

RECORD KEEPING RULES FOR CHARITABLE CONTRIBUTIONS:

By law all charitable contributions claimed as a deduction on your tax return must be substantiated by keeping a written record of the contribution.

Acceptable written records used to substantiate each contribution include:

- a cancelled check or bank record that supports the donation, or
- a written receipt or similar statement that includes
 - (1) the name of the donee organization and
 - (2) the date and amount of the contribution and
 - (3) if any goods or services were received in exchange for the contribution.

Contributions of \$250 or more require a statement from the charitable organization.

If the resulting returns are examined by the IRS, requests may be made for the written record of the contribution. It is recommended that for any charitable contributions claimed, you retain the written records for at least seven years.

NONCASH (ITEM) CONTRIBUTIONS:

The substantiation rules for noncash contributions require the donated property's fair market value (FMV) to be determined. FMV is the depreciated, or used, value of the donated property. **It is not the purchase price of a similar "new" item.**

The following methods can be used to determine FMV:

- Valuation guides available from organizations such as the Salvation Army or Goodwill. Many guides include a value range that can be used to determine FMV based upon location and condition of the property. Keep any guides used to determine FMV with your tax records.
- Compare prices at area thrift stores for items in comparable condition. Visit a few stores to determine price and demand for the property.
- Search online auctions or classified ads for comparable items. Keep printouts of such listings used to determine FMV of the donated property.
- For donated items with a FMV of more than \$5,000, valuation by a qualified appraiser will be required in most cases. Keep the appraiser's report with your tax documents.

To further substantiate your noncash contribution:

- keep any acknowledgment letters, receipts, or similar statements from the organization.
- **Consider keeping a picture of the donated item(s) with your tax documents.**

Please see IRS Publication 561, Determining the Value of Donated Property for further information.