



University of Kentucky
College of Agriculture,
Food and Environment
Cooperative Extension Service

Letters of Acknowledgement to Donors for Extension Volunteer Groups

Volunteer groups have specific responsibilities regarding accepting and acknowledging gifts and donations. Since contributions to tax-exempt organizations are deductible, the exempt organization has a responsibility to acknowledge gifts/donations/contributions in the appropriate way.

While Extension related groups are encouraged to acknowledge every contribution, donations of over \$250 must be given a written receipt, letter of thanks, email message, or form created for this purpose. Include the following in the receipt or letter:

- Donor's name
- Date the gift was received
- Amount of the monetary gift or a description of the item donated.
 - If the gift is not monetary (such as supplies, equipment or property other than real estate), the group should only verify the receipt of the donation and not assign any value to the gift. In this situation, it is the responsibility of the donor to determine the fair market value of the gift.
 - Must have approval from the Director of Cooperative Extension to accept gifts of real estate.
- Name and address of the organization receiving the gift (this is usually in the letterhead or header)
- A statement indicating whether or not any goods or services were provided in return for the contribution.
 - If the donor received something in return, then only the amount over the value of the benefit can be considered a contribution and deducted on tax forms. For example: If an individual buys a \$75 ticket to attend a fundraising dinner, the receipt should disclose the value of the dinner. The remainder ($\$75 - \$40 = \$35$) is the amount of the contribution.

Source of Letter of Acknowledgement:

- For contributions to Extension groups using the governmental exemption, a letter from the Extension entity receiving the donation is to be sent acknowledging the contribution. (See "Sample letter to Acknowledge Donation" below.) It is a good idea to enclose a copy of the letter from the Extension District Board that confirms the entity's association with the District Board and their tax-exempt status. (See "Draft Letter to Confirm Tax Exempt Status of Extension District

Board" below.) This letter from the District Board can be used for several years or until a donor asks if the letter is still current.

- For contributions to a 501(c)(3) Extension group, a letter from the tax-exempt group is to be sent to the donor acknowledging the donation.

Sample Letter to Acknowledge Donation - Use this template to acknowledge monetary gifts

(REMEMBER that gifts of land/property must be approved in the Director of Cooperative Extension's office before they are accepted/acknowledged.)

Date

Name and Address of donor

Dear (donor),

On behalf of the _____ Club/Council/Group, I would like to thank you for your contribution received on (date). (Sentences may be added to describe the program or how the gift was/will be used if desired.)

This organization is a subsidiary unit of the _____ County Extension District. Accordingly, charitable contributions are tax-deductible under United States Internal Revenue Code 170(c)(1) if made for a public purpose. It is not a private foundation within the meaning of Code 509. While many public charities are tax exempt by virtue of 501(c)(3), this Extension District is a governmental unit of the Commonwealth as established by KRS 164.620 and does not receive a classification from the IRS. For your tax records, the _____ Extension District's Federal Identification Number (EIN) is _____

Should you have questions regarding the Extension district's tax status, you may contact _____ at (number).

Sincerely,

Agent/volunteer/officer of org

*Note to sender: be sure to affix a stamp to the envelope. It is inappropriate to meter this letter since it includes a signature other than that of the agent.

Draft Letter to Confirm Tax Exempt Status of Extension District Board

(This letter may be photocopied and given to potential donors when requested.)

Date

Name and Address of club, group, council

Dear (contact for group),

This letter confirms that the organization named above is a subsidiary unit of the _____ County Extension District. The Extension District is an agency and instrumentality of the Commonwealth of Kentucky, and is maintained by the Commonwealth pursuant to Kentucky Revised Statutes 164.605—164.675. According to KRS 164.620, the Extension district is a governmental subdivision of the Commonwealth and a public body corporate.

Accordingly, charitable contributions to this governmental unit are tax-deductible under 170(c)(1) of the United States Internal Revenue Code of 1986. It is not a private foundation within the meaning of Code 509. As an agency of the Commonwealth, it does not receive a classification from the IRS.

The _____ Extension district's federal Employer Identification Number is _____ and state sales tax exemption number is _____.

Should you have questions regarding the Extension district's tax status, you may contact _____ at (number).

Sincerely,

Chairman, _____ County Extension District Board

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January 2023