



**CHAPTER AGENCY AGREEMENT
SUBSTANTIATION INFORMATION**

Giving Guidelines

A donor may give a gift to your Zete Kids fundraiser one of two ways. The simplest way is to give an outright gift while receiving absolutely no goods or services in exchange for that gift. This means that the individual is not playing golf or receiving any other benefit from the gift. In this case you should use Sample Form 1 when issuing a receipt.

When a donor does receive goods and/or services, the person issuing the receipt must deduct the market value of those goods and/or services from the tax-deductible receipt. For example, if the fair market value costs \$60 to play golf and the donor pays \$100 to enter, then the donor is entitled to receive a receipt for a \$40 donation. Also if the fair market value is \$60 to play golf and \$30 meal is provided, then a receipt for \$10 should be issued. In these cases you should use Sample Form 2 when issuing a receipt.

Determining if a Donation is Tax Deductible

As you hold fund raising events such as car washes, raffles, and golf tournaments you may be asked by those donating to your cause if their contributions are tax-deductible. If you are going to promote tax deductibility during your fund-raisers, it is your responsibility to inform contributors of the following information. You must state clearly exactly how much of a contribution will be considered deductible on any printed materials you produce (tickets, flyers, etc.) Also, you should always have a receipt book at any fundraising event.

*A contributor cannot receive in return any item, service (car wash, lawn mowing, etc.), or privilege (admittance to theater, concert, golf course) which has a fair market value that is equals or exceeds the amount or value of the donation, the individual's gift will not be eligible for deductible treatment.

Example 1: You are sponsoring a free car wash on behalf of Zete Kids. You are not charging any type of fee per wash, but you are accepting donations from patrons. The donations range anywhere from \$1 - \$20. One patron asks you if his \$15 donation is tax deductible. How do you answer?

The fair market value of a car wash is around \$5. Any donation received that is \$5 or less is not deductible, but any donation greater than \$5 will be partly deductible (the donation amount minus the fair market value), so your patron has made a \$10 tax deductible gift to Zete Kids. (Use Sample Form 2)

Example 2: You are sponsoring a raffle to raise funds for Zete Kids. Each ticket sells for \$2 for a chance to win a \$500 stereo system. A buyer asks if her \$2 is tax deductible. How do you answer?

Even though the payment is a contribution to Zete Kids no part of the payment is deductible as a charitable contribution. Amounts paid for chances to participate in raffles, lotteries, or similar drawings are not gifts and therefore not deductible.

Example 3: You solicit a local business for a contribution. You impress a local business owner and he contributes \$50 to Zete Kids on your behalf. He asks if his contribution is tax deductible. How do you answer?

The full \$50 is deductible. (Use Sample Form 1)

Example 4: Your chapter holds a toll road for Zete Kids. You approach a car and the driver places \$10 in your bucket. He asks if he can have a receipt for his donation? How do you answer?

Write out a receipt and tell her that the full \$10 is deductible since he did not receive any good or service in return for his donation. (Use Sample Form 1)