ACKNOWLEDGING DONATIONS

One large part of receiving donations and gifts is acknowledging these contributions. In order for donors to claim a tax deduction for their contributions to 4-H, and other non-profit agencies, the donor must have a record of the contribution.

4-H clubs/groups/affiliates should acknowledge gifts and donations, both cash and non-cash contributions in writing. This could be with a thank you letter, or a receipt, showing the name of the organization, the date of the contribution, the amount of cash contributions, description (but not the value) of non-cash contributions.

Here are a few examples of written acknowledgements for you to use.

If someone donates money to the club:
   ❖ “Thank you for your cash contribution of $300 that Clover Kids 4-H Club received on April 12, 2012. No goods or services were provided in exchange for your contribution.”
      ➢ This acknowledgement is for cash contributions where the donor received nothing in return. These funds will be spent on 4-H educational activities. Your letter must have your club’s name, amount of cash contribution, and the date it was received.

If your club is raising money for the local pet shelter, and someone donates money:
   ❖ “Thank you for your contribution of $450 to Clover Kids 4-H Club for our local pet shelter fundraiser. No goods or services were provided in exchange for your contribution.”
      ➢ This acknowledgement is for a cash donation where the donor received nothing in return. These funds will be spent on something other than 4-H educational activities. In this case, the donor must know up front that the donation will be used for something other than 4-H educational activities. Your letter must have your club’s name, amount of cash contribution, how the funds will be used, and the date it was received.
If someone donates your club a laptop computer:

❖ “Thank you for your contribution of a used laptop computer that Clover Kids 4-H Club received on April 12, 2012. No goods or services were provided in exchange for your contribution.”

➤ This acknowledgement is for a non-cash contribution where the donor received nothing in return. Your letter must have your club’s name, a description of the item received, and the date it was received. 4-H cannot value the non-cash donation (as per IRS regulations).

If your club is selling cookbooks, and someone paid you more than the price:

❖ “Thank you for your cash contribution of $100 that Clover Kids 4-H Club received on April 12, 2012. In exchange for your contribution, we gave you a concert ticket with an estimated fair market value of $40. The amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money contributed by the donor over the value of the goods/services provided.”

➤ This acknowledgement is a quid pro quo contribution – meaning – the donor did receive something in return for the contribution; however the price paid exceeds the fair market value. Therefore the donor can claim a tax deductible donation for only the amount exceeding fair market value. In this example the donor can claim a donation of $60 ($100-$40=$60). Your letter must have your club’s name, amount of cash contribution, description of item received, fair market value of item received, and the date it was received.

➤ The disclosure statement must inform the donor that the “amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property, other than money) contributed by the donor over the value of goods or services provided by the charity,”


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