



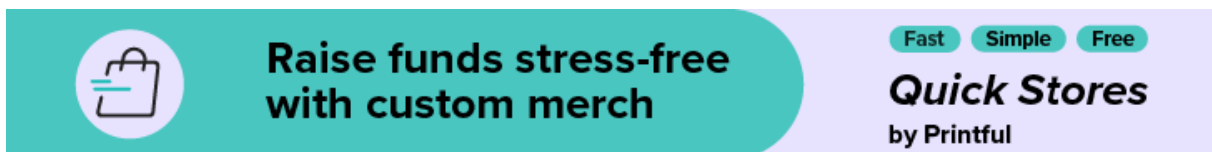
Published on National Council of Nonprofits (<https://www.councilofnonprofits.org>)

Original URL: <https://www.councilofnonprofits.org/running-nonprofit/fundraising-and-resource-development/gift-acknowledgments-saying-thank-you-donors>

Gift Acknowledgments: Saying "Thank You" to Donors

Prompt and thoughtful gift acknowledgments are central to effective fundraising. The best prospects for future support are current donors, and thanking them sincerely is a primary form of donor stewardship.

In addition, IRS regulations govern what documentation donors need in order to claim a deduction for their charitable contribution. The IRS website provides a comprehensive section on [gift substantiation](#).

An advertisement banner with a teal background on the left and a light purple background on the right. On the teal side, there is a white circular icon of a shopping bag with a checkmark. To its right, the text 'Raise funds stress-free with custom merch' is written in white. On the purple side, the words 'Fast', 'Simple', and 'Free' are each in a small teal pill-shaped box. Below these, 'Quick Stores' is written in a large, bold, black font, and 'by Printful' is written in a smaller, black font below it.

Raise funds stress-free with custom merch

Fast Simple Free

Quick Stores
by Printful

advertisement

- What should a "thank you" to donors include? There are no magic words that each nonprofit must include ; however, it's important to be familiar with what

donors expect, as well as what the IRS requires charitable nonprofits to include in the "gift substantiation" message. We also encourage you to think about how to say "thank you" in a personal and meaningful way.

- When should a gift acknowledgment be sent? Soon! Donors expect to receive a thank you for any size of contribution, and they also expect it soon after making their gift. Sending the acknowledgment within a short period of time reassures the donor that the donation was received, and solidifies donor relations. Technically, donors don't need the substantiation until sometime before they file their personal tax returns for the year the gift was made.
- There are other ways to acknowledge a gift in addition to a written gift acknowledgment that is sent to the donor, whether via email or regular mail. Many nonprofits include a list of current donors in an annual report, or on their website; donors often look for their names on those lists and may be puzzled if they don't see themselves listed. They also may be unhappy if they have asked to remain anonymous and their name is listed. Make sure you know whether and how a donor would appreciate public acknowledgment of a gift.

Background on "gift substantiation"

Nonprofits want to make sure that donors feel appreciated and recognized for their generosity. In addition, IRS regulations require that before a donor claims a tax deduction for a charitable contribution, the donor must have a bank record *or a written communication from the charitable nonprofit* documenting the contribution. As a result, most **donors expect a nonprofit to provide a receipt for their contribution.**

IRS regulations place the responsibility on donors to make sure they have a written gift acknowledgment "*for any single contribution of \$250 or more.*" There is no legal requirement for gift acknowledgments for contributions of less than \$250 unless the donor receives *something of value* in return for the gift, which triggers special rules for "[quid pro quo](#)" contributions. For more background, see [IRS Publication 1771](#) - Charitable Contributions: Substantiation and Disclosure Requirements

What should the gift acknowledgment contain?

IRS guidance suggests that gift acknowledgments should contain:

- A statement that the nonprofit is a public charity **recognized as tax-exempt** by the IRS under **Section 501(c)(3)**;
- **Either** (a) amount donated (if cash or cash equivalents); **or** (b) description of the property donated (the nonprofit should not attempt to assign the cash value of property; doing so is the donor's responsibility);
- The **date** the donation was received;
- **Either**: (a) statement that the organization did not provide more than insubstantial goods or services in return for the donation, such as a“, *"No goods or services were received in return for this gift"*; **or** (b) if the gift was \$75 or more, and the nonprofit provided something of more than insubstantial benefit in return for the gift (such as tickets to a special event, or attendance at an event where donors receive a meal), then the nonprofit must provide a good faith estimate of the value of the goods/services provided **by the nonprofit to the donor**, such as the market value of tickets to the event, or the actual cost of the dinner (even if the food was donated to the charity).

Quid pro quo gifts

When a donor contributes \$75 or more and receives something of value in return - for example, a dinner or a concert ticket - this is called a "quid pro quo" gift. These sometimes occur when the donor makes a payment to a charitable nonprofit partly as a contribution and partly for goods or services. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. Unlike with most contributions, the donor has received something in return for the donation, so some or all of the donation may not be tax-deductible. When charitable nonprofits thank donors for quid pro quo gifts, they must follow the IRS requirements in their thank you letter.

In cases of quid pro quo gifts in excess of \$75, the nonprofit is required to provide the donor with a written disclosure statement that includes an estimate of the fair market value received in return for the donation. There are penalties for failure to make such disclosures. (There is an exception for "token" gifts such as bookmarks or key chains.)

- Read about [quid pro quo gift acknowledgments](#) from the IRS website.
- Rules about quid prop quo gift acknowledgments are on page 10-11 of [IRS Publication 1771](#).

What if the gift is made through a Donor Advised Fund?

Generally, if the donor directs a grant to be made to your organization through a Donor Advised Fund (DAF) such as Fidelity Charitable or Vanguard Charitable, a DAF held at a community foundation, or through one of the DAFs that are set up to receive online donations such as Network for Good or PayPal Giving Fund, you'll be given the donor's name and contact information along with the grant. You'll want to send an acknowledgment thanking the donor for the gift, but you don't need to include language about the gift being tax-deductible, because the DAF already provided a tax receipt to the donor. Some experts recommend that your acknowledgment read something like, *"Thank you for recommending the generous grant of \$500.00 that we received on <date> through your donor advised fund at Fidelity Charitable."*

If the grant comes with no donor contact information because the donor chose to make the contribution anonymously through a DAF, there's not much you can do about that.

Practice Pointers

- In many states, charitable registration regulations require a **disclosure statement** on written solicitations *and* gift acknowledgments, so be sure to include any required disclosure statement when your nonprofit sends an acknowledgment of any gift/pledge, as applicable. Read more about [state charitable registration and disclosure requirements](#).
- It's helpful to have a template ready to send out that can be customized as donations arrive, and it's imperative to have a good system for recording who gave what, when, and how much. Many [donor management software](#) solutions exist that can help with gift tracking.
- Have you considered a "thank you" phone call? [5 Best Practices for "thank you" Phone Calls](#) (Joanne Fritz)
- Get your whole staff (and board!) involved with a "[Thank-a-thon](#)." (LAPA recommends doing these in the week before Thanksgiving.)
- Sometimes a donor will ask a nonprofit to write a letter vouching for the dollar value of a non-cash gift. It is not the nonprofit's role to place a market value on

contributions, and nonprofits don't want to be caught between the IRS and the donor if the market value of a gift is disputed, so the most appropriate response is to compose a gift acknowledgment message that describes only the item or property that was contributed, without placing a dollar value on it. For non-cash /gifts-in-kind contributions with a claimed value of \$5,000+, donors generally need an appraisal prepared by a qualified appraiser in order to claim the deduction. (Charitable nonprofits should not act as the appraiser.) See IRS [Notice 2006-96](#).

Resources on Composing Thank-Yous

- [Feeling stuck? How to write a thank you that works](#) (Hands on Fundraising)
- [20 ways to say thank you](#) (Jerry Panas)
- [Infographic](#): personalizing your "thank you" to donors (Classy)

Additional Resources

- [IRS Publication 1771](#): Charitable Contributions: Substantiation and Disclosure Requirements
- How to value gifts purchased at [charity auctions](#) (IRS)
- Thanking donors for [non-cash gifts](#), such as in-kind-gifts/donated property (IRS)
- For donors: [Can I deduct my charitable contribution?](#) (IRS)

Disclaimer: Information on this website is provided for informational purposes only and is neither intended to be nor should be construed as legal, accounting, tax, investment, or financial advice. Please consult a professional (attorney, accountant, tax advisor) for the latest and most accurate information. The National Council of Nonprofits makes no representations or warranties as to the accuracy or timeliness of the information contained herein.