

CONFIRM CONTRIBUTIONS

A prompt thank you letter that includes what donors need for tax purposes is an effective way to keep your contributors up to date on the great work you're doing. The IRS says it's okay to send this information by email. We are required to separately list any single contribution of \$250 or more. If the donation is other than cash, describe the property but do not indicate a value.

1. Here's a sample of the essential information to include in your thank you letter:
"We wish to thank you for your 2010 contribution of cash in the amount of \$500.00. We did not provide any goods or services in exchange for this contribution. XYZ Nonprofit is an organization exempt under Section 501(c)(3) of the Internal Revenue Code and contributions are deductible to the extent allowed by law."
2. If you provided the donor with goods or services as part of the contribution, you could delete the second sentence in the above example and substitute the following:

"We provided you with two theater tickets with a fair market value of \$50. Your tax deduction is limited to the amount of cash and value of any property contributed, reduced by the value of any goods or services received in return. Accordingly, the amount eligible for a federal income tax deduction is \$450."