



Sunrise Table Tennis Club, Inc.

A Not-For-Profit 501(c)(3) Public Charity Organization

EXECUTIVE DIRECTIVE 1

November 13, 2015

ACKNOWLEDGING DONORS

We are registered as a Not-For-Profit Corporation with the State of Florida (Document# N1500009732) and have Section 501(c)(3) Public Charity tax-exempt status from the IRS (EIN 46-1930288) as an educational organization. This means that all donations, including for all membership levels, are eligible to be taken as a “Gifts to Charity” tax deduction by the donor to the extent that the donation exceeds the fair market value of any goods or services they receive for their donation. Some goods and services are not counted, such as discounts on club activities or merchandise; free open-event (members and non-members invited) entries; or free closed-event (members only) entries below a certain value (currently \$10.40 per person - see IRS Publication 1771, Charitable Contributions for detailed information about these exceptions).

Although it is not required by the IRS, we should provide all donors with an acknowledgement letter for their donations, including for memberships. The donors are required to possess such an acknowledgement for any donation of \$250 or more in order to take a tax deduction. Our Treasurer has two document templates for the acknowledgement letter, depending on whether it is a donation of cash or of goods and services. The letter should be given to the donor just after the donation is received, or by January 31st of the following year for a total of all the donor’s donations during the year.

When we hold a special fund-raising event or solicitation where we provide goods or services in exchange for a donation of \$75 or more (such as a holiday dinner, or distribution of our used tables), we are required to provide a disclosure statement to the donors stating that the donation is deductible only to the extent that the donation exceeds the value of the goods or services, and an estimate of the fair market value of the goods or services. This disclosure statement can be made either as part of the solicitation or on the receipt or acknowledgement letter for the donation. We are always required to provide an acknowledgement letter for this type of donation (a “quid pro quo” donation) if the amount is \$75.00 or more. In some limited



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cases, the value of the goods or services provided is considered “inconsequential” and therefore the full amount of the donation is tax deductible for the donor. These instances include:

1. The fair market value of the benefits provided is no more than 2% of the donation amount or \$102.00*, whichever is less.
2. The donation amount is \$51.00* or more and the benefits provided bear our name or logo (mugs, tee shirts, etc.), which have a total cost (rather than fair market value value) within the limits of “low cost articles” (currently \$10.40*).

*(*For the latest amounts adjusted for inflation see IRS publication 1771 or contact IRS Exempt Organizations Customer Account Services at 877-829-5500.)*

In these cases, the fund-raising materials must contain a statement like:

Under IRS guidelines the estimated value of the benefits you receive is not substantial and therefore the full amount of your donation is qualified as a deductible contribution for federal income tax purposes.

In the case of a donation in exchange for our used equipment (tables or other), we must remember that the money received is a “quid pro quo” donation and not a purchase of equipment. Otherwise it is a sales transaction, requiring registration with the state for a resale certificate and the collection of sales tax on the transaction. Once again, we are required to provide a donor acknowledgement letter if the donation amount is \$75.00 or more. The donation amount we request from the donor should always be greater than our stated estimated value of the equipment provided to the donor, even if a by a small amount such as \$10.00 or \$20.00, to make it a clear distinction from a sales transaction. For used tables, the donation amount must exceed the current value on our books (original acquisition value minus depreciation – depreciation is done on a 7-year basis, that is 1/7th of the value is depreciated each year on the anniversary date of the acquisition, or pro-rata monthly if disposed of at a part-year date).

Even though donations to our organization are eligible to be taken as a tax deduction, not all donors will be eligible to take the deduction, depending on their overall income tax situation. When speaking with a potential donor or preparing printed materials, it is not correct to say



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“Your donation is tax deductible.” Instead use wording such as: “Your donation is qualified as a tax-deductible charitable donation”; “Your contribution is qualified to be taken as a tax deduction as a Gift to Charity”; or “Your gift is eligible for a tax deduction, to the extent allowed by law.” In printed material, the phrases “excluding the value of benefits received” and “Please consult your tax advisor” also should be included. Here is an example:

Your donation is qualified as a tax-deductible charitable donation (excluding the value of benefits received). Please consult your tax advisor.

Our organization is also registered with the Florida Department of Agriculture and Consumer Services, as required of any person or organization which solicits donations within the state from anyone who is not already a member of their organization. Our registration is License # CH46329, which needs to be renewed each year by November 9th. We should receive a renewal form from the Department about a month before it is due, or it can be requested by calling the Department at (850) 410-3800. Under the law, any of our printed materials which solicit donations (including memberships) from any person in Florida who is not already a member of the club must include the following statement (in all caps):

A COPY OF THE OFFICIAL REGISTRATION (REGISTRATION #CH46329) AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE FLORIDA DIVISION OF CONSUMER SERVICES BY CALLING 1-800-HELP-FLA TOLL-FREE WITHIN THE STATE, OR (850) 410-3800. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

While the information I provided above is quite technical in nature, it is important to remember that our donors are our lifeblood, allowing us to exist and to forward our Mission. Every member should be cherished and every donor should be personally and exuberantly thanked for their generosity. These are the people that we operate to serve.

Martin Shapiro
President, Sunrise Table Tennis Club, Inc.
Approved by the STTCI BOD.