



Cash, Stock, Crypto, Cars, Real Estate, Etc.

If you're donating to your nonprofit organization, please remember to receive a letter from the nonprofit organization that acknowledges and confirms that you have made a donation. But unfortunately, the IRS and Congress made the rules difficult!

First, for any contribution that exceeds \$250, you must have a written letter from the nonprofit. A canceled check will not work - your deduction will be disallowed!

Second, the donor acknowledgment letter must contain specific language. The IRS has disallowed deductions even when the IRS acknowledged that a contribution was made to the organization because it didn't contain specific language. And the courts sided with the IRS when a donor challenged the IRS.

Third, if you're donating noncash such as crypto, real estate, car, collectibles, etc, you may be required to hire a "qualified appraiser" to determine the proper value when the asset was donated to the nonprofit.

Fourth, if you're donating noncash, you may be required to complete additional IRS forms, which must be signed by the qualified appraiser, donor, and nonprofit organization.

Fifth, the donor must receive a donation letter - and any additional IRS forms that apply - before the donor files a tax return. Otherwise, the deduction will be disallowed even if the letter and the IRS forms conform to the IRS regulations!

So again, the IRS rules are strict, and donors and organizations must comply with these rules.

We have seen the IRS disallow deductions because the donor did not follow all these requirements. We are aware of the IRS rules and regulations.

As part of our Nonprofit Compliance Package, we will ensure that the donor is receiving the correct donor acknowledgment and IRS forms, if required.

Please reach out to us at nonprofits@andersonadvisors.com to inquire about our Nonprofit Compliance Package.