How to Document Charitable Contributions

Russell James, J.D., Ph.D., CFP®,
Director of Graduate Studies in Charitable Planning
Texas Tech University
Cash <$250 any of these

Note from charity before taxes filed or due

(1) Amount(s), date(s) & donor
Cash $250+

Note from charity before taxes filed or due

(1) Amount(s), date(s) & donor

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided]
Based on individual gift amounts

- Charity: Two Hundred Ten and No/100
  Gift: A. Donor
  Paid

- Charity: Two Hundred Forty and No/100
  Gift: A. Donor
  Paid

- Charity: Two Hundred Thirty and No/100
  Gift: A. Donor
  Paid
Based on individual gift amounts
I give through payroll deduction at work to a united appeal, so, there isn’t a specific charity to get a receipt from.

How do I substantiate?
If any single gift is $250+, use a pledge card indicating no goods or services are given in exchange, and the W-2 or paystub.
What about documenting gifts of property?
Property Gift

Note from charity before taxes filed or due

(1) Donor and date, location & description of property

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided] *

*Part (2) not required for gifts <$250

Donor’s reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
So then, how exactly would this work?
For property gifts under $250, a receipt is not required where it is impractical.
Property <$250 where receipt is impractical

Note from charity before taxes filed or due.

(1) Donor and reliable records of gift, charity, date, place, FMV (and cost basis if relevant)

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided] *

*Part (2) not required for gifts <$250
Note from charity before taxes filed or due

(1) Donor and date, location & description of property

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided] *

*Part (2) not required for gifts <$250

Donor’s reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
<table>
<thead>
<tr>
<th>Date, location, and description of property</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provided in exchange for these gifts. [or describe and value items provided]</td>
</tr>
</tbody>
</table>

(1) "No goods or services were provided in exchange for these gifts."
(2) Note from charity before taxes filed or due

Donor's reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
Note from charity before taxes filed or due

Donor’s reliable records of gift, charity, date, place, FMV and cost basis if relevant

1098-C from charity 30 days after gift or sale

Noncash Charitable Contributions

Part 1: Information on Donated Property

- Name and address of the charity organization
- Description of donated property
- Date, location, and description of property
- If the amount you claimed as a deduction for an item is $500 or less, you do not have to complete columns (a), (b), (c), and (d)
- If the amount exceeds $500, you must complete columns (a), (b), (c), and (d)

Part 2: Partial Interests and Restricted Use Property

- Name of organization (donee)
- Address, street, city, and state
- City, state, and ZIP code
- If tangible property, enter the place where the property is located or kept
- Name of any person, other than the donee organization, having actual possession of the property

Part 3: Partial Interests and Restricted Use Property

- Is there a restriction limiting the donated property for a particular use or purpose?
- Did you give to acquire or maintain a partial interest in the property?
- Is there a restriction limiting the donated property for a particular use or purpose?
- Are you required to take a partial interest or an indivisible interest in the property?
Summary of qualified appraisal attached to tax return

Note from charity before taxes filed or due

1. Date, location, and description of property

2. “No goods or services were provided in exchange for these gifts.” [or describe and value items provided]

Donor’s reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
Qualified Appraisal

(attach the entire appraisal report to the tax return)

Note from charity before taxes filed or due

(1) Date, location, and description of property

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided]

Donor’s reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
No appraisal for any publicly traded securities

Note from charity before taxes filed or due

1. Date, location, and description of property

2. “No goods or services were provided in exchange for these gifts.” [or describe and value items provided]

Donor’s reliable records of gift, charity, date, place, FMV (and cost basis if relevant)
Note from charity before taxes filed or due

(1) Date, location, and description of property

(2) “No goods or services were provided in exchange for these gifts.” [or describe and value items provided]

Don’t report small benefits

• ≤2% of the donation ($96* max benefit)
• ≤$9.60* if gift $48*+
• Member events (≤$9.60*), shop discounts, or entry to facilities and ongoing events given to members where membership ≤$75

*2010 numbers
If I hit the target and actually deduct the right amount, is documentation really a big deal?
Donor gives $80,000 of non-publicly traded stock ($3,700 basis) to charity. No qualified appraisal is completed, but the valuation is correct. Result?
Donor gives $80,000 of non-publicly traded stock ($3,700 basis) to charity. No qualified appraisal is completed, but the valuation is correct.

Result?

Deduction reduced to

$3,700

Donor gives $435,000 of equipment to public charity, but appraisal reports and receipts omit required information. Later, to prepare for the audit, donor gets qualified appraisals. Result?
Donor gives $435,000 of equipment to public charity, but appraisal reports and receipts omit required information. Later, to prepare for the audit, donor gets qualified appraisals. Result?

No deduction + 20% penalty for underpayment of taxes

See Friedman v. Commissioner, T.C. Memo 2010-45
How to Document Charitable Contributions

Pictures from www.istockphoto.com
Help me convince my bosses that continuing to build and post these slide sets is not a waste of time. If you work for a nonprofit or advise donors and you reviewed these slides, please let me know by clicking [HERE]
If you clicked on the link to let me know you reviewed these slides...

Thank You!
For the audio lecture accompanying this slide set, go to

EncourageGenerosity.com
Think you understand it?

Prove it!

Click here to go to EncourageGenerosity.com and take the free quiz on this slide set. (Instantly graded with in depth explanations and a certificate of completion score report.)
This slide set is from the introductory curriculum for the Graduate Certificate in Charitable Financial Planning at Texas Tech University, home to the nation’s largest graduate program in personal financial planning.

To find out more about the online Graduate Certificate in Charitable Financial Planning go to www.EncourageGenerosity.com

To find out more about the M.S. or Ph.D. in personal financial planning at Texas Tech University, go to www.depts.ttu.edu/pfp/
About the Author

Russell James, J.D., Ph.D., CFP® is an Associate Professor and the Director of Graduate Studies in Charitable Planning in the Division of Personal Financial Planning at Texas Tech University. He graduated, *cum laude*, from the University of Missouri School of Law where he was a member of the Missouri Law Review. While in law school he received the United Missouri Bank Award for Most Outstanding Work in Gift and Estate Taxation and Planning and the American Jurisprudence Award for Most Outstanding Work in Federal Income Taxation. After graduation, he worked as the Director of Planned Giving for Central Christian College, Moberly, Missouri for six years and also built a successful law practice limited to estate and gift planning. He later served as president of the college for more than five years, where he had direct and supervisory responsibility for all fundraising. Dr. James received his Ph.D. in Consumer & Family Economics from the University of Missouri where his dissertation was on the topic of charitable giving. Dr. James has over 100 publications in print or in press in academic journals, conference proceedings, professional periodicals, and books. He writes regularly for Advancing Philanthropy, the magazine of the Association of Fundraising Professionals. He has presented his research in the U.S. and across the world including as an invited speaker in Ireland, Scotland, England, The Netherlands, Spain, Germany, and South Korea. (click here for complete CV)