

Donation Receipts

The IRS requires that a tax-exempt organization send a formal acknowledgment letter for any donation that is more than \$250. However, best practice would be to send a receipt for each donation, no matter the amount. Donation receipts can be sent after each donation, monthly, quarterly, or annually. The donor will use this receipt letter as proof of his or her donation to claim a tax deduction. If you include an envelope, it makes it easier for them to give you an additional gift!

The acknowledgment to the donor has several sections and should include the following:

Identification of the Organization:

Logo of the organization and the address should be at the top. The address can also be in the footer of the letter.


Donor Thank You:

- Name and address of the donor
- Date of the letter
- Personalized Salutation, “Dear First Name”
- Help the donor understand how their valued gift was used. I recommend that you share more than just the donation tax language. The donor wants to know “what did you do with my money and what will you do if I donate more money?”
 - Tell the donor how the organization used their donation. What did it help the organization accomplish? How many clients did it serve? What good did you do with the gift?
 - Let donors know what goals your group accomplished and what objectives you are working towards.
 - Keep your donors engaged by letting them know about the work your organization is doing today. Invite them to participate in volunteer events. Use regular reports to share your progress through statistics that show how their money is being spent.
 - Include personal stories and quotes from staff, volunteers, or clients.

Contribution Details:

- For an individual donation receipt, you can include the donation information in the body of the letter. Thank them for their gift by recording the dollar amount and the date: “Thank you for your generous donation of \$1,000 on 8/6/2021.”
- For multiple donations or year-end donations, you can create a table at the bottom of the letter that includes the date, the program the donor gave to, and the amount of the contribution that was received.



 **Note:** If a non-cash gift: A description (but not the value) of the non-cash contribution. Did the donor receive any goods or services in exchange for the gift?

- Signature of Executive Director/President or Board Chair.

Tax-exempt Status Statement:

At the bottom of the receipt document, include a statement that the organization is a 501(c)(3) tax-exempt organization. Include the nonprofit’s EIN in case the donor wants to check the charity’s tax-exempt status. Below are two options for sample language to include dependent upon your exemption status.

- **Receipt Language AFTER Exemption Approval**

For tax-deductible purposes, we acknowledge that no goods or services were received in return for the following contribution. Only non-tangible charitable benefits were received. Designated donations are gratefully received with the understanding that XXX has complete discretion and control over the use of all donated funds, and while we do our best to honor the wishes of our donors, that designations are advisory in nature. EIN: XX-XXXXXXX.



- **Receipt Language BEFORE Exemption Approval**

For tax-deductible purposes, we acknowledge that no goods or services were received in return for the following contribution. Only non-tangible charitable benefits were received. Designated donations are gratefully received with the understanding that XXX has complete discretion and control over the use of all donated funds, and while we do our best to honor the wishes of our donors, that designations are advisory in nature. **Please note that XXX's Nonprofit application has been filed but has not yet been approved by the IRS. Therefore, in the unlikely event that our application is not approved, your gift would not be tax-deductible under the Internal Revenue Code. EIN: XX-XXXXXXX.**

Remember that year-end receipts need to be in the mail to donors by January 31 of the following year. Even if you send out receipts monthly, you need to send a complete giving statement at year end. This is also a great opportunity to share all your organization's accomplishments with your donors and thank them for their support.