

CZC CONTRIBUTION POLICY

INTRODUCTION

California Zoroastrian Center ("CZC" or "Center") is a qualified [charitable organization](#) exempt from federal income taxes under IRC Sec 501(c)(3). Contributions to the center are deductible for federal income tax purposes under the rules and regulations established under the current provisions of the [Internal Revenue Code](#). Our Tax ID number is: 95-3691165

TYPES OF CONTRIBUTIONS

A charitable contribution is a donation or gift to, or for the use of, a qualified organization. It is voluntary and is made without any expectation of return. Pursuant to the current regulatory scheme, a contribution to the center is considered as either:

- 1) "Undesignated," which is directed to support the yearly budget of the center through the CZC General Fund and is relied on to fund the budget and programs of the Center; or
- 2) "Designated contribution," which is directed towards supporting approved funds or projects of the center (which may or may not include apportionment to the yearly budget.)

Gifts to programs not administered by the Center shall not be accepted. Donors shall be told to send these gifts directly to the organizations that are the intended recipients.

The purpose of this policy is to set forth how both kinds of gifts will be treated in order to be considered as a tax deductible contribution. This policy does not deal with love offerings¹ or gifts to employees.

For purposes of this policy, the following terms are used:

CASH OR CHECK TAX DEDUCTIBLE CONTRIBUTION (IRS 170)

A gift of cash, check, or property is deductible by donors as charitable contributions pursuant to the current provisions of the IRS code. Such gifts are given to a qualified organization, such as CZC, by a donor who receives no tangible benefits from the gift and gives up full control of the gift for the organization to use for its purpose and mission. Cash gifts are included as a charitable contribution to the extent the Center is able to identify the donor.

UNDESIGNATED GIFTS

Undesignated gifts are those gifts given without stipulation by the donor. These gifts comprise the majority of the Center's total receipts. They are relied on to fund the budget for employees and programs of the Center.

DESIGNATED GIFTS

The Center will accept designated gifts if they are specified for an approved project, activity or program administered by the Center. Gifts to activities or programs not administered by the Center cannot be accepted and Donors shall be told to send those gifts directly to the organization that is the intended recipient.

According to IRS Regulations, in order for a gift to be considered a tax deductible gift, the center must maintain full control over how the gift is used. The donor cannot create restrictions on how the Center may use a charitable contribution. Any gift given must be free of conditions for the Center to use as it is necessary. An example of a personal benefit contribution is to a Center building fund.

However, if a donor's contribution specifies that the contributions are to be directed towards a designated individual, then no deduction ordinarily is allowed unless the Center exercises full administrative control over the donated funds. Designated contributions that ordinarily are not deductible include contributions to a Center scholarship fund that are earmarked for a specific individual. However, contributions to the Center that specifies use by or for a particular purpose may be tax-deductible if the center exercises full administrative and accounting control over the contributions and ensures that the contributions are spent in furtherance of the center's mission.

The Center may, from time to time, accept special gifts and/or offerings for a predetermined purpose. Documentation of such gifts will be included on a donor's statement of annual giving based on the Center's ability to identify the donor.

STATUS OF DESIGNATED GIFTS TO INDIVIDUALS OR GROUPS WITHIN CENTER

- 1) To qualify as a charitable contribution, gifts must be made to, or for the use of the Center. The Center must control the funds. Under the current regulations, the IRS looks at the substance and not the form of a transaction as the controlling factor. The Center shall consider whether the donor intends to make a contribution to the Center or whether the donor only intends to benefit the designated individual by using the Center to obtain a tax deduction on an otherwise non-deductible gift.
- 2) Contributions designated (restricted) to a **group or organization within the Center** (i.e. Sunday school class) for the class' exclusive use and under its total control are not deductible contributions to the Center. (Classes are not 501(c) (3) organizations) The Center cannot add this designated (restricted) contribution to a member's giving record because the Center does not have any control over the contribution.
- 3) Gifts intended to benefit a specific individual instead of supporting the Center are **not** tax deductible.
 - a) Internal Revenue Service Publication 526 prohibits deducting contributions to specific individuals even if they are needy or worthy of the gift. This includes contributions to a qualified religious organization if the contribution is for a specific person.
- 4) A donor normally may not make a deductible contribution to a designated fund, such as Scholarship Fund, from which a family member (grandchild, child, sibling, spouse, parent or grandparent) will benefit.
- 5) Designated gifts cannot be made to a specific budget line item.

GIFTS TO INDIVIDUALS

Gifts designated to a specific individual do not qualify as charitable contributions under IRC Regulations. Gifts designated as either a love offering or benevolence to a designated individual will be earmarked upon such time when a proper administration of the funds can be allocated in accordance with the IRS regulations. These gifts will not be reflected on the donor's record of giving.

Exceptions to this rule:

1. Gifts designated to our center's benevolence fund which is administered by the center. In this case the center determines the recipient. These gifts will be acknowledged on the donor's record of giving.
2. Gifts designated to a Love Offering which has been authorized and will be administered by the center for an individual. These gifts will be acknowledged on the donor's record of giving.

NON-CASH GIFTS

The Center will accept most types of non-cash gifts, provided the gift is determined to be related to the purpose of the Center and in the Center's best interest. Per IRS regulations, the Center will acknowledge receipt of the gift by letter with a brief description of the item donated and date of ownership transfer.

The Center is not permitted to estimate the value of property gifts and is not responsible for appraisals to determine the fair value of donated property. The estimated fair value of the gift will not be reflected on the letter or the donor's record of contribution. It is the donor's responsibility to determine the fair market value of the gift.

The Center may accept gifts of property after approval by the Center. In the case of such gifts, it is the donor's responsibility to determine and document the appraised value of the contribution to support any tax deduction. The Center will provide documentation acknowledging acceptance of the gift, date of ownership transfer and description of the contributed property. The Center is not permitted to determine estimated value of property gifts.

Noncash contributions over \$5,000 must be substantiated with a contemporaneous written acknowledgement, with a qualified appraisal prepared by a qualified appraiser, and a completed Form 8283, Section B, that is filed with the return claiming the deduction.

STOCK GIFTS

The center is able to accept gifts of stock; however, in such an instance, no cash contribution will be posted. The Center's Board of Trustees shall provide details on how to contribute stock to these donors. The value reflected on the donor's contribution statement will be equal to the value of the stock when the Center receives it. However, the deductible amount allowed by the IRS depends on information that the donor should obtain from their broker. Donors are encouraged to confer with their broker or financial advisor as to the exact value that they can deduct.

Upon receipt of the stock, the Center will provide a receipt which shall include: (1) the date (the day the certificate is delivered) (2) the donor's name, (3) the Center's name, (4) the number of shares given, and (5) the name of the company as it appears on the stock certificate or other tangible document.

QUALIFIED VEHICLE DONATION

Donors do not need a written appraisal for a qualified vehicle—such as a car, boat, or airplane—if the deduction for the qualified vehicle is limited to the gross proceeds from its sale and the donor obtained a contemporaneous written acknowledgment.

PERSONAL SERVICES DONATED IS A NON-DEDUCTIBLE ITEM

The value of personal services donated is not deductible as a charitable contribution. The center relies heavily on volunteers to fulfill its functions. However, donations of this type cannot be reflected on the individual's record of giving.

The value of services rendered to charitable institutions such as the Center is not deductible under current tax laws. Individuals including skilled laborers, such as plumbers and electricians, who donate their time and materials, may receive tax credit for materials but not for labor.

Transportation or other travel expenses (including meals and lodging) in performing services away from home on behalf of the Center are deductible if there is no significant element of personal pleasure, recreation, or vacation. Expenses incurred in connection with attendance at a Center conference, convention or similar event are generally deductible only if the individual attends as the Center's designated representative and direction. Expenses are not deductible if the individual attends simply as a member of the Center. When an individual pays for expenses directly, the individual is responsible for maintaining records pertaining to such expenses.

UNREIMBURSED EXPENSES INCURRED ON BEHALF OF THE CENTER

Donors can receive contribution credit for items bought for the Center's functions instead of being reimbursed. The Center is always grateful for the generous spirit of its members and attendees and wants to accommodate this request. The Center must establish an adequate trail to substantiate the gift. As a result, the Center will require these donors to submit a check request for the reimbursement—approved by the appropriate committee's leader and board. The donors can then return the money as a contribution and designate it to the function that incurred the expense.

DONATION OF THE USE OF PROPERTY

Use of property cannot be claimed as a charitable contribution eligible for tax deduction. The Center may determine to accept the use of property in such cases where the donor understands that no deduction is allowed.

CONTRIBUTION STATEMENTS

On an annual basis, the center will provide to the donors a record of cash contributions received in accordance with rules and regulations required by the IRS. Non-cash gifts will be acknowledged by letter, in compliance with IRS rules and regulations.

Purchase of goods and services, including tickets to Center events or programs, usually presumes payment of an amount representing the actual value of such goods or services. In such cases, the burden is on the tax payer to show that the amount paid is not the actual value or that the payment exceeds the fair market value of the admission, in which case only the difference (i.e., the difference between the value of the item purchased and the amount paid) can be deducted. Sponsoring Center groups may determine a fair value for their event, goods or services, and provide that information on the ticket or receipt. In that situation, the donor is responsible for maintaining records related to any deduction he or she may claim.

REFUNDING A CHARITABLE CONTRIBUTION

Undesignated charitable contributions – These gifts will not be returned to the donor. To refund these gifts would be contrary to the basic definition of charitable contributions and could have possible tax implications for the donor and potentially create liability for the Center.

Designated gifts for a fund or special project – Every reasonable effort will be made to use the designated gift for the purpose in which it was designated. However, if the fund or special project no longer exists, the Center will make every reasonable effort to contact the donors of such gifts to give the donor the option of re-designating the gift to a different fund (or to the general fund) or refunding it.

The donor needs to be aware of the possible need to file an amended tax return if the gift is refunded and the deduction was claimed in a previous year. This procedure is only appropriate for those donors who can be identified. For donations that cannot be identified, the trustees and administrative team will best allocate such funds for the benefit of the Center.

GIFTS MUST BE DELIVERED BEFORE THE CLOSE OF THE CALENDAR YEAR

Per IRS Regulations, charitable contributions must be claimed in the year in which they are delivered to the Center. Delivery date is the date it is actually received by the Center (Post-dating a check is not an acceptable practice). The exception is if the check is mailed through the United States Postal Service (USPS) to the Center, and it is postmarked in the year that the check is mailed. In such an instance, even if the check is received early in the following year, the postmark by the USPS will be considered as the delivery date.

CONCLUSION

The Center respects its donors and their decisions to donate. The above policies are implemented to provide guidance to donors and the Center to be able to comply with all [applicable tax laws](#). The Center always reserves the right to refuse contributions that are not related to the primary purpose of the Center, not in the best interest of the Center, or lacks qualification in any other respects.

Please call the Administrator's office for additional information or questions.

This policy is not intended to constitute tax or legal advice. Contributors should rely on their own tax and legal advisors to answer specific questions they may have concerning the tax treatment of their contributions.

Approved by: Board of Trustees July, 2020

¹ There are generally four circumstances where a contribution is considered a love gift: (1) To meet a benevolent need, (2) to compensate a visiting Mobed, (3) to compensate an employee, or (4) to bless another religious entity of the same denomination.