



This article presents general guidelines for Georgia nonprofit organizations as of 11/30/15 and should not be construed as legal advice. Always consult an attorney to address your particular situation.

GUIDE TO SENDING ACKNOWLEDGMENTS FOR DONATIONS

Nonprofit organizations with 501(c)(3) tax-exempt status are able to receive donations that may be tax-deductible to the donor. The Internal Revenue Service requires 501(c)(3) organizations to provide written acknowledgments to donors in certain situations. Whether acknowledgments are required and what the acknowledgments should include depend on what and how much is donated.

For Donations by Cash, Check or Credit Card:

1. Is the donation a quid pro quo contribution?

Quid Pro Quo Contribution defined: Donation in exchange for which donor receives goods and/or services. Example: If a donor gives a charity \$80 and in exchange receives an event ticket with a fair market value of \$50, the donor has made a quid pro quo contribution. Only the amount in excess of the ticket price is tax-deductible (\$30).

If yes, see below; if no, go to #2

When the total amount of a quid pro quo contribution exceeds \$75, — this is the amount of money donated, not the value of the quid pro quo — the charity must send a *written acknowledgment* containing:

- Name and address of the charity, date of contribution and amount of contribution
- A description of the goods or services provided to the donor
 - For example, a concert ticket
- Good faith estimate of the fair market value of the goods or services the donor has received
 - \$50 in the example above
- Amount of the contribution that is tax-deductible
 - \$30 in the example above

See Sample A below.

2. Is the donation for less than \$250?

If yes, an acknowledgment is not required by the IRS; but it's always a good idea to thank donors and you may want to send an acknowledgment following the form of Sample B below. If no, go to #3.

3. Is the donation for \$250 or greater?

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If yes, charity must send a written acknowledgment stating:

- Name and address of the charity, date of contribution, and amount of contribution
- Whether charity provided any goods or services in return for the contribution. If so, charity must provide a good faith estimate of the value of these goods (*see #1 above*).

See Sample B below.

For In-Kind Contributions:

In-kind contributions defined: Donation where the donor contributes goods instead of money. Examples of contributions "in-kind" include:

- *An individual donates clothes to a thrift store*
- *A business donates paper to print books*
- *An individual donates a car, boat, or furniture*

1. Is the donated item valued at \$500 or under? If yes, see below; if no, go to #2.

The charity should send a written acknowledgment to the donor stating:

- Name and address of the charity and date of contribution
- A description of the property donated
- Whether charity provided any goods or services in return for the contribution. If so, charity must provide a good faith estimate of the value of these goods.

Do not provide an estimate of the value of the donated goods to the donor; it is up to the donor to determine the value.

See Sample C below.

2. Where the donated item is valued over \$500:

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- The donor must file Form 8283 with his or her tax return for each donee organization that receives an item or group of items valued at over \$500. If the item or group of items is valued at over \$5,000, the donor will ask the charity to complete Part IV of Section B of Form 8283 acknowledging receipt of the donated item.
- The charity should send a written acknowledgment to the donor stating:
 - i. Name and address of the charity and date of contribution
 - ii. A description of the property donated
 - iii. Whether charity provided any goods or services in return for the contribution. If so, charity must provide a good faith estimate of the value of these goods.
- If the donated item is a vehicle, the charity may use Form 1098-C

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instead of providing a written acknowledgement.

- There are significant additional requirements for acknowledgments when accepting vehicle donations (including cars and boats). For more details, see our article on [Vehicle Donations](#).

For Donated Services

1. Is the contribution a service, such as a volunteer who donates his or her accounting services?

If so, volunteers cannot deduct the value of time or services. However, reasonable expenses incurred while donating services can be deducted.

In order to acknowledge such expenses, the charity should send a written acknowledgment to the donor stating:

- Name and address of the charity and date of services
- A description of the services
- Whether charity provided any goods or services in return for the contribution. If so, charity must provide a good faith estimate of the value of these goods.

See [Sample D](#) below.

For Donated Stock or Shares (Publicly Traded Securities)

In order to accept stock donations, the charity will need to set up a brokerage account in advance. In order to acknowledge such a donation, the charity should send a written acknowledgment to the donor stating:

- Name and address of the charity
- The date of the transfer of the stock/shares to the charity
- The number of shares and the name of the company
- What kind of security is being donated (e.g. stock, mutual fund share)
- The value of the donation which is based on the average per share value of the par dollar amount.

See [Sample E](#) below.

Deadline for Sending Acknowledgments

Generally, the charity must provide a written acknowledgement to the donor by the date on which the donor files his or her individual federal income tax return or the due date of the return (whichever is earlier). For acknowledgments of vehicle donations, the deadline depends on what the charity does with the vehicle. See [Vehicle Donations](#) for more information.

SAMPLE ACKNOWLEDGMENT LETTERS

Sample A. Quid pro quo donation of \$75.00 or more (goods or services provided in return)

Pro Bono Partnership of Atlanta
999 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30309

July 1, 2015

Ms. Ellen D. Generous
1 Hollywood Drive
Suite A
Beverly Hills, California 90210

Dear Ms. Generous,

Thank you for your contribution of \$80 that we received on June 1, 2015. In exchange for your contribution, you received a ticket to our Movie Night Event worth an estimated fair market value of \$50. Therefore, for Federal income tax purposes, your contribution deduction is limited to \$30. Thank you again.

Sincerely,
Rachel E. Spears
Executive Director

PBPA is a 501(c)(3) tax-exempt organization. Your contribution is tax-deductible to the extent permitted by law.

Sample B. Monetary donation (no goods or services provided in return)

Pro Bono Partnership of Atlanta
999 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30309

July 1, 2015

Ms. Ellen D. Generous
1 Hollywood Drive
Suite A
Beverly Hills, California 90210

Dear Ms. Generous,

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© 2015 Pro Bono Partnership of Atlanta, Inc.

Thank you for your contribution of \$100 that we received on June 1, 2015. No goods or services were provided in exchange for your contribution. Thank you again.

Sincerely,
Rachel E. Spears
Executive Director

PBPA is a 501(c)(3) tax-exempt organization. Your contribution is tax-deductible to the extent permitted by law.

Sample C. Contributions In-Kind (non-monetary contributions)

Pro Bono Partnership of Atlanta
999 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30309

July 1, 2015

Ms. Ellen D. Generous
1 Hollywood Drive
Suite A
Beverly Hills, California 90210

Dear Ms. Generous,

Thank you for your donation of DVDs to be auctioned at our fundraising event held on June 1, 2015. No goods or services were provided in return for your contribution. Thank you again.

Sincerely,
Rachel E. Spears
Executive Director

PBPA is a 501(c)(3) tax-exempt organization. Your contribution is tax-deductible to the extent permitted by law.

Sample D. Volunteers/Services

Pro Bono Partnership of Atlanta
999 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30309

July 1, 2015

Ms. Ellen D. Generous
1 Hollywood Drive
Suite A
Beverly Hills, California 90210

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Dear Ms. Generous,

Thank you for providing your services (*describe services*) at our fundraising event on June 1, 2015. No goods or services were provided in exchange for your services.

Please note that reasonable, unreimbursed expenses incurred while donating services may be tax-deductible. PBPA is a 501(c)(3) tax-exempt organization. Your contribution is tax-deductible to the extent permitted by law. Thank you again.

Sincerely,
Rachel E. Spears
Executive Director

Sample E. Contributions of Stock/Securities

Pro Bono Partnership of Atlanta
999 Peachtree Street, N.E.
Suite 2300
Atlanta, Georgia 30309

July 1, 2015

Ms. Ellen D. Generous
1 Hollywood Drive, Suite A
Beverly Hills, California 90210

Dear Ms. Generous,

Thank you for your donation of 20 shares of publicly traded stock of The Coca-Cola Company on June 1, 2015. The value of the 20 shares of stock on June 1, 2015, based on the average per share value of the par dollar amount, is \$844.60. No goods or services were provided in return for your contribution. Thank you again.

Sincerely,
Rachel E. Spears
Executive Director

PBPA is a 501(c)(3) tax-exempt organization. Your contribution is tax-deductible to the extent permitted by law.