preparer.

Goods/Services (In-Kind) Receipt Example

Dear «Salutation»,

Thank you for your recent in-kind gift of [Description of items donated] on «Gift_date» to the Lincoln Community Foundation.

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With appreciation,

Barbara M. Bartle
President

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QUID PRO QUO PART CONTRIBUTION / PART BENEFIT

- Examples: Event tickets, table sponsorships, silent/live auctions
- Disclosure Statement/Receipt or Gift Acknowledgement
 - Required when donor pays more than \$75, even if charitable portion is less than \$75.
 - Must provide good faith estimate of the market value of goods/services received. Not based on cost to charity.
 - Penalty for failure to provide disclosure - \$10/contribution, up to \$5K per fundraising event.

QUID PRO QUO

Example: Donor pays \$100 for a silent auction item. The fair market value of the item is \$200.

- What amount can the donor deduct? \$0. The value received by the donor is greater than the amount donated; therefore, no deduction is allowed.
- Is a receipt required? Yes, donation received was greater than \$75 and donor received goods.
- The receipt should state that the value of goods received was greater than the contribution, and therefore no charitable contribution is allowed.

QUID PRO QUO

- Receipt/Disclosure not required if:
 - Goods/services provided to donor have insubstantial value
 - No donative intent (e.g., purchase from a museum gift shop)
 - Intangible religious benefit
- Raffles – not tax deductible, no receipt needed
 - Seen as receiving a benefit – chance to win something
 - Property donated for raffle/auction is deductible as a charitable contribution

Donor Receives Benefit - Receipt Example

Thank you for your recent gift of «Amount» on «Gift_date» to the Lincoln Community Foundation. Proceeds from your gift will go toward Chief Standing Bear Scholarships for Native high school and college students and ongoing maintenance and upkeep of the Chief Standing Bear statue on Centennial Mall in Lincoln, Nebraska.

In exchange for your gift, you received a Chief Standing Bear ~~maquette~~ with fair market value of \$XXX.XX. Federal law limits your charitable income tax deduction to the excess of your contribution over the value of goods and services received, which is «Receipt_amount».

Thank you for your generous donation.

IRA CHARITABLE ROLLOVER GIFTS

- May be best asset for charitable gifts for some donors
- May transfer up to \$100,000 from an IRA to charity without tax
- May qualify for required minimum distributions – not required to pay tax or add to income
- Especially beneficiary for nonitemizers over age 70^{1/2}
- Steps: donor must contact IRA administrator, request transfer directly to charity. Encourage donor to inform charity.
- Charitable rollover gifts used for Give to Lincoln Day!

IRA Gift - Receipt Example

Thank you for your gift of \${{total_amount}} on {{donation_date}} to the Lincoln Community Foundation from your Individual Retirement Account. This gift is designated for the {{fund_name}}. {{fund_summary}}

We understand it is your intention that all or a portion of your gift be treated as a qualified charitable distribution from your IRA under section 408(d)(8) of the Internal Revenue Code. As such, we warrant that our organization is qualified under section 170(b)(1)(A) of the Internal Revenue Code, and that your gift was not transferred to either a donor advised fund or a supporting organization.

A qualified charitable distribution is not a tax-deductible charitable gift, however, it may count toward the annual IRA required minimum distribution and not be considered taxable income. Please consult with your tax advisor with questions about qualified charitable distributions.

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With appreciation,

Barbara M. Bartle
President

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GIFT ACCEPTANCE POLICY

- Purpose: promote good gifts, preserve donor relationships and limit institutional risk
- Example: LCF adopted first GAP 20+ years ago. Nine revisions since then.
- GAP help when presented with opportunity for unique (non-cash) gift.
- Guidelines to address more complex planned gifts (real estate, life insurance, gift annuities).

GIFT ACCEPTANCE POLICY

- Factors to consider in accepting gifts – two-part test
 - Specific asset types
 - Types of fund (gift purpose)
 - E.g., always accept cash, unrestricted
- Gifts that should never be accepted
 - Purposes outside of NPO, expensive to administer, UBIT

GIFT ACCEPTANCE POLICY

- LCF Policy Example - factors to consider in accepting gifts
 - Meets IRS qualifications
 - Documentation and understanding of donor restrictions/conditions
 - Economic practicality of administering gift
 - Marketability of gift
 - Liability risks (financial, legal, nonprofit status)
 - Whether subject to UBIT
- Outline specific assets accepted, specific checklist for gifts of real property
- Specific types of planned/testamentary gifts
- Specific types of funds

UNIQUE GIFT RECEIPT CHALLENGES

- Give to Lincoln Day
 - No receipts from nonprofits (LCF and Firespring Fdn handle the tax receipting)
 - Enter donors and gifts in your database for recognition purposes only
- Donor Advised Funds (DAF) – Donor received tax receipt when they gave to the DAF
 - Enter the individual donor(s) in your database for recognition purposes only, but give “hard credit” to the DAF administrator (i.e. LCF, Fidelity).
- 3rd Party Processors (i.e. Cyber Grants, Amazon Smile)
- Corporate Matching Gifts
 - Recognize the donor(s) but don't receipt them

CONTACT INFO

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