



Partners In Development, Inc.

Serving the poorest of the poor since 1990

IMPORTANT INFORMATION FOR OUR DONORS

Partners in Development is a recognized 501c(3) tax-exempt organization. Maintaining our exempt status is very important, so we make every effort to follow IRS rules and regulations carefully. Many of those rules affect our donors and the donations we receive. The following is information that donors should understand regarding their donations.

DEDUCTIBILITY OF DONATIONS

Because PID is a 501c(3) organization, donations to PID generally qualify as tax-deductible charitable contributions. Donations to PID's general fund and programs are fully deductible. However, certain types of donations and payments we receive are not:

Limited Deduction Allowed

If a donor receives something of value in exchange for a donation, only the portion of the donation that exceeds the fair market value of what was received is deductible. For example, the winner of an auction item at our Annual Benefit can only deduct the amount by which their winning bid exceeds the item's fair market value as stated in the auction program. Similarly, Annual Benefit sponsorships and ticket purchases must be reduced by the estimated fair market value of the tickets received in order to calculate the deductible portion.

No Deduction Allowed

The following are not deductible and are not included in the donor's year-end tax receipt:

The purchase of jewelry, crafts or cards.

The purchase of raffle tickets at the Annual Benefit.

Gifts, either monetary or physical, to be delivered to a sponsor child or their families. (See "Earmarked Donations" below.)

Earmarked Donations

According to the IRS, donations "earmarked" or designated for the benefit of a specific individual are not deductible. The donor may express a preference as to how the donation is to be used, but if their intent is to benefit only the specified individual, or if the charity does not have full control over the use of the funds, then it's considered a gift to the individual and not a tax-deductible donation to the charity. This rule has bearing on two types of donations that PID receives:

Child sponsorships: As stated above, gifts given to PID to be passed directly through to a sponsor child are not deductible. However, regular child sponsorship payments are fully deductible, because they are donations to PID's on-going child sponsorship program. PID has full control over how those funds are used to carry out that program.

Trip fees: It's very important for trip participants and donors to understand that, in order for them to be deductible, donations to a trip must ultimately be donations to PID, not to the trip participant. Although the donor may express a preference for a specific trip participant, PID has full discretion and control over use of the funds. Trip donations raised in excess of trip costs can not be returned either to the trip participant or the donor, but are applied to PID's projects and programs. When soliciting donations, trip participants must make this clear to donors. All trip donations are accepted based on these terms.

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TAX RECEIPTS

Financial Donations

We send tax receipts annually in January for donations made the prior year. Donations must be postmarked by December 31st to count towards that year. Donors whose total financial contributions equal \$100 or more will receive a receipt summarizing their donations for the year. If at any other time you need a receipt, however, please contact the office.

Donations of Goods (Gifts-in-Kind)

We welcome donations of needed supplies, but before donating, please check our website to find out if we are able to use the items you have. Gift-in-kind donations are not included on the annual financial donations receipt; instead, you may request a receipt by filling out a Gift-In-Kind Donation form (available on our website or from the office) and returning it to us with the donation. We'll return the acknowledged form to you, which you should keep with your tax records.

VOLUNTEER OUT-OF-POCKET EXPENSES

Some out-of-pocket expenses, including travel expenses, incurred while volunteering for PID may be deductible. The expenses must be unreimbursed and you must have adequate records to document the expenses. In some circumstances the IRS requires the volunteer to obtain an acknowledgement from the charity that verifies their volunteer service. If you would like to receive an acknowledgement of service, please contact the office.

TAX GUIDANCE

We've provided this information to help our donors understand some of the issues related to donating to PID, however, we cannot give tax advice. For more information, please see IRS Publication 526, *Charitable Contributions*, which is available at the IRS website. We also recommend that all donors consult a tax professional regarding the deductibility of their donations. Each donor is different, and the deductibility of a specific donation depends upon many factors related to the donor's tax situation.

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