

ALERT: See below for information regarding deceptive phone calls, emails, or mailed letters demanding fees. [POSTED DATE 11/21/2024]

AVISO: Por favor lea a continuación para información acerca de las falsas llamadas telefónicas, correos electrónicos, o cartas enviadas por correo postal, exigiendo pagos monetarios. [POSTED DATE 11/21/2024]



WASHINGTON
Secretary of State

Menu

Frequently Asked Questions by Donors

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Most charities are reputable organizations that do their best to make good use of your charitable donations. Unfortunately, some charities and their paid fundraisers, are not. The following is designed to answer common questions and provide information to assist you with personal giving decisions.

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Know the Charity Before You Give

It is important to research the charity **before** you decide to give. If you are asked to make a donation either in person, by phone, or by mail -- **ask questions!**

- Who is making the request; a charity or a commercial fundraiser?
- Is the charity or fundraiser registered with the Secretary of State as required by law?
- What is the name, address, and telephone number of the organization asking for the donation?
- How will the donation be used?
- What percentage of the donation will actually be spent on the charitable purpose of the organization? (In some instances, less than 20 percent of the money collected will be applied to a charitable cause.)

What is a "Charitable Organization?"

A Charitable Organization is anyone asking or collecting contributions from the public, and claims it will be used to support a charitable activity. Charitable is broadly defined and includes activities such as educational, recreational, social, patriotic, legal defense, benevolent, or health causes.

What is the difference between a Nonprofit Corporation and a Charitable Organization?

A Nonprofit corporation is an entity recognized by the state of Washington when "Nonprofit Articles of Incorporation" are filed with the Corporations Division of the Secretary of State. A charitable organization is any individual or entity, (regardless of corporate status) that fundraises in Washington to support a charitable activity. It is not unusual that a nonprofit corporation is also engaged in charitable activities and subject to separate reporting requirements with the Corporations and Charities Program.

What is the difference between a Charitable Organization and 501c3 status?

A charitable organization in Washington State is defined as any entity that solicits or collects contributions from the public, where the contribution is, or is said to be used to support a charitable activity. Charitable activity includes, but is not limited to, educational, recreational, social, patriotic, legal defense, benevolent, or health causes.

501c3 is a Federal tax exempt status granted by the Internal Revenue Service. Certain requirements established through the Internal Revenue Code must be met in order to receive tax exempt status. For specific information regarding the application process, please refer to the IRS Web site at www.IRS.gov or call the Exempt Organizations Division at (877) 829-5500.

Who must register?

In most cases, the law applies to almost every organization or individual that fundraises in Washington State in the name of charity. This includes organizations located outside the state of Washington that solicit Washington State residents. If an individual or organization raises funds in the name of charity, it is considered a "Charitable Organization" for purposes of this statute, even if you don't think of the entity as a charity.

Who is not required to register?

While most charities must register, there are some activities exempt from the state registration requirements. In Washington State, any organization that is one of the following is not required to register:

1. Charitable organizations raising less than \$50,000 from the public in any accounting year when all the activities, including fundraising, are carried out by person who are unpaid for

their services; or

2. Entitled to receive tax exempt status from the Internal Revenue Service as a church; or
3. Political Organizations; or
4. Fundraising to benefit specific individual, but only if all proceeds is given to that individual.

Organizations exempt from registration requirements are encouraged to file an "Optional Registration" with the Charities Program. The Optional Registration allows the Office of the Secretary of State to respond to customer inquiries.

Do all states require a registration?

Most states have some type of registration or filing process. It is necessary for organizations contemplating fundraising activities into other states to research the individual state's reporting requirements to ensure compliance before fundraising activities begin.

Why is registration required?

The information is available to the public so potential donors can learn more about how their contribution will be used by the organization conducting the fundraising campaign. The benefiting charities as well as the third party paid to solicit funds must, in most cases, register and provide general and financial information concerning their activities. Registration with the Office of the Secretary of State should not be represented as an endorsement.

What is a Commercial Fundraiser or Professional Fundraiser?

A commercial fundraiser is an independent, third party that in exchange for compensation, conducts fundraising activities for a charitable organization. It is not unusual for commercial fundraisers to be hired by and paid for their fundraising services by multiple charitable organizations.

How can I tell if it is legitimate?

Registration with the Secretary of State does not address an organization's "legitimacy." The Charities Program will be able to confirm if an organization has met the state registration requirements. If the organization has registered, the Charities Program will supply the information as provided by the organization. The information available from the Secretary of State, combined with other available resources, is intended to assist the public in making informed decisions, before making a contribution.

How can I check out a Charity?

You may contact the Charities Program by calling our toll-free number 1-800-332-4483. Local or out-of-state callers should call (360) 725-0378. The program also offers an [online search](#) of registered charities and fundraisers. Other resources include your local Better Business Bureau, including several Internet sites that have been established to aid in your research of charitable organizations.

How can I check out a commercial fundraiser?

Commercial Fundraisers are also required to register annually with the Charities Program. Consumers may contact the Charities Program by calling the toll-free number 1-800-332-4483. Local or out-of-state callers should call (360) 725-0378. The Charities program also offers an [online search](#) of the Charities Database. General and financial information is available and will assist potential donors in understanding how their contribution will be used, before committing to a donation.

The Charities Program also publishes the "Commercial Fundraiser Activity Report" each year near the holiday season, when charitable solicitations are at their peak. The report provides valuable information regarding how funds are distributed by commercial fundraisers to their charity clients. The report may be accessed [here](#).

What percentage of funds actually spent on the organization's charitable purpose is considered an "acceptable" percentage?

The Washington State Charitable Solicitations Act does not provide an "acceptable" or minimal percentage that must be used towards an organization's program service. Anyone involved in donating to charitable organizations should predetermine their own "minimum percentage standard."

How To File a Complaint

If you feel a charity or commercial fundraiser is operating in a deceptive or illegal manner, contact the Consumer and Business Fair Practice Division of the State Attorney General's Office at 1-800-551-4636 (TDD: 1-800-276-9883). You may visit the Attorney General's website and file a formal complaint online at <http://www.atg.wa.gov/fileacomplaint.aspx>.

Other Tips and Cautions

- Before you decide to donate, request printed materials about the charity.
- Contact the beneficiaries of the charitable funds to determine if they are aware of the solicitation and have authorized use of their name. Ask how the donations are used.
- **Never** give your credit card number to a telephone solicitor and don't pay by cash. Pay by check and make it payable to the charity, not the fundraiser.

- Don't be fooled by a name. Some organizations use sympathetic sounding names, or names that closely resemble those of respected, well-established charities.
- Don't give in to high-pressure "hardball" solicitations that demand an instant commitment. If the charity is legitimate, it should be willing to give you time to make up your mind.
- Be wary of charities that offer to send a courier to collect your money immediately.
- If a solicitor comes to your door, ask for identification and written material regarding the organization.
- Call the Charities Program, in Washington State, 1-800-332-GIVE to verify the charity or fundraiser is registered and get further information about the organization's financial and charitable activities.

Know the Law

Under the Charitable Solicitations Act, an individual soliciting a contribution **MUST**:

- Clearly state his or her name
- Clearly state the name of the charitable organization and its principal place of business
- Clearly state the name of the commercial fundraiser, if any, that employs the solicitor
- Disclose the true nature of the organization's relationship to the government, if it is associated with or has a name similar to a government organization
- Upon request, provide the published telephone number of Office of the Secretary of State Charities Program (1-800-332-4483)

An individual soliciting a contribution **MUST NOT**:

- Make a false, deceptive, or misleading statement
- State or imply that the contribution is tax deductible unless the charity has filed with the Secretary of State its letter from the Internal Revenue Service granting tax deductible status or otherwise qualifies for such status with the IRS
- Use the name "police", "sheriff", "firefighter" or similar name, unless authorized
- Harass, intimidate, or torment
- Claim that tickets to an event will be donated, unless the fundraiser has obtained a letter from those persons stating they will accept the tickets and the number they will accept
- Call before 8:00 a.m. or after 9:00 p.m. (your time).

If the required disclosures above are not provided - **ASK!** Take the time to seek the information that is required, and any additional information that may be important to you, and/or will help in your decision making process. The organization has contacted you, asking you to donate your hard-earned money. You will learn a lot about the organization simply by how they

respond to your questions. An organization should be more than willing to take the time to answer your questions. Take notes and follow up by utilizing the many resources available to verify the information they have provided.

FAQ Regarding Fundraising Auctions and Events (Noncash Gifts)

Are donations of art, wine, theatre tickets, and other tangible property tax deductible?

Donors may be able to claim a tax deduction for gifts of fine art, wine, tickets (e.g.) theatre, opera, sporting events, entertainment, etc.) and other tangible property to be auctioned at a fundraising event. [IRS Publication 561](#) has more information.

When does a donor need an appraisal?

Some donated property must have a qualified appraisal to determine the fair market value, such as book collections, fine art, jewelry (gems and precious metals), boats, and real estate. Generally, you will need an appraisal for donations of property for which you claim a deduction of \$5,000 or more. Please [see IRS Bulletin 2006-46 – Guidance Regarding Appraisal Requirements for Non-cash Gifts](#).

What are the rules for donating a vehicle?

Special rules apply to vehicles. The amount a donor may deduct for a vehicle contribution depends upon what the charity does with the vehicle as reported in the written acknowledgment sent by the charity. Charities typically sell the vehicles that are donated to them. If the charity sells the vehicle, generally the deduction is limited to the gross proceeds from the sale. However, there are certain exceptions, and you can learn more about them in [IRS Publication 4303 “Donor's Guide to Vehicle Donations”](#).

Are donations of services tax deductible?

No tax deduction is allowed for the donation of your personal or professional services to a charitable organization or the value of your time spent volunteering. However, you may be able to take a deduction for travel expenses including air, rail or bus transportation, out of pocket expenses for car, taxi fares or other costs of transportation. See [IRS Publication 526](#) for more information.

How much can be claimed as a tax benefit when goods or services are received in exchange for the donation?

The IRS limits the amount you can claim as a deduction when goods or services are received by the donor in exchange for the donation. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a *quid pro quo* contribution. In this example, the charitable contribution part of the payment is \$60 which is the amount of the contribution made in excess of the value of goods received. It is the responsibility of the organization to make a good faith estimate of the value of the goods and services received. See [IRS Publication 1771 – Charitable Contributions](#) for more information.

What type of documentation is required by the IRS to claim federal tax deductions for noncash gifts?

Generally, donors must have written documentation to support their tax deduction for noncash gifts. Varying levels of documentation are required depending on the value of the donation. If the donor claims:

- \$250 or less - written records and a receipt (if practical) from the tax-exempt organization(s) are required to support the deduction.
- More than \$250 and up to \$500 - written records and a written acknowledgement from the tax-exempt organization(s), as described in the next question, are required to support the deduction.
- More than \$500 and up to \$5,000 of noncash donations - IRS Form 8283, Section A, is required as an attachment to their tax return. In addition, written records and a written acknowledgement from the tax-exempt organization(s) are required to support the deduction.
- More than \$5,000 in non-cash contributions - in addition to Form 8283, written records, a written acknowledgement, and a qualified appraisal are required.

See [IRS Publication 1771](#).

Is the recipient organization required to provide the donor with a receipt?

Tax-exempt organizations generally must provide the donor with an acknowledgement (without stating the value of the non-cash donation) to enable donors to claim the tax deduction. The organization is not responsible for determining the fair market value of donated items. The law imposes a penalty on a charity that does not provide the required acknowledgement. However, when donors drop off items worth \$250 or less at unattended donation locations, an acknowledgement is not required.

A tax-exempt organization is required to provide written documentation to support the deduction and must include the following information:

1. The name, address, and tax ID number of the tax-exempt organization

2. Date and location of the gift
3. Description (list of specific items)
4. Affirmation that no goods or services were received in exchange for the gift.

A written acknowledgement may be provided at the time the donation is made, or by January 31st of the following year. The written acknowledgement can be either a paper document or in electronic format, such as an e-mail addressed to the donor.

There are examples of written acknowledgements, follow the link to [IRS Publication 1771](#).

What is an IRS Form 8283?

The donor must file Form 8283 if the amount of their deduction for all noncash gifts is valued at more than \$500. Form 8283 has two sections. Use Section A to report donations of property of \$5,000 or less. Use Section B for donations of more than \$5,000. Fair Market Value (FMV) is the price a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither has to buy or sell.

The donor is responsible to prepare the form and the tax exempt organizations only obligation is to complete the "Donee Acknowledgement" section in Part IV. The person acknowledging the gift must be an official authorized to sign the tax returns of the organization or a person specifically designated to sign Form 8283. There are a number of additional requirements so for more information it is highly recommended that the organization see the [IRS Instructions for Form 8283](#).

Is the recipient organization required to provide written documentation when non-deductible items are donated?

Charitable donations must meet specific criteria with the IRS to be tax deductible. The IRS does not require a charitable organization to provide a written acknowledgement of a donation that is not tax-deductible. If an organization receives a non-deductible item, then it should not provide a donor acknowledgement that might be mistakenly used to claim a tax deduction, but the organization can still thank the donor for the gift. For example, some organizations modify their normal thank you letter to state that the item is not tax deductible but that they appreciate the gift.

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