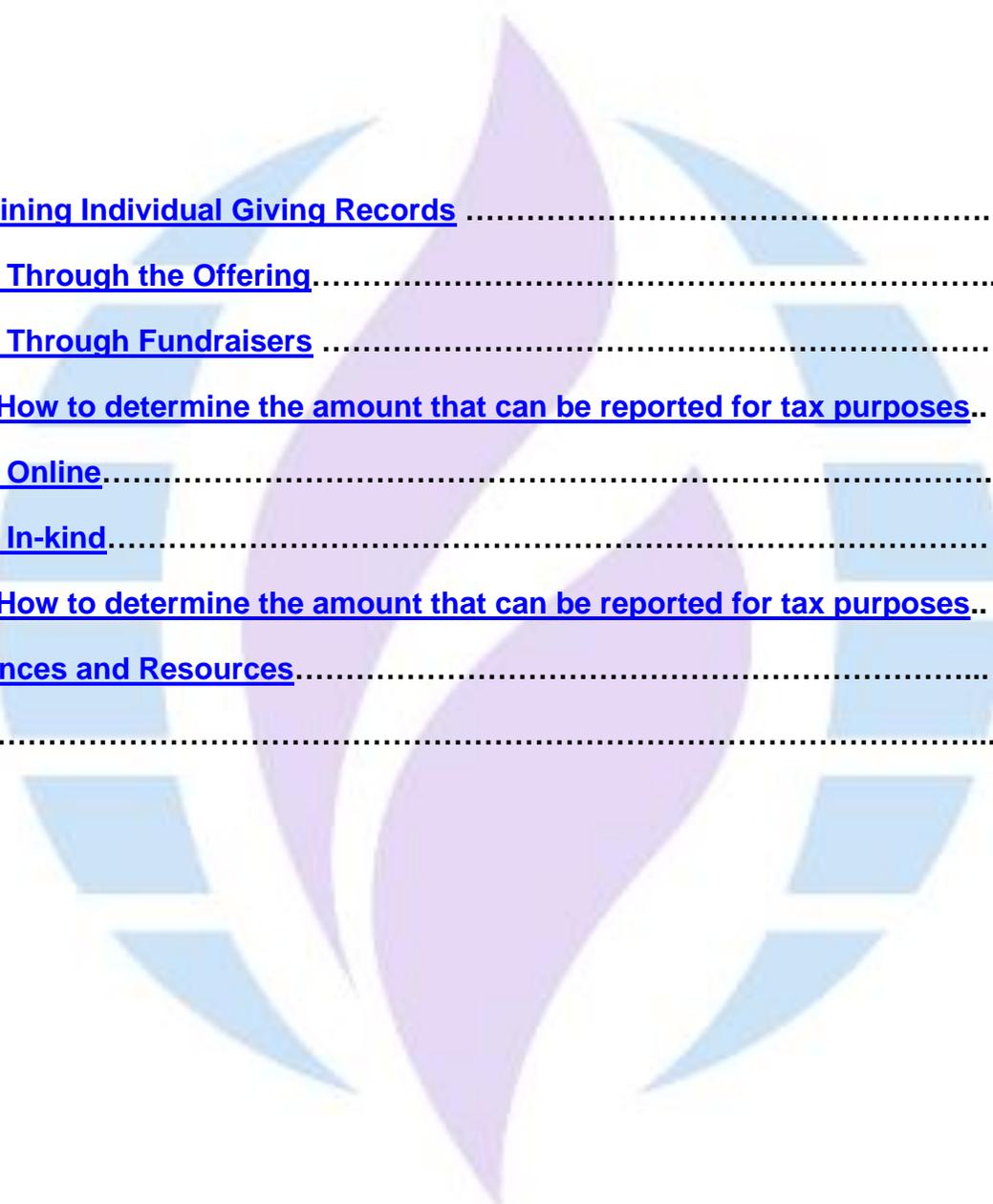




## **Maintaining Individual Giving Records**

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## **Maintaining Individual Giving Records**

The Treasurer is responsible for keeping a financial record of all funds identified with the church. Money may come into the church financial system from several sources. The Treasurer is responsible for recording, or overseeing the recording, of all receipts. Accuracy is very important.

Specifically, the Treasurer should be able to identify the source of any contribution and the use for which it is designated. It is imperative that the Treasurer keep a record of the amount of money entering the financial system and from which of the various avenues it comes as this information will be important during the budgeting process.



**Maintaining Individual Giving Records ..... 003**

**Giving Through the Offering.....004**

Gifts through [tithing](#) and [offerings](#) are ongoing, [unrestricted](#) gifts given by supporters of the church from their current income. An example would be the [pledge](#)/gifts made to one’s church annually. The church can only give contribution credit for a gift of cash or cash equivalents given to the church, such as electronic deposits (on-line giving), checks, debit cards, or credit cards.

Persons filing an itemized income tax form may not use cancelled checks as verification of donations. The amount of the donation is to come from the [contribution statement](#) issued by the church to each giver. In order for the money to be counted as a charitable contribution, it must be given in lieu of religious services performed by the church and/or its representatives. See sample below.

Again, only cash or cash equivalent contributions can be recorded on a contribution statement. The church can give contribution credit if the donation was made before the close of the tax year. Generally, a contribution is considered delivered to the church at the time it is transferred to the church’s possession. However, a contribution that is mailed is considered delivered effective on the postmarked date.

The church can give a contribution credit when the contribution is voluntary and made without the donor receiving, or having the possibility of receiving, anything of material value. The contribution should be given as an unconditional transfer without personal benefit to the donor. The contribution may be undesignated or designated according to the written policies of the church. The contribution must be made **to or for the use of the church.**

In addition, the church must exercise control over the contribution. The contribution cannot simply be [“passed through”](#) the church as it is being delivered to an individual or another ministry. The church must have the authority to accept or reject the donation, and the donation must be irrevocable (i.e., the donor cannot have any future control over the contribution once given to the church).

The burden of proof regarding the verification of the contribution to the church lies with the donor, not the church. To help donors receive a charitable deduction on their personal income taxes, the church should furnish a Contribution Statement to all donors requesting such a statement, regardless of the amount of the donation(s). The [Contribution Statement](#) should contain the following information: 1) donation dates, 2) individual donation amounts, 3) the church’s name and address, and 4) the statement “No goods or services were provided in exchange for the contribution, other than intangible religious benefit”. The donor must receive the contribution statement prior to filing an income tax return.

Generally, contributions made to a specific person for benevolence reasons are not charitable contributions. However, a donor’s contribution that does not name a specific

person, but is given to the church's general benevolence fund can receive a contribution credit from the church.

**Giving Through Fundraisers ..... 005**

Contributions made through the church for special events that are church sponsored religious activities are acceptable. Some examples of this type of contribution are the Christmas offering, Easter offering, and/or a local church Building Fund offering. Special offerings provide valuable fund-raising and mission interpretation opportunities. These offerings serve as a significant way for the church to identify and respond to priority needs.

There are certain items for which a person may not receive tax credit, even though they may have given money to the church. Money paid to the church in exchange for goods or services (such as concert tickets or craft items) is tax deductible only to the extent that the amount paid exceeds the fair market value of the goods or services purchased. IRS regulations require that tickets or receipts issued in connection with a fund-raising event state clearly how much of the amount contributed is deductible.

**How to determine the amount that can be reported for tax purposes.. 005**

An example of something that is commonly misused for donations is a church supper or a fund-raising dinner. A person may write a check for a church meal, but the amount of money that would go to pay for the meal may not count as a charitable contribution to the church. However, any amount above the normal market value cost of the meal may be considered as a charitable contribution to the church. Other items that do not qualify as tax exempt donations are registration fees for camps, concerts, etc.

The church cannot give contribution credit for any donations of items to be sold or auctioned at a fund-raiser. However, upon request by the donor, the church may provide a thank you letter with the date and description of the property donated without assigning a value to the donated property. Yet most donors will be able to deduct the contribution from their federal income taxes.

**Giving Online..... 006**

There are many advantages and benefits to both the giver and church in regards to giving online. The giver can make an offering anytime, anywhere, conveniently from a computer. In addition, the giver can select the specific funds to be supported, either as a one-time event or on a recurring basis. Furthermore, access to contribution records is easily attainable with just the click of a button. The giver is assured that their financial information is not being compromised or viewed by others.

With online giving, contributions made as recurring gifts are more consistent, allowing church administration to effectively budget and forecast. Administrators can set up an unlimited number of funds, both on-going and time-sensitive. The system easily integrates with most software programs, and there are numerous reports available at any time, including a statement of contributions for tax purposes.

See our [Online Donation Software Information Sheet](#) for vendors used by other MCCs.



**Giving In-kind..... 007**

Sometimes people will give the church gifts that are not monetary in nature. These gifts could be land, stocks, bonds, jewelry, automobiles, or any number of other items. For gifts such as real estate, stocks, building materials, receipts of items purchased on behalf of the church, and other tangible items, the church can only send a [thank you note](#) to the donor acknowledging the gift without assigning a value.

**How to determine the amount that can be reported for tax purposes.. 007**

**References and Resources..... 008**

**Forms.....009**

Donors must make an assessment of the fair market value of the non-cash contribution they have donated. The amount should be as of the day the church assumes ownership of the gift. It should be noted that in-kind contributions are subject to strict record keeping and substantiation rules.

A donor must be able to substantiate the fair market value of the goods or property donated, plus keep any written acknowledgments pertaining to the donation which have been received from the church. If the total non-cash contributions exceed \$500, an [IRS Form 8283](#) must be attached. Additionally, if the non-cash contribution is worth more than \$5,000, the donor must obtain a written [appraisal](#) of the non-cash contribution's fair market value.

## REFERENCES AND RESOURCES

[www.FreeChurchAccounting.com](http://www.FreeChurchAccounting.com)

Thank You Letters <http://www.nonprofitmarketingguide.com/blog/2011/06/29/tips-for-better-nonprofit-thank-you-letters/>

<http://www.memberstar.com/element.php?varset=s:137-pm:p-se:5006-e:11709&SessId=>

[http://www.freechurchforms.com/thank\\_you\\_letters.html](http://www.freechurchforms.com/thank_you_letters.html)

**Affinity Resources** [www.affinityresources.com](http://www.affinityresources.com)

**eJewish Philanthropy** <http://ejewishphilanthropy.com/six-questions-to-ask-online-giving-service-providers/>





[Annual Contribution Statement](#) ..... 011  
[Thank You Letter](#) ..... 013  
[Donation Information Guide](#) ..... 014  
[IRS Form 8283](#) ..... 015



## ANNUAL CONTRIBUTION STATEMENT (SAMPLE)

The following is an example of a **Annual Contribution Statement**. It can be detailed or as simple as you desire as long as it contains these 5 essential elements:

1. Organization's name
2. Donor's name
3. Date(s) of contribution(s)
4. Amount(s) of contribution(s)
5. A statement explaining whether the charity provided any goods or services to the donor for the contribution. If no goods or services were provided, you would include similar wording such as: "*You did not receive any goods or services in connection with these contributions other than intangible religious benefits*".



Insert on your letterhead

Dear [Use mail merge function in software to personalize],

We thank God for you! Your gifts to \_\_\_\_\_ Church throughout [year] are gratefully acknowledged.

Because of your contributions, our congregation has been able to support the work of Jesus Christ locally, regionally, and around the world. [Briefly mention some examples of what the church was able to do in missions and ministry during the previous year.]

Attached [or "Here" if it is a short list... just list below] is an itemized statement of your contributions for [year], according to our records. If you have any concerns about the accuracy of this information, please let us know.

For income tax purposes, it is important for us to state here that you did not receive any goods or services in return for any of these contributions other than intangible religious benefits. You made these gifts out of your own generosity and commitment to Jesus Christ.

*{Whether you insert or omit this next paragraph is totally up to you. Some might find it too pushy...while others may feel that a gentle reminder is great idea.}*

Our records show that you pledged \_\_\_\_ for the year and paid \_\_\_\_ of that pledge. [If the pay up is not complete, you may wish to include sentences like these: "Although the books are closed for [year], if you are able to do so you are invited to consider fulfilling last year's pledge along with this year's commitment. Of course gifts to the church will be deductible in the year they are given."]

Once again, thank you for your generous commitment to the work of Jesus Christ through this church.

Sincerely,  
Your Name  
Church Title  
Dated

## THANK YOU LETTER (SAMPLES)

Dear ,

I want to express my appreciation for your generosity in support of \_\_\_\_\_. Your personal commitment was incredibly helpful and allowed us to reach our goal. Your assistance means so much to me but even more to \_\_\_\_\_. Thank you from all of us.

Sincerely,

Dear ,

I so appreciate your contribution to the \_\_\_\_\_ fundraiser. You truly did a wonderful thing. Your generosity will directly benefit \_\_\_\_\_ and their families. If you ever need me to help with a charitable cause of your own, please let me return the favor. Again, thanks so much for all you've done for \_\_\_\_\_.

Sincerely,

Dear ,

Thank you for your very kind donation, which we received today. Your generosity will make an immediate difference in the lives of \_\_\_\_\_. The funds raised will go toward \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. You are making a difference!

Thanks again for your kindness,

### Donation for Raffle

Dear ,

We would like to thank you and your company for the generous gift to our fund raiser. Our raffle was a huge success, and that raffle would not have been possible without your help. The raffle funds will be used to \_\_\_\_\_, so you are truly making a difference in people's lives. Thank you on behalf of \_\_\_\_\_, and thank you from our group in particular.

Respectfully,

## ONLINE DONATION SOFTWARE INFORMATION SHEET

As you can see from the table located at

<http://www.affinityresources.com/pgs/awz55Online2.shtml>

there is much more to consider than just the transaction cost. The least expensive options may or may not include features your organization needs.

If you are looking at installing a donation engine on your site, in addition to verifying that the information presented on the [table](#) has not changed, be sure to ask these kinds of questions:

- Can we do the setup ourselves or must we hire a web designer? Do you have a setup wizard?
- How user-transparent is your process?
- Does the transaction appear to take place entirely on the nonprofit's site?
- Explain the various possibilities for customizing the donation option.
- Must we use your service exclusively?
- How long is the contract period?
- What kind of customer support do you provide? During what hours?
- Will the donor see advertising or banners during the transaction?
- How is the information collected from the donor used? Who owns it?
- What kind of donation reports and alerts are offered?
- Tell us about receipts and acknowledgements to the donor.
- Whose name is on the donor's credit card statement?
- Can you accept overseas credit cards?
- Do you have the ability to support automatic debits for recurring gifts?
- What other services does your company provide? Event Registration? Membership renewals? Email Management?
- Are there any other fees?

Most important is that you ask for the url of an organization that is already using the donation engine you are considering. Go to that site, make a donation, learn exactly what your donors will experience.

## ONLINE DONATION ENGINE PROVIDERS -- FEE COMPARISON TABLE

<http://www.affinityresources.com/pgs/awz55Online2.shtml>

### Services MCCs have used:

PayPal - [www.paypal.com](http://www.paypal.com)

Easy Tithe – [www.EasyTithe.com](http://www.EasyTithe.com)

Chase Paymentech <http://www.chasepaymentech.com/>

Donation Pay <https://donationpay.org/>

eTapestry.com <http://etapestry.com/>

Ground Spring [http://www.groundspring.org/index\\_gs.cfm](http://www.groundspring.org/index_gs.cfm)

Logos <http://logoscms.com/>

Vanco [https://www.vancoservices.com/secure/vanco\\_login.htm](https://www.vancoservices.com/secure/vanco_login.htm)

ACH Direct Debit [http://www.paysimple.com/direct\\_debit.html](http://www.paysimple.com/direct_debit.html)

eGiving <http://www.egivingsystems.org/>

Click and Pledge <http://clickandpledge.com/>

Go Retriever <http://www.goretriever.com/>

IRS FORM 8283

Form **8283**  
(Rev. December 2006)  
Department of the Treasury  
Internal Revenue Service

**Noncash Charitable Contributions**  
▶ **Attach to your tax return if you claimed a total deduction of over \$500 for all contributed property.**  
▶ **See separate instructions.**

OMB No. 1545-0908

Attachment Sequence No. **155**

Name(s) shown on your income tax return

Identifying number

**Note.** Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

**Section A. Donated Property of \$5,000 or Less and Certain Publicly Traded Securities**—List in this section **only** items (or groups of similar items) for which you claimed a deduction of \$5,000 or less. Also, list certain publicly traded securities even if the deduction is more than \$5,000 (see instructions).

**Part I Information on Donated Property**—If you need more space, attach a statement.

| 1 | (a) Name and address of the donee organization | (b) Description of donated property<br>(For a donated vehicle, enter the year, make, model, condition, and mileage, and attach Form 1098-C if required.) |
|---|--|--|
| A |  |  |
| B |  |  |
| C |  |  |
| D |  |  |
| E |  |  |

**Note.** If the amount you claimed as a deduction for an item is \$500 or less, you do not have to complete columns (d), (e), and (f).

|   | (c) Date of the contribution | (d) Date acquired by donor (mo., yr.) | (e) How acquired by donor | (f) Donor's cost or adjusted basis | (g) Fair market value (see instructions) | (h) Method used to determine the fair market value |
|---|------------------------------|---------------------------------------|---------------------------|------------------------------------|--|--|
| A |                              |                                       |                           |                                    |  |  |
| B |                              |                                       |                           |                                    |  |  |
| C |                              |                                       |                           |                                    |  |  |
| D |                              |                                       |                           |                                    |  |  |
| E |                              |                                       |                           |                                    |  |  |

**Part II Partial Interests and Restricted Use Property**—Complete lines 2a through 2e if you gave less than an entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were placed on a contribution listed in Part I; also attach the required statement (see instructions).

**2a** Enter the letter from Part I that identifies the property for which you gave less than an entire interest ▶ \_\_\_\_\_ . If Part II applies to more than one property, attach a separate statement.

**b** Total amount claimed as a deduction for the property listed in Part I: **(1)** For this tax year ▶ \_\_\_\_\_ . **(2)** For any prior tax years ▶ \_\_\_\_\_ .

**c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):

Name of charitable organization (donee)

Address (number, street, and room or suite no.)

City or town, state, and ZIP code

**d** For tangible property, enter the place where the property is located or kept ▶ \_\_\_\_\_

**e** Name of any person, other than the donee organization, having actual possession of the property ▶ \_\_\_\_\_

**3a** Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property? . . . . .

| Yes | No |
|-----|----|
|     |    |
|     |    |
|     |    |
|     |    |

**b** Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire? . . . . .

**c** Is there a restriction limiting the donated property for a particular use? . . . . .