



Society Strategies

Federation of Genealogical Societies

P.O. Box 200940 Austin TX 78720-0940

Series Set IV Number 4

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Set IV Strategies for Treasurers

Maximize Your Volunteer Donations

by Cath Madden Trindle, CG

Supplemental Page

This strategy paper, written some years ago, is an FGS *Classic* that contains ideas and strategies still relevant today in society management.

This paper discusses the little-used ideas in tracking society assets, such as those from donated items, and organizing a system to audit these items.

This paper also features the IRS tax benefits for donors and how a society keeps track of them.

The information on page 4 which directs the interested person on how to obtain copies of this paper is incorrect.

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Set IV. Strategies for Treasurers Maximize Your Volunteer Donations by Cath Madden Trindle, CGRSSM

INTRODUCTION

If your society has been designated a nonprofit [501(c)3] organization by the Internal Revenue Service (IRS), your members may claim many of their volunteering expenses as charitable deductions on their income tax return. Tracking these expenses is beneficial not only to members but to your society as well.

While the benefit to the volunteer is obvious—a reduction in annual income tax—the society benefit is a bit more obscure. Few non-profit boards question the need to attach a value to donations of books, periodicals, computer equipment, software and other assets. It is understood that these donations increase the net worth of the society. Neglecting to enter these items into the society's books makes it difficult to establish the necessary amount of insurance to carry.

Tracking the cost of donated items such as postage and supplies, for which a volunteer does not ask for reimbursement, is also important. These items are legitimate expenses incurred to run a society. The donations actually increase your society's annual gross income.

If a society neglects to set up a system to identify and record these donated items, it is difficult to assess the true cost of running the society. There is no guarantee that future volunteers will be able or willing to donate the costs they incur for the society. Mileage and travel expenses related to meetings are usually not reimbursed by a nonprofit society, but it is worthwhile for the society to track them. In the event that your society applies for a grant or loan the amounts donated show the commitment of your community to the society, with charitable donations showing as a higher proportion of the gross income and the additional expenses reflecting the true activity of your society.

What is a Charitable Deduction?

According to *IRS Publication 526 Charitable Contributions* (rev. December, 2000), "A *charitable contribution* is a donation or gift to, or for the use of, a *qualified organization*. It is voluntary and is made without getting, or expecting to get, anything of equal value." Publication 526 can be downloaded from the IRS Web site <<http://www.irs.gov>> or ordered through your local IRS forms center (check your telephone directory). This publication offers

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examples of charitable deductions. Societies should keep an updated copy of the publication in their treasurer's book to help answer a volunteer's questions.

What expenditures can your volunteers claim as tax deductions?

A good rule of thumb is that items used exclusively for the business of the society may usually be claimed as a donation. Board members and officers might incur expenses for items such as notebooks and file boxes dedicated to society business (if passed on to the next person performing the job or left in the society's library or business office), ink and paper used for society reports or publications, postage, and food for society meetings. They can also deduct expenses for publications relating to the running of a society, phone charges for society calls, and possibly Internet service, if they sign on solely to fulfill their society duties.

Volunteer teachers and lecturers should claim the costs of lecture preparation, publications related to those activities, class materials provided for classes which are not paid for by the society, and mileage to the activities. Teachers and lecturers who receive honorariums, or collect class fees, should set up their bookkeeping system as a small business. The majority of their expenses should be deducted as business expenses rather than as a donation to a society.

Note: If you pay your teachers and lecturers, be aware of the 1099 reporting requirements. Currently, any independent contractor who is paid over \$700 should be given a 1099 at the end of the tax year and a copy should be filed with the IRS. See IRS Publication 1099 Instructions for more information.

Mileage:

Volunteers can claim actual expenses for the fuel and oil expended on society business. It can

be tedious to track these expenses. It is much easier to use the standard mileage deduction. This deduction is not the same as a business mileage deduction, which factors in depreciation and repairs. The standard mileage deduction has been 14¢ for the last few years, but it is subject to change. Your volunteers can find the current donation mileage rate on the IRS Web site or by calling the IRS. Acceptable mileage would include driving to board meetings or to put in a shift at the library, and driving to purchase supplies, or deliver society publicity materials to local research facilities. Volunteer teachers, lecturers, facilitators, and mentors can deduct mileage to classes, seminars, and even to an individual's home if they are visiting the home in their mentor capacity. Volunteers involved in projects such as on-site indexing of records or cemetery reading can claim their mileage.

Mileage to regular society meetings and seminars may be deductible if the volunteer attends the function as a volunteer rather than as a general member who is taking advantage of the learning activities. A volunteer selling publications at an Irish Research Seminar, who has no Irish ancestry, could definitely declare the cost of mileage to and from the event. The member who helps at the registration table in the morning, but attends primarily to hear the Irish research tips, probably could not claim the costs.

Travel Expenses:

Travel expenses are subject to the same type of limitations. Volunteers must ask themselves if they are personally benefiting more than they are giving. Would they have made the trip anyway? Would they have stayed as long? Any travel expenses that volunteers would not have incurred if they did not have society responsibilities can probably be claimed as a donation. Expenses to consider are airfare, surface transportation, lodging, meals and meeting fees. One item to note is that meals and lodging expenses are not restricted by per diem rates as they might be in the case of a business

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deduction. However, these costs must be reasonable.

If your society covers a large area and board meetings sometimes require an overnight stay, expenses (transportation, lodging, meals) incurred to attend those meetings are a donation to the society and thus deductible. Extending the meeting into a mini vacation does not change the ability to claim these expenses. You can still include transportation to and from the meeting site, lodging used, without the extension days, and meals for the meeting days only. The IRS is likely to accept the fact that you would not make the trip if you were not required to attend the meeting.

This same rule does not necessarily hold true when attending a conference, seminar, or board meeting in an unofficial capacity. The IRS looks to see that the majority of your time was spent on society business, rather than for personal gain. If you must attend a meeting in conjunction with the conference, you should be able to declare expenses as listed above as a donation. However, additional conference days are personal expenses unless you can support the fact that attendance throughout the conference was necessary for society business. Registration for the conference itself is a

donation if attending the meeting is required.

If you spend more than half of each day manning a booth for your society you are probably entitled to deduct the cost of lodging and meals for those days. Conference fees, themselves, would probably not be deductible in this case unless you are required to register for the conference to sit in the booth.

Volunteer teachers and lecturers, who attend sessions in an effort to enhance the classes and seminars they present, should be able to declare the entire cost of the conference or seminar as an educational expense donation.

One exception to this rule is that a society may designate a delegate to a conference. This person is entitled to deduct the cost of the conference even if their personal benefit is as great or greater than that of the society. This delegate must, however, act in that capacity in order to justify the donation deduction. If a society designates a delegate and that delegate does not attend the delegate events and classes, they do not act in their capacity as a delegate and the costs of the conference should not be claimed as a donation. Societies that send delegates to a conference should ask for a report on the conference activities.

Society Name		Donated Expense Voucher						
	Name _____		Date Recorded _____					
	Board Position _____		Receipt Sent _____					
	E-mail _____							
	Phone _____							
Date	Description	Supplies	Travel				TOTALS	MILEAGE
	TOTALS							
Signature _____				Date _____				

Figure 1 – Donated Expense Voucher

Maximize Your Volunteer Donations

Non-Deductible Expenses:

An item that a volunteer returns to private use at the end of its current society use does not qualify as a deductible donation. For example, if the newsletter editor purchases a printer, it is deductible only if the printer is used exclusively for the newsletter and is either worn out or passed on to the next editor at the end of the current editor's term. However, if another member gives the printer to the editor for society use, the entire cost is a donation from that member. The item must be passed on at the end of the editor's term or it would be considered a gift to the individual.

Vouchers and Receipts:

Volunteers often spend money as they fulfill the requirements of a project or an office. A **Donated Expense Voucher** (figure #1) included in your society's volunteer materials will help track expenses throughout the year. The voucher will meet the IRS requirement that a nonprofit society provide a donation receipt for donations over a specified amount. The voucher should include a place for the volunteer's name, position, and contact information. The volunteer must sign the form as a guarantee that the expenses are legitimate. The expense voucher columns can easily be adapted to reflect the accounts set up in your society's bookkeeping system. Possible column designations include those for supplies, meeting

expenses, postage, travel, education, or anything else that fits your normal bookkeeping system.

Another option is to establish one column for amounts and a second column in which you designate the expense category.

When the society receives the form from the volunteer, the treasurer (or other person responsible for tracking volunteer contributions) should make a copy of the form. The copy should be signed and dated to make it official. Attach the receipts submitted to the copy and return it to the volunteer as a receipt for their donation. They should keep the form and receipts with their annual tax information.

The original form (signed and dated by the person who accepted the form) should go through the society's bookkeeping system and filed with the society's receipts. The total should be treated as donation income and the actual items entered as expenses, just as if a check had been written.

If you follow these simple procedures, both your volunteers and your society will reap the benefits of a well-managed volunteer donation program.

Web site to visit for more information:

<<http://www.irs.gov>> The Internal Revenue Service – especially IRS Publication 526 and 1099 Instructions

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