

How to make giving more convenient for donors

Detailed receipts

Charities long have been required to provide written confirmation to donors for gifts of \$75 or more if the donor received more than a token benefit. And donors who wish to deduct their contribution have been required to ask for a receipt for single donations of \$250 — regardless of whether a token benefit was received.

The Pension Protection Act of 2006 (PPA) builds on this by requiring taxpayers who want to deduct charitable donations to maintain a record of monetary contributions — whatever their size — in the form of a bank record, canceled check or receipt. This new rule, which kicked in on Jan. 1, 2007, may make you want to change the way you handle and acknowledge donations.

Good customer service

Though not required to do so, some organizations are issuing receipts for all donations as a service to their benefactors. After all, providing great service isn't just a worthy goal for the retail industry. Charities that make it easy for donors to give may find themselves with the kind of "donor loyalty" that put retailers like Nordstrom on the map for customer service.

If you decide to issue receipts to donors, prominently include the following information on the receipt:

Names. The donor's full name should be listed as well as the full name of your organization, avoiding acronyms or any but the most basic abbreviations. Note that PPA specifically requires that a charity's name be on any receipt.

Dates. PPA also requires receipts to list the date of the donation. This is an important provision because donors may take charitable deductions only in the tax year they were made.

Donation descriptions. The receipt must include the amount of monetary donations. In the case of the donation of goods, include a description of what your organization received, but not its monetary value. Special rules apply to donations of cars, boats, planes and other vehicles. Talk to your tax advisor about the receipt requirements in those cases.

Receipt in exchange. For donations of \$75 or more where the donor receives a good or service in return for their donation, you should define and make a good faith effort to estimate the exchange value of that good or service (such as a pledge gift or costs associated with a fund-raising dinner). Religious organizations must include a statement that “intangible religious benefits” were provided, but that they have no monetary value for tax purposes. When there is nothing to deduct, include a statement that nothing of value was given to the donor in return for his or her contribution.

Information is vital

It’s vital that paper receipts and e-mail acknowledgments generated by an online donation system include all of this information. Understand that the form of the receipt is less important than the information it contains.

A standard letter, e-mail or preprinted postcard with donation specifics filled in are all acceptable. If you rely on electronic receipts, consider including a message reminding the recipient to print and retain the e-mail or donation confirmation page.

Goodwill gesture

Providing an acknowledgment of a donation is required in some cases. But even when it’s not, a detailed receipt is an excellent goodwill gesture to those individuals who help sustain your organization.

Sidebar: Getting the credit you deserve

If your organization isn’t set up to accept credit cards, you could be missing out. Offering a credit card payment option can provide an easy and secure transaction for your donors and others who want to do business with you. It also can minimize the risk of bad checks and time spent tracking down pledges.

To begin accepting credit cards, you’ll need to set up merchant accounts with the major card companies that you’ll accept. For American Express, contact the company directly and apply for a merchant number. Your bank may be able to provide a MasterCard/Visa account for you, or you can work with an independent merchant account provider. Be sure to compare companies carefully, as different providers offer different fees and rates, service and support, contract terms, and equipment requirements.

Once you’re set up for MasterCard/Visa, you’ll also be able to accept check cards. You won’t, however, be equipped to accept debit cards automatically unless you request this service from your account provider and they supply you with a terminal that customers can use to enter their personal identification number.