




EMPOWERING STEWARDSHIP


Financial Health for Pastors and Churches

Charitable Contributions:
Expanding the Type of Contributions
Your Church Can Receive

FINANCIAL ASSISTANCE FOR AG MINISTERS



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 - *Medical
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- 

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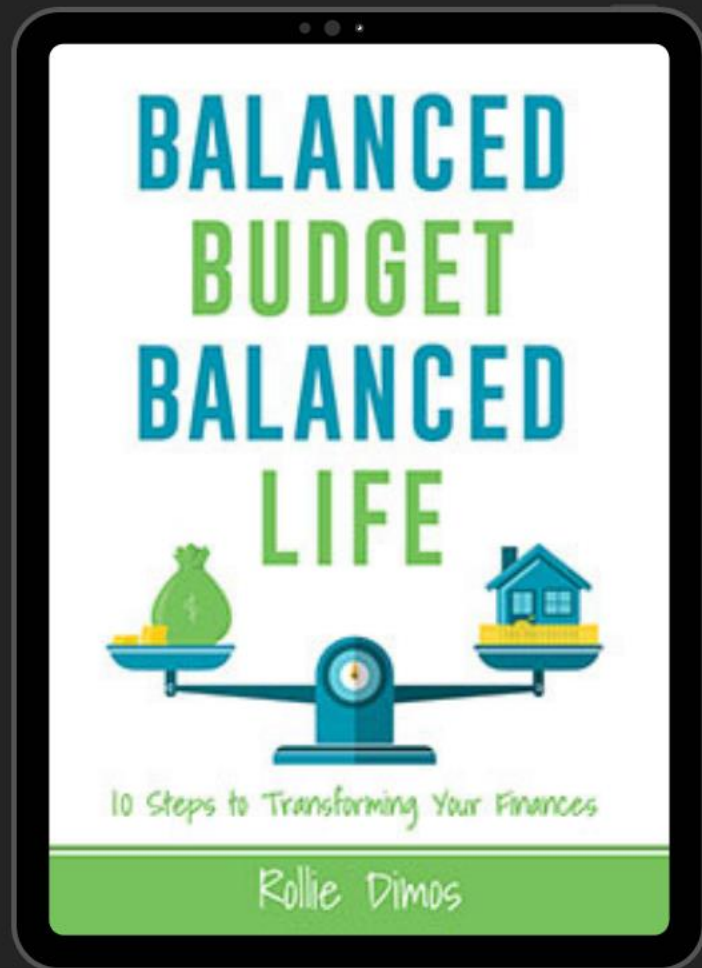
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ONLINE PERSONAL FINANCE COURSE



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Relationship | Communications | Resources | Answers



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FREE LEADER'S GUIDE

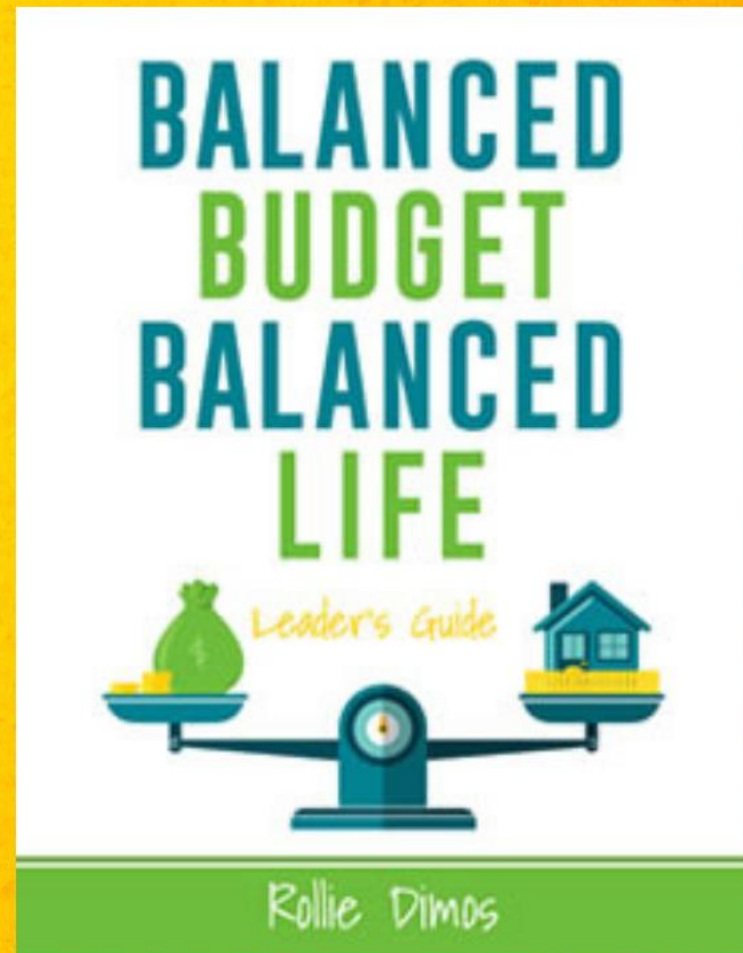
Includes everything you need
to teach financial principles in a
small group setting

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Objectives

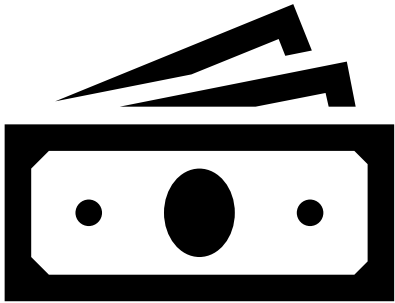


- Identify various types of contributions churches can receive.
- Discuss proper way to handle and receipt specific contributions.
- Provide action steps to strengthen and expand your contribution process.

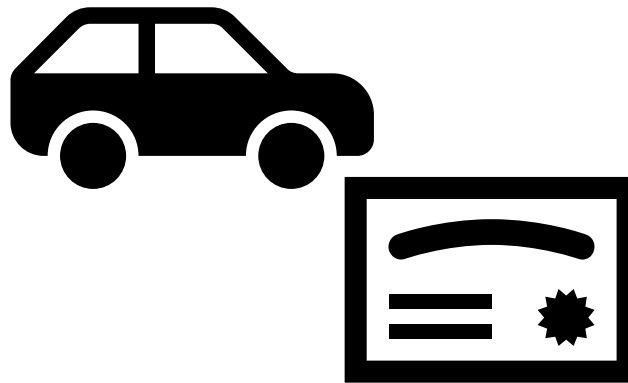
Three Types of Donations



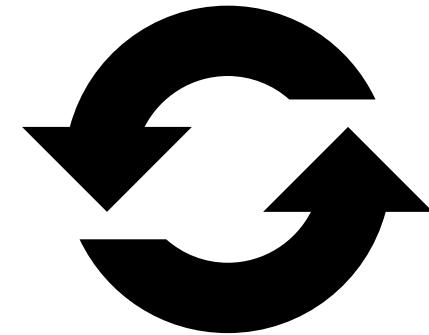
Cash



Gift-In-Kind



Quid Pro Quo



**EMPOWERING
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Financial Health for Pastors and Churches

Cash



- Types of cash:
 - Cash
 - Check
 - Electric fund transfers
 - Online payment services
 - Debit card
 - Credit card
 - Payroll deduction
 - Gift cards redeemable for cash

Cash Receipts



- What should go on the receipt?
 - Name of church.
 - Date of each donation.
 - Amount of donation.
- Must be written, but can take any form, like a receipt, letter, or email.
- Can be individual receipts or an annual summary.
- Must be contemporaneous for donor to receive charitable tax credit.
 - Provide to donor by January 31 of the year following donation.
 - OR before the donor files their tax return.

Cash Receipts



For contributions up to \$250:

- The donor needs a receipt OR:
- Canceled check (or picture of canceled check)
- Bank statement
- Credit card statement
- EFT receipt
- Paystub or W-2 AND a pledge card or receipt from the church.

For contributions of \$250 or more:

- The donor needs a receipt from the church that:
 - Itemizes each contribution of \$250 or more.
 - Statement that no goods or services were provided by the church in return for the contribution other than intangible religious benefits.

Qualified Charitable Distribution



- What is a QCD?
- How do you receipt?
 - Special rules for this type of cash contribution.
 - Generally, do not qualify as a charitable contribution so:
 - Provide a separate receipt
 - Or mark as “nondeductible” on cash receipt.
 - Can provide a receipt to the church member even though the check came from the IRA account manager.

Gift-In-Kind



- Gift-In-Kind = Noncash Contributions
- What should go on the receipt?
 - Name of church.
 - Date of each donation.
 - Description of the noncash item donated to the church, but don't assign value.
 - Statement that no goods or services were provided by the church in return for the contribution other than intangible religious benefits.
 - Special rules for:
 - <\$250;
 - \$250 - \$500;
 - >\$500 - \$5,000;
 - and >\$5,000

Gift-In-Kind Receipt Rules



1. **<\$250:** Written receipt that includes name and address of church, date and location of contribution and description of noncash property. (Exception allowed for unattended drop-off boxes.)
2. **\$250 - \$500:** Same as #1 but no exception allowed.
3. **>\$500 - \$5,000:** Same as #2 AND donor completes 8283.
4. **>\$5,000:** Same as #3 AND donor obtains a written appraisal from a qualified appraiser.
 - Exceptions for vehicles, inventory, publicly traded stock, & intellectual property.
 - Church may need to complete 8282 in certain circumstances.



Gift-In-Kind



Example: Non-cash donation whose value exceeds \$5,000.

- CHURCH's Responsibility:
 - Send receipt/letter to donor
 - If the church sells, exchanges, or disposes of the property within 3 years, church will file Form 8282 with the IRS and send copy to the donor.
- DONOR's Responsibility:
 - If item is valued at \$5,000 or more, the donor must get a qualified appraisal of the donated property.
 - Complete IRS Form 8283, Section B and have the qualified appraiser and church representative sign the form.
 - Include Form 8283 with annual tax return.

Gift-In-Kind



Example: Donation of stock whose value exceeds \$5,000.

- CHURCH's Responsibility:
 - Send receipt/letter to donor
 - If publicly traded stock, no Form 8282 is needed when stock is sold.
- DONOR's Responsibility:
 - Publicly traded stock does not require a qualified appraisal since the value can be readily ascertained.
 - Nonpublic stock >\$10,000 does require an appraisal.
 - Complete IRS Form 8283, Section A (plus Section B for nonpublic stock.)
 - Include Form 8283 with annual tax return.

Gift-In-Kind



Example: Automobile, boat or plane (over \$500).

- CHURCH'S Responsibility:
 - Send receipt/letter to donor.
 - Send IRS Form 1098-C to donor and IRS within 30 days.
 - If vehicle is used by the charity or given / sold to a needy family, the donor can claim fair market value of the vehicle as contribution.
 - If vehicle is just sold for cash, the donor can claim fair market value or selling price of vehicle—which ever is lower.
- DONOR's Responsibility:
 - Determine fair market value
 - File 1098-C with tax return.

Gift-In-Kind



Example: Donation of cryptocurrency.

- Per IRS, it is not currency; it must be treated as a nonfinancial asset like property or intangible assets.
- Follow same receipting procedures as other non-cash donations.
- Follow same reporting requirements for IRS Forms 8283 (& 8282 when sold).
- Important note: Qualified appraisal may be needed, even though the cryptocurrency may be easily liquidated. *Charitable Solutions, LLC* is one option.

Cryptocurrency Tips



1. If church keeps cryptocurrency, record it like other investments or capital assets.
2. Create an account & wallet on a Crypto platform to accept and sell digital currency.
3. If the church plans on keeping digital currency, decide who will maintain and safeguard the digital wallet and private keys.
4. Maintain strong internal controls, like two-factor authentication.
5. For churches that don't feel comfortable managing their own digital wallets, there are 3rd parties who can receive your digital donation, liquidate it, and then send the proceeds to the church.
 - Crypto payment processors like *Engiven.com* or *TheGivingBlock.com*.
 - Donor Advised Funds (DAF) at *Fidelity Charitable* or *Schwab Charitable*.

Quid Pro Quo



- What should go on the receipt?
 - Name of church.
 - Date of each donation.
 - **If donation exceeds \$75, the church MUST:**
 - Provide a written statement with a good faith estimate of the value of the goods or services provided.
 - Inform the donor that the amount of their tax-deductible contribution is limited to the amount of the donation less the value of the goods or services provided.

Quid Pro Quo



- **For donations less than \$75, the church:**
 - Is not required to provide the disclosure statement.
 - The donor is still obligated to reduce the contribution by the value of any goods or services received before claiming a tax deduction.
- Special rule for token value:
 - If the benefit received has only token value, then the contribution doesn't need to be reduced by the benefit.
 - The church makes this determination and notifies the donor.

Quid Pro Quo



- Three ways to define “token” for 2021:
 - FMV of the benefit is not more than 2% of the contribution (but less than \$113).
 - The contribution is more than \$56.50 and the FMV of the benefit is less than \$11.30.
 - You provide a free gift up to \$11.30 when soliciting donations.

Action Steps



1. Review your church bylaws.
 - Determine if the bylaws or other policies address the purchase, receipt or sale of different kinds of property.
 - Determine who needs to approve any transaction involving the liquidation of these types of assets.

Action Steps



2. Adopt a gift acceptance policy.

- A gift acceptance policy helps define what types of gifts, especially in-kind contributions, the church is willing to accept.
- Some types of property, like a baseball card collection, may not be very usable by the church or easily liquidated.
- Does your gift acceptance policy provide any helpful instructions for accepting virtual currency?



Action Steps



3. Adopt an investment strategy for cryptocurrency and other marketable assets like stock donations.
 - This should be a discussion for the board if it is not already addressed in your church bylaws or gift acceptance policy.
 - Many church boards may not have much of a risk appetite when it comes to holding stocks or cryptocurrencies long-term, so you may want a policy to liquidate these types of assets as soon as possible.

Action Steps



4. Be ready for that first donation.
 - Receipt templates for Gift-In-Kind / Quid Pro Quo transactions.
 - IRS Forms 8282 & 8283, and 1098-C.
 - Establish accounts with stockbroker, crypto exchange, OR third-party providers to accept and liquidate stock & crypto donations on your behalf.

Action Steps



5. Advertise and educate donors on various donation types.
 - “Ways to Give” announcements
 - Pamphlets
 - Video instructions
 - QR codes

Resources



Resources available on EmpoweringStewardship.com:

1. Sample contribution acknowledgements for:
 - Cash.
 - In-kind.
 - Quid pro quo.
2. Gift Acceptance Policy template.
3. In-depth articles on receipting and handling contributions.

For More Information



See IRS Publications 526 and 561 for additional rules regarding:

- Clothing
- Household items
- Taxidermy
- Inventory
- Food inventory
- Bargain sales
- Publicly traded stock



Contact Us



Question or comments? Email us:

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- *Rollie Dimos, rdimos@ag.org*

*For information about grants for ministers, visit
EmpoweringStewardship.com.*



Q&A



**EMPOWERING
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Financial Health for Pastors and Churches

Contributions That Aren't Deductible



Contributions to a specific individual.

Value of your time and service (donated labor).

Value of income lost while volunteering.

Tuition to a religious school.

Cost of raffle, bingo or lottery tickets.

Organizational dues.

Summer camp fees.

Appraisal fees to determine FMV.

