



NONPROFITS: DONATIONS

Just One More Fundraising Task...

12.30.24 | Linda J. Rosenthal, JD



As the clock strikes midnight this New Year's Eve, with the final 2024 charitable contributions trickling in, there is one final task for the exhausted but grateful boards and staff of the nation's 501(c)(3) organizations.

It's the timely delivery of a "contemporaneous written acknowledgment," commonly referred to as a Donee Acknowledgment Letter.

The good news: It doesn't have to be done right away.

The better news – particularly in the case of cash contributions – it's "...not exactly rocket science," according to *Forbes*'s accounting guru, Peter C. Reilly, CPA.

The best news: According to Leagle, the StayExempt Eagle, (particularly for cash contributions) it's so simple and easy that no charity should ever mess it up.

The Magic Words

To prove it, the beloved cartoon host of the IRS's popular StayExempt course series provides a few samples – for cash donations – that will pass muster under the statute [I.R.C. 170(f)(8)(A)-(C)] and Treasury regulations [26 C.F.R. 1.170A-13f] for verification of the contribution for tax-deduction purposes.

See, for example:

- *Thank you for your cash contribution of \$xxx.xx that [organization's name] received on xx/xx/20xx. No goods or services were provided in exchange for your contribution.*



If you provide a rubbery-chicken dinner at a fundraising event, or – say – a cookbook:

- “Thank you for your cash contribution of \$xxx.xx to the [organization’s name] on xx/xx/20xx. In exchange for your contribution, we gave you a [dinner, cookbook, etc] worth an estimated fair market value of \$xx. Therefore, for federal income tax purposes, your contribution deduction is limited to [\$xxx.xx minus \$xx] Thank you again.”

That’s it. These examples include the necessary magic words. Just plug in the particulars. No more, no less. Don’t embellish or get creative.

Tax officials recommend delivering – by hand or by regular mail or email – this Contemporaneous Written Acknowledgment (CWA) on or before January 31, 2025. However, it *must* be received by the “... earlier of 1) the date on which the donor files his or her individual federal tax returns for the year of the contribution or 2) the due date of the return (including extensions).”

Are there consequences for not following these rules to the letter?

The entire claimed tax deduction goes up in smoke!

Stick To the Rules

Any doubts that the government is dead serious that a “...taxpayer must secure and maintain in its files a ‘contemporaneous written acknowledgment’ (CWA) from the donee organization?” Or that it must follow – to the letter – the statutory rule I.R.C. sec. 170(f)(8)(A) and Treasury regulations [See 26 C.F.R. 1.170A-13(f)]?

Just ask David and Veronda Durden, faithful members of the flock at Nevertheless Community Church in Texas. We told their sad tale in one of our first blog posts a decade ago: *We Received Your Generous Donation. Nevertheless...*, (June 6, 2014) *FPLG Blog*.

They contributed over \$25,000 in 2007. Nevertheless, while the Church “... happily provided the Durdens with a letter to support the charitable deductions on their 2007 tax return,” that letter “...didn’t include all the language required by the federal tax statute and regulations....” The IRS disallowed the over-\$7K claimed deduction. The U.S. Tax Court upheld that position in *Durden v. Commissioner of Internal Revenue* (2012) T.C. Memo 2012-140.

Or see *15 W. 17TH St. LLC v. Commissioner*, (December 22, 2016), 147 T.C. 19, involving a claimed charitable contribution deduction for a historic-preservation deed of easement, the value of which was pegged at over \$64 million by the taxpayers. We discussed that case in *Charitable Deductions of \$250 or More: Know the Rules* (February 15, 2017) *FPLG Blog*. It was the lawsuit that prompted the “it’s not rocket science” comment by *Forbes*’s Peter Reilly, in *Tax Court Sustains IRS Strict Interpretation Of Charitable Acknowledgement Rules* (January 7, 2017).

There are no do-overs. There is no wiggle room.

References

See our most recent discussion of this topic from late last year, linking the valuable cautionary tales of several of our earlier posts: *Charitable-Deduction Substantiation: A Reminder and a Reprieve*



(December 28, 2023), *FPLG Blog*.

See also, the official government sources:

- The StayExempt series created and presented by the Exempt Organizations Division of the IRS, including the one covering this topic: [Required Disclosure Course](#) [slides 15-23]. There is also a companion [PDF Transcript](#).
- IRS [Publication 1771 – Charitable Contributions: Substantiation and Disclosure Requirements](#) (Rev. 11-2023) [9 pp. PDF] “Donors are responsible for obtaining a contemporaneous written acknowledgment from a charitable organization for any single monetary contribution or noncash contribution valued at \$250 or more before donors can claim a charitable deduction on their federal income tax returns.”
- [Charitable organizations: substantiation and disclosure requirements](#), IRS website, page last reviewed or updated: 30-Sep-2024.
- [Substantiating noncash contributions](#), IRS website, page last reviewed or updated: 25-Nov-2024.

Conclusion

For the 501(c)(3) organizations who want to keep their donors – large and small – happy, and coming back year after year, there’s a straightforward “hoop” to jump through to make sure they have the right paperwork to substantiate their cash charitable deductions of \$250 and more.

Just do it.

Do it within the generous time frame allowed; not a day late. And make sure you parrot the required magic language – exactly.

— *Linda J. Rosenthal, J.D., FPLG Information & Research Director*