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Service Dogs for Autism, Diabetes, Epilepsy, Mobility, Medical Alert and Support in Colorado!

Colorado Service Dogs issues it's receipts by December 31 each year and earlier in December if possible. This will assist donors in gathering the necessary data for tax return preparation.

Internal Revenue Service: 2009 tax tips: Deductions: Charitable contributions

Federal law permits donors to claim tax deductions for many financial contributions and for donated clothing and household goods in good, used condition or better. If you are unsure whether your item qualifies for a tax deduction, then consider this: if you would give it to a relative or friend, then the item is most likely in good condition and is appropriate to donate.

The U.S. Internal Revenue Service requires donors to value their items.

Government rules:

irs.gov/pub/irs-pdf/p561.pdf irs.gov/pub/irs-pdf/p526.pdf <http://www.irs.gov/> and irs.gov/pub/irs-pdf/i8283.pdf

IRS Ten Tips for Taxpayers Making Charitable Donations 2009

Every year, millions of taxpayers itemize their deductions on their federal tax return. One of the most common itemized deductions is a donation made to a charitable organization.

Here are the top ten things the IRS wants every taxpayer to know before deducting charitable donations.

1. Charitable contributions must be made to qualified organizations to be deductible. You can ask any organization whether it is a qualified organization and most will be able to tell you. You can also check IRS Publication 78, which lists most qualified organizations. IRS Publication 78 is available at IRS.gov.
2. Charitable contrib. are deductible only if you itemize deductions using Form 1040, Schedule A.
3. You generally can deduct your cash contributions and the fair market value of most property you donate to a qualified organization. Special rules apply to several types of donated property, including clothing or household items, cars and boats.
4. If your contribution entitles you to receive merchandise, goods, or services in return - such as admission to a charity banquet or sporting event - you can deduct only the amount that exceeds the fair market value of the benefit received.
5. Be sure to keep good records of any contribution you make, regardless of the amount. For any contribution made in cash, you must maintain a record of the contribution such as a bank record - including a cancelled check or a bank or credit card statement - a written record from the charity containing the date and amount of the contribution and the donor's name, or a payroll deduction record.
6. Only contributions actually made during the tax year are deductible. For example, if you pledged \$500 in September but paid the charity only \$200 by Dec. 31, your deduction would be \$200.
7. Include credit card charges and payments by check in the year they are given to the charity, even though you may not pay the credit card bill or have your bank account debited until the next year.

8. For any contribution of \$250 or more, you must have written acknowledgment from the organization to substantiate your donation. This written proof must include the amount of cash and a description of any property you contributed, and whether the organization provided any goods or services in exchange for the gift.
9. To deduct charitable contributions of items valued at \$500 or more you must complete a Form 8283, Noncash Charitable Contributions, and attached the form to your return.
10. An appraisal generally must be obtained if you claim a deduction for a contribution of noncash property worth more than \$5,000. In that case, you must also fill out Section B of Form 8283 and attach the form to your return.

Tips for Year-End Donations

Rules for Clothing and Household Items

To be deductible, clothing and household items donated to charity must be in good used condition or better. A clothing or household item for which a taxpayer claims a deduction of over \$500 does not have to be in good used condition or better if the taxpayer includes a qualified appraisal of the item with the return. Household items include furniture, furnishings, electronics, appliances, and linens.

Guidelines for Monetary Donations

To deduct any charitable donation of money, regardless of amount, a taxpayer must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Bank records include canceled checks, bank or credit union statements, and credit card statements. Bank or credit union statements should show the name of the charity, the date, and the amount paid. Credit card statements should show the name of the charity, the date, and the transaction posting date.

Donations of money include those made in cash or by check, electronic funds transfer, credit card, and payroll deduction. For payroll deductions, the taxpayer should retain a pay stub, a Form W-2 wage statement or other document furnished by the employer showing the total amount withheld for charity, along with the pledge card showing the name of the charity.

These requirements for monetary donations do not change or alter the long-standing requirement that a taxpayer obtain an acknowledgment from a charity for each deductible donation (either money or property) of \$250 or more. However, one statement containing all of the required information may meet the requirements of both provisions.

To help taxpayers plan their holiday-season and year-end giving, the IRS offers the following additional reminders:

- Contributions are deductible in the year made. Thus, donations charged to a credit card before the end of the year (Dec 31st) counts for 2009. This is true even if the credit card bill isn't paid until next year. Also, checks count for 2009 as long as they are mailed this year.
- Check that the organization is qualified. Only donations to qualified organizations are tax-deductible. IRS Publication 78, available online and at many public libraries, lists most organizations that are qualified to receive deductible contributions. The searchable online version can be found at IRS.gov under "Search for Charities." In addition, churches, synagogues, temples, mosques and government agencies are eligible to receive deductible donations, even though they often are not listed in Publication 78.

- For individuals, only taxpayers who itemize their deductions on Form 1040 Schedule A can claim deductions for charitable contributions. This deduction is not available to people who choose the standard deduction, including anyone who files a short form (Form 1040A or 1040EZ). A taxpayer will have a tax savings only if the total itemized deductions (mortgage interest, charitable contributions, state and local taxes, etc.) exceeds the standard deduction. Use the 2008 Form 1040 Schedule A, available now on IRS.gov, to determine whether itemizing is better than claiming the standard deduction.
- For all donations of property, including clothing and household items, get from the charity, if possible, a receipt that includes the name of the charity, date of the contribution, and a reasonably-detailed description of the donated property. If a donation is left at a charity's unattended drop site, keep a written record of the donation that includes this information, as well as the fair market value of the property at the time of the donation and the method used to determine that value. Additional rules apply for a contribution of \$250 or more.
- The deduction for a motor vehicle, boat or airplane donated to charity is usually limited to the gross proceeds from its sale. This rule applies if the claimed value of the vehicle is more than \$500. Form 1098-C, or a similar statement, must be provided to the donor by the organization and attached to the donor's tax return.
- If the amount of a taxpayer's deduction for all noncash contributions is over \$500, a properly-completed Form 8283 must be submitted with the tax return.

A Donor Bill of Rights

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I.

To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II.

To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.

III.

To have access to the organization's most recent financial statements.

IV.

To be assured their gifts will be used for the purposes for which they were given.

V.

To receive appropriate acknowledgement and recognition.

VI.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

DEVELOPED BY

Association of Fundraising Professionals (AFP)
Association for Healthcare Philanthropy (AHP)
Council for Advancement and Support of Education (CASE)
Giving Institute: Leading Consultants to Non-Profits

ENDORSED BY

(in formation)
Independent Sector
National Catholic Development Conference (NCDC)
National Committee on Planned Giving (NCPG)
Council for Resource Development (CRD)
United Way of America

RECEIPTING GUIDELINES

Charitable donation receipts are issued in accordance with Internal Revenue Service (IRS) guidelines. The following descriptions, although not inclusive, attempt to deal with the most commonly asked tax receipting questions.

GENERAL RULES

1. A charitable donation receipt can only be issued to the issuer of the check
Unless the check issuer acts as an agent for collecting and remitting donations from various persons/parties (i.e., an employer of an employee fundraising initiative). Donation receipts can be issued to the persons/parties provided that the nature of the monies can be receipted and a complete and legible list of donor information (donor name, address, and postal code) is provided to the Foundation.

A donation receipt cannot be issued in another name (i.e., on behalf of someone).

2. A charitable donation receipt can be issued for a GIFT IN KIND.
Gifts in kind include (but are not limited to) capital property, depreciable property, personal-use property, shares and inventory of a business. A gift in kind does not include a gift of services.

A donation receipt may be issued for the fair market value (FMV) of the property/goods on the date it is received.

If the item is new and has been recently purchased, a receipt or invoice is adequate proof of FMV.

All property with a fair market value >\$1,000 must be valued by a qualified appraiser independent of the donor and the Foundation.

To receive a donation receipt for a gift of inventory the organization requires an invoice. Most businesses prefer to claim the donation of inventory as a business expense.

3. A charitable donation receipt cannot be issued for SERVICES.
Services include professional, business and personal services. Examples of services are legal, accounting, recreation, entertainment, transportation, dining.

Services may be paid by the Foundation, and later the Foundation may accept the voluntary return of all or part of the payment as a donation. This process is known as a "cheque exchange". The donor declares payment for services as taxable income and receives a charitable donation receipt for the same amount.

4. A charitable donation receipt cannot be issued for SPONSORSHIPS.
Where a business gives cash or merchandise to the Foundation, and receives a material business advantage such as promotional or advertising services, the business has not made a gift according to CRA and the Foundation cannot issue a charitable donation receipt.

In these circumstances, the business can usually claim the cash payment or value of the merchandise as a business expense.

5. A charitable donation receipt cannot be issued for a LOTTERY TICKET.
No part of the cost of a lottery ticket is considered a gift because the ticket offers the purchaser a chance to win prizes.
6. There are two types of charitable donation receipts issued at an AUCTION.
A charitable donation receipt may be issued for property donated to the Foundation for the auction
A receipt can only be issued for property not services.
A receipt will be issued for FMV of the auction item (FMV = the lesser of either the FMV or what the donor paid for the auction item).
If FMV cannot be established then no receipt can issued.
Businesses donating inventory may receive a receipt for retail value of the auction item.

A charitable donation receipt may be issued for property that is purchased during the auction

A receipt can be issued for the bid price in excess of FMV provided.

FMV is established and announced in advance; and

The difference meets the intent to give threshold

The intent to give threshold can be calculated in advance by multiplying the FMV by 125%.

Example:

Wine donated (FMV) \$200

Intent to give threshold $\$200 \times 125\% = \250

For bid prices of \$250 or more, a tax receipt can be issued for the difference between the bid price and the FMV of the item.