



Submitting Receipts to Claim A Deduction or Reimbursement

You've set up your nonprofit and you spent \$300 to purchase office supplies for the nonprofit and food that the nonprofit will distribute to low-income families. You're trying to decide whether you want to treat it as a donation or seek reimbursement. You have two options:

1. **Treat the costs as an "in-kind" contribution, in which you report the costs as a \$300 charitable contribution to the organization; or**
2. **Seek reimbursement from the nonprofit.**

Donation. If you're treating the \$300 as an "in-kind" donation, you must issue the receipts to the nonprofit (notifying the time, date, and business purpose) and the nonprofit must send you a donor acknowledgment letter that contains 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. Please review IRS Publication 1771 for more information. Or we can prepare these letters as part of our Nonprofit Compliance Package. Please reach out to your advisor or the Nonprofit department at nonprofits@andersonadvisors.com if you're interested in purchasing the Nonprofit Compliance Package.

Reimbursement. If you're seeking reimbursement for the \$300 expenses incurred on behalf of the organization, please refer to the Binder Documents to ensure you are following the proper procedures. The expenses must be reasonable, in furtherance of the Nonprofit's charitable purposes, and you must provide documentation that shows the amount, time, place, and business purpose of the expense. Examples of documentation can be a receipt, bill, or credit card statement. So if you submit a credit card statement, for example, highlight the expense, time, place (e.g., printer and canned foods at Target), and business purpose of the expense (e.g., Nonprofit needs a printer to conduct business; canned foods will be distributed to 25 families).

For more information, please refer to your Binder Documents or please reach out to your advisor or the Nonprofit department at nonprofits@andersonadvisors.com for additional assistance.

- the document is called "Resolution of the Board of Directors to Reimburse Expenses [YOUR NONPROFIT] A [STATE] Nonprofit Corporation."