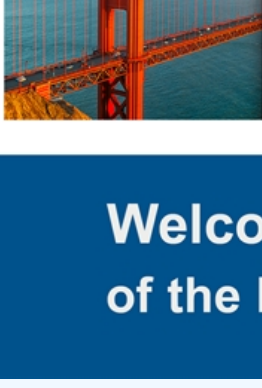


LEGACY MATTERS

NUTTER'S PRIVATE WEALTH AND NONPROFIT NEWSLETTER



Welcome to the Spring 2024 Edition of the Nutter Legacy Matters Newsletter.

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Tax Tune-Up

Show Me the Receipts – Charitable Deductions and Required Recordkeeping



By [Cassandra L.M. Prince](#) and [Elisabeth C. Spector-Eischen](#)

April 15, Tax Day, is right around the corner. If you are planning to itemize deductions on your 2023 federal income tax return and claim charitable contributions as deductions, you should know the substantiation requirements imposed by the Internal Revenue Code (“the Code”) and the IRS. You must be able to “substantiate” your charitable contributions to support the deductions.

Below are some ways to satisfy these requirements.

1. Ensure the Gift Recipient is a Qualified Charitable Organization

To deduct a cash gift as a charitable contribution, the recipient must be a qualified charitable organization under Section 501(c)(3) of the Code.

To verify whether a charity is qualified, you should contact the organization directly or conduct research online. The Internal Revenue Service’s [website](#) provides a search tool to confirm whether an organization falls within Section 501(c)(3). [GuideStar](#) is another resource that has a search tool to confirm qualified charitable organizations. It is important to note that funds established to assist individuals in need, like GoFundMe, Fundly, or SpotFund, are likely not tax deductible as those funds are not qualified charitable organizations.

2. Keep Records of All Your Donations

The IRS requires that taxpayers retain a record of each donation; you cannot take a deduction for any charitable gift if you have no record. Each record must contain, at a minimum, the name of the organization, and the date and amount of the donation. Depending on the type and amount of the gift, different record keeping obligations apply.

The types of record keeping applicable to different donations may be generally categorized as follows: cash gifts under \$250, cash gifts over \$250, and non-cash gifts.

Cash gifts under \$250 – including those made by check and electronic payment – require that you retain (i) a cancelled check, (ii) a bank statement with a record of the gift, (iii) a credit card statement with a record of the gift, or (iv) a receipt from the charity. For each cash gift of \$250 or more, the charitable organization must provide you with a “contemporaneous written acknowledgment,” as detailed below. As an example of how seriously the IRS takes the recordkeeping requirements, taxpayers who have made cash transfers to their own private foundations have been denied the charitable contribution deduction when they have not given themselves a contemporaneous written acknowledgement.

Non-cash gifts may require even more substantiation than the contemporaneous written acknowledgment from the charity. If you donate food, clothing, art, property, or even cryptocurrency, special rules and formulas apply to determine the value of your deduction. The IRS created [Publication 526](#) to help taxpayers with these donations. You may need a professional appraisal for certain donations and there may be special forms to complete. You should work with your attorney or accountant to determine the proper substantiation requirements for non-cash gifts.

3. Obtain Contemporaneous Written Acknowledgment from the Organization

A “contemporaneous written acknowledgment” from the recipient organization is required for any donation of \$250 or more. Organizations are responsible for providing these to donors for each gift, but it is your responsibility to make sure you obtain one when needed.

A contemporaneous written acknowledgment must include:

- The name of the organization;
- The amount of the contribution, or a description of the donated non-monetary property; and
- A statement that no goods or services were provided in exchange for the donation.

If the organization did provide goods or services in exchange for a donation, the organization must explain what was given to you in exchange for the donation and provide the estimated fair market value of what you received. Certain benefits received in exchange for a donation may be so insubstantial that they need not be reported, but the organization and your advisors can help you navigate these exceptions.

Each gift of \$250 or more should have its own contemporaneous written acknowledgment, but an annual statement from a charity, documenting all gifts during that year, satisfies this requirement.

4. Keep Record of Unreimbursed Expenses Associated with Services

You should keep track of your unreimbursed expenses (i.e., mileage and travel expenses) while volunteering for a qualified charitable organization. Generally, you cannot claim a deduction for the value of services given to a qualified charitable organization, but some exceptions are described in IRS [Publication 526](#). If the unreimbursed expense related to your volunteer services is valued at \$250 or more, you must obtain a contemporaneous written acknowledgment from the qualified charitable organization that includes: (i) a description of your services; (ii) the value of the unreimbursed expense; and (iii) a statement indicating whether the qualified charitable organization provided you with goods or services as reimbursement.

Client Corner

Spotlight on a Scholarship Foundation

“I just graduated from college and wanted to thank you all profusely for the financial support you offered me these past four years. I am currently a classroom lead for a summer math program and will begin working with students in need of physical and emotional support at a public working system in the fall. Your financial support enabled me to pursue a career in education, because I was able to graduate with minimal debt, and for that I will always be grateful to you all.”

This note of thanks from a recent college graduate was sent to the directors of a local scholarship foundation that was created by a donor pursuant to the terms of her estate plan. This donor had envisioned using the resources she had amassed over a lifetime of hard work to make higher education more affordable for the young people of her hometown. When the foundation first began operating more than a decade ago, the directors turned to the team at Nutter to help them develop the infrastructure for a scholarship award process that would make the donor’s vision a reality.

The directors of the foundation worked with the team to create detailed applications for high school and college students, build a website that showcased the donor’s personal story and vision for the future, manage an online application portal, develop objective evaluation criteria for the selection committee, and design opportunities to recognize and learn from the scholars who have received the awards since the foundation’s inception. Each year, with the team’s support in compiling and organizing the data, the selection committee engages in its deliberations to choose dozens of scholarship recipients among the hundreds of students who apply. The foundation’s directors are dedicated to fulfilling the donor’s dream of providing deserving students with meaningful financial assistance as they pursue post-secondary education, while at the same time carrying forward the values held dear by the donor – hard work, love of community, and commitment to education and service.

Nutter Spotlight



Dan Mulhern

Dan is a partner in Nutter’s Public Policy group who draws on his many years of government service to enhance outcomes for clients in government investigations, internal investigations, dispute resolution, and strategic decisions. Throughout his career, Dan has dedicated his time to supporting a multitude of nonprofit groups, actively engaging with community organizations in areas such as public safety, workforce development, education, youth development, human trafficking prevention, mentoring, violence prevention, and gun safety. During his time as the Suffolk County First Assistant District Attorney, Dan coordinated the Shannon Grant, which supports the City of Boston’s comprehensive strategy aimed at reducing gun, gang, and youth violence in the City. He also coordinated the Safe and Successful Youth Initiative (SSYI) funding to nonprofit partners.

Since joining Nutter, Dan has joined the board of the Suffolk County Children’s Advocacy Center, an organization that unites public, private, and community partners to ensure safety, healing, and justice for children and families impacted by violence, exploitation, and abuse. He also works closely with the New Commonwealth Fund. Drawing on his experience working within the community, Dan also provides legal counsel to a diverse set of nonprofit clients. His unique perspective from working in the public sector allows him to better serve his clients and help them achieve their goals. Dan plays a vital role within the local area, dedicating his time towards various nonprofit initiatives that have a positive impact on the community.

Upcoming Event

May 30, 2024 – Spring Nonprofit Networking Reception

Meet the Team



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Co-Chair, Nonprofit and Social Impact

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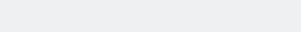


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