

# Giving to charity? Know this first

[Doug Schneider](#), USA TODAY NETWORK-Wisconsin Published 12:27 p.m. CT Feb. 9, 2017 | Updated 5:38 p.m. CT Dec. 7, 2017

*In the season of giving, 7 things to know before you donate to charity*



*(Photo: Dan Powers/Post-Crescent Media)*

Like many Wisconsinites, you're probably thinking about giving to a charitable organization this holiday season. But with so many groups asking for your money, how do you find the one that best does what you want your donation to do?

The Christmas season is the time of year when you'll get the most requests for your money, materials and time.

Charities know that Christmas is the best time to ask for help — people have giving on their minds, which makes the season a natural, and much of the more than \$300 billion that will be given to charities this year will happen this month. It only makes sense; Christmas happens at a time of year when many charities see their clients' needs

grow: homeless shelters, for example, begin to see their numbers swell as temperatures begin falling below freezing on a regular basis.

Meanwhile, many donors are giving serious thought to the tax returns they'll have to file in the coming months and doing all they can to limit the amount of money they'll have to send to Washington and Madison. Charitable donations are one way to limit those amounts.

But how can you be sure what's deductible and what isn't?

And with thousands of organizations, some charitable and some not, asking for money, how can one tell if a donation can legally be deducted? Wisconsin has almost 35,000 organizations that are tax-exempt. Not all, though, are charities, meaning a "donation" to them doesn't translate to a tax write-off.

With this story, USA TODAY NETWORK-Wisconsin has assembled a guide getting the most from your charitable giving — whether it involves donations you made in 2017, or are considering making in the coming year (perhaps with that income tax refund you're expecting).

Here are some important things to know.

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In this story, we address key topics to ensure that your donation goes to a qualified organization and you can legally deduct it. You'll find resources to help you dig deeper — from links to specific Internal Revenue Service tax forms to ratings from impartial organizations to links to some of the nation's highest-rated charities

Also, we've built a first-of-its-kind [searchable database of 35,000 Wisconsin's charities and tax-exempt organizations](#). The tool can help you choose an organization to support; it's searchable by community, type of charity, or both. It also will give you a snapshot of the organization's finances, as reported in the groups' filings with the IRS.

Use this handy search tool to connect with the type of organization you're interested in — in or near your community.

» Want to help the homeless at Christmastime? Our database tells you who does that.

» Have a soft spot in your heart for animals? The database tells you which local organizations share those values.

» At this time of turmoil in our national government, do you want to offer financial support to a charitable organization that fights for human rights? The database can help you with that, too.

**RELATED:** [How to get the best use from our database of 35,000 tax-exempt organizations in Wisconsin](#)

## Make sure it's legit

The last thing you want to do is write a check or donate some items, then find out your contribution didn't go to a charity. Use [IRS Organizations' Select Check](#) see whether an organization has status as a tax-exempt, charitable organization, commonly called a "[501\(c\)\(3\)](#)."

[Guidestar.org](#) is another site that has information about nonprofit status. It also enables you to see financial snapshots for thousands of individual organizations.

If you visit the organization, ask to see a confirmation letter from the Internal Revenue Service that they have nonprofit status.

## Be sure your gift is deductible

Not every contribution is. Donations to political candidates and organizations, for example, are not deductible. And some organizations have tax-exempt status but aren't charities — municipal electric co-ops, and organizations that administer retirees' pensions are examples.

"No charitable contribution deduction is allowed for gifts to certain other kinds of organizations, even if those organizations are exempt from income tax," says [Charity Navigator](#). "Contributions to foreign governments, foreign charities, and certain private foundations similarly are not deductible."

[IRS Publication 526, Charitable Contributions](#), spells out rules on what constitutes a qualified organization.

## Obey legal limits

Writing a check to a charity doesn't always mean that 100 percent of the amount is deductible.

If you get something in return — say, at a charity auction where your winning bid is more than the actual value of the goods or services in question -- you can deduct only the difference between the fair market value of the benefit, and what you paid for it, according to the IRS. Fair market value is generally the price at which property would change hands between a willing buyer and a willing seller, with both having reasonable knowledge of all the relevant facts.

Also, a number of items such as clothing aren't deductible if they're in poor condition — they must be in good used condition or better to be deductible, the IRS says.

Special rules apply to donations of used cars and trucks. They're too detailed to explain here, so check [the IRS website](#).

## Do your homework

It pays to research organizations to which you're considering donating. The organization's website is a great place to learn the basics. The group's annual report will enable you to take things a step further. Charities with similar-sounding missions might approach have significant differences in what they do. While all provide value, some might better align with your wishes as a supporter.



Happily Ever After Animal Sanctuary founder Amanda Reitz plays with some of the dogs at the no-kill shelter's new Green Bay Adoption Center at 2255 Fox Heights Lane in Ashwaubenon. Reitz started the nonprofit organization 10 years ago in her late grandfather's vacant barn near Marion. (Photo: Sarah Kloepping/USA TODAY NETWORK-Wisconsin)

One animal shelter, like [Marion-based Happily Ever After](#), might have a strict no-kill policy; another will sometimes euthanize animals. A charity with a medical mission might put all its efforts toward research seeking a cure, while another focuses on aid and support for patients and/or their loved ones. One literacy group might focus on tutoring and instruction, like [Literacy Green Bay](#), while another might exist solely to provide training materials.

## Dig deeper

If you're the type that likes ratings and lists, you'll enjoy the Charity Navigator website. It provides "top 10" lists by subject.

You can find consistency ([10 with consecutive four-star ratings](#) — like New York's [Children's Aid Society](#)), growth ([charities expanding in a hurry](#) — hello, [Toby Keith Foundation](#)) and thrift (Iowa's [The Gospel Mission](#) and other charities whose [CEOs are paid far less than the industry average of \\$150,000](#)).



*(Photo: Shu-Ling Zhou/of Oshkosh Northwestern Media)*

Of interest to Wisconsinites: [46 charities](#) that earned the group's four-star rating, including United Way organizations in [Brown County](#), [Dane County](#), the [Fox Cities](#), [Marathon County](#), [Greater Milwaukee](#), [Oshkosh area](#) and [Portage County](#).

Those are positives; the site also will tell you some charities it says [are overpaying for fund-raising](#).

If you'd prefer to see an organization's actual financials, visit [Guidestar.org](#). The site allows you to view a group's three most-recent IRS filings, which often list what the organization pays its top executives. The service is free.

## Keep proper records

Most donations require a supporting document if you're going to deduct the donation on your tax return. The big ones, according to the IRS, and the forms you'll need:

- ▶ To deduct any charitable contribution, you must file [Form 1040](#) and itemize deductions on Schedule A.
- ▶ To claim a deduction for contributions of cash or property of \$250 or more, you must have a bank record, payroll deduction records or a written acknowledgment from the

qualified organization showing the amount of the cash and a description of any property contributed, and whether the organization provided any goods or services in exchange for the gift.

► If your total deduction for all noncash contributions for the year is over \$500, you must complete [IRS Form 8283, Noncash Charitable Contributions, with your return](#).

► Taxpayers donating an item or a group of items valued at more than \$5,000 must also complete Section B of Form 8283. That generally requires an appraisal by a qualified appraiser.

Finally, contributing via check can help protect you against scams by ensuring that your payment is going to the nonprofit. "Be sure to write any check to the organization and not to the individual soliciting," the [Wisconsin Department of Trade and Consumer Protection](#) recommends. "NEVER contribute in cash or send cash through the mail."

## Individual donations matter

Donations to nonprofit organizations have risen in three previous years, [hitting a record \\$373.25 billion in 2015](#) (figures for 2016 aren't available yet).

Most of Americans' charitable giving — \$71 of every \$100 — [came from individuals](#), according to GivingUSA.org. Religious groups received 32 percent of those donations; educational organizations took in 15 percent.

And individual donations [might be greater than 71 percent](#), reports, CharityNavigator.org, which has evaluated charities since 2001.

"Add in gifts from bequests and family foundations, which are essentially gifts from individuals, then the category accounts for nearly 80 percent of all giving," the organization says. "In other words, the donating public, not big foundations or corporations, is responsible for the vast majority of annual donations."



*(Photo: File/AP)*

It's not just a handful of wealthy individuals — the Warren Buffetts, Bill and Melinda Gates and George Soros of the world — who are giving, either, though [their millions in donations](#) certainly matter. In Brown County, for example, 82 percent of adults donated to charity in 2016, [according to a study](#) released in early 2017.