

## Sample Donor Substantiation Language For Donations to Rotary Club Foundations

### ***General Donations***

- **General Rule for Donations of less than \$250** – A deduction cannot be taken unless the donor has a record of the contribution (cancelled check or other record) or a written communication from the charity showing the name, date, and amount of the contribution.
  
- **General Rule for Donations of \$250 or More** – A deduction cannot be taken for single contributions of \$250 or more unless the donor obtains a **contemporaneous written acknowledgment** of the contribution from the recipient. Acknowledgment must include name, amount of the contribution, description if noncash, a statement that no goods or services were provided (if that was the case), good faith estimate of the goods or services, and statement that goods or services consisted entirely of intangible religious benefits (if that was the case).

**Recommendation for Statement** for a contemporaneous written acknowledgment of a donation in excess of \$250:

The Rotary Club of \_\_\_\_\_ Foundation's Federal ID No. is 12-3456789. Cancelled checks are no longer valid substantiation for charitable gifts over \$250. Unless indicated, no goods or services were provided in consideration, in whole or in part, for the contributions received.

### **Determining Fair Market Value**

- **Dinner Dance** – The cost would be determined by the cost of the dinner plus a prorata portion of additional costs of putting on the event.
- **Raffles** – Cost of a raffle ticket is not deductible as the purchaser is buying a chance of winning whatever is raffled. The FMV is the amount paid for the ticket.
- **Auctions** – The amount paid for an item or a good faith estimate is the FMV of an item auctioned at an event. Normally speaking, the FMV is the lesser of the amount paid for an item or the stated FMV if prior notice is given (All items should have a fair market value designated on each bid sheet so if the price paid exceeds that amount, that difference is deductible.

## ***Auction Items***

**Recommendation:** All Auction Items have a Fair Market Value listed at the top of a bid sheet next to the minimum bid. At the bottom of each sheet should be the wording:

**“Thank you for your contribution to The Rotary Club of \_\_\_\_\_ Foundation. You are allowed to deduct the amount contributed which is in excess of the Fair Market Value of the item you received. The fair market value of that item you received is the lesser of the amount you paid or the Fair Market Value indicated at the top of this page.”**

## ***Goods or Service Received***

- **General Rule of Quid Pro Quo Donations over \$75** – A deduction cannot be taken for gifts of over \$75 where the donor receives goods or services in return for the gift unless the **organization provides a statement** to the donor as to the value of the goods or services provided. An example would be a donation to an event where dinner was served at the event. (A penalty of \$10 per contribution is assessed not to exceed \$5,000 if this statement is not given).

**Recommended** Wording on Back of **Ticket** Sold:

**“Thank you for your contribution to The Rotary Club of \_\_\_\_\_ Foundation. You are allowed to deduct for income tax purposes your contribution less the fair market value of goods or service provided. Services provided with this ticket is a dinner which is deemed to have a fair market value of \$\_\_\_\_\_.”**

It is my recommendation that we do this on all tickets sold to cover ourselves so we do not have to remember the \$75 ceiling.

**Events Where This Would Come Into Play** – Any event where tickets are sold where meals are provided.