

**KNIGHTS OF COLUMBUS
COLORADO STATE COUNCIL
COLORADO CHARITIES FUND, INC.**

**RECEIPT AND RECORDKEEPING OF PASS THROUGH CONTRIBUTIONS
OPERATING PROCEDURE**

INTRODUCTION & BACKGROUND:

- The Internal Revenue Code (IRC) provides that individuals can only claim charitable deductions made to 501(c)(3) organizations.
- Knights of Columbus councils are 501(c)(8) organizations, Fraternal Benefits Society, under the Supreme Council's group exemption. Donations made to a council, even for a specific charitable purpose, are not deductible by the donor as charitable contributions under most circumstances.
- The only Knights of Columbus 501(c)(3) organization in the state of Colorado is the Colorado Knights of Columbus Charities Fund, Inc. Individual contributions to this charity would qualify for donor tax deduction.
- Various situations emerged where individual Knights of Columbus councils throughout the state of Colorado want to collect donations for worthy charitable causes from individual donors and have those individual donations qualify as tax deductible for the donor. The best available option is to have the Colorado Knights of Columbus Charities Fund, Inc. receive the donations.
- To ensure all Knights of Columbus Councils in the state of Colorado are compliant with the IRS and still have the opportunity to sponsor charitable projects where individual donations can be deductible; the Knights of Columbus Colorado State Council Officers and Colorado Knights of Columbus Charities Fund, Inc, Executive Committee establish the following procedures.

PROCEDURE:

• **COUNCIL REQUIREMENTS:**

1. Council must first obtain approval from the Colorado State Council and Colorado Knights of Columbus Charities Fund, Inc. officers before initiating a charitable project or activity where donations are to be tax deductible.
 - A. Proposal must be made in writing to the State Deputy and/or the Charities Fund, Inc. President and describe, in sufficient detail, the purpose and scope of the proposed charitable project/activity and the name and contact information of the project officer.

B. Council must allow sufficient time for the state and charities officers to render a decision and should submit proposal a minimum of **60 days** prior to project start date.

2. Once approval is received, council can begin its project/activity and begin receiving donations.

A. Councils must document donations received using attached Excel Spreadsheet which creates record of name, address, e-mail, amount of donation, type donation (check/cash) and date donation received.

B. Council must mail the spreadsheet and collected donations to the Charities Secretary for proper accounting and issuance of receipts to donors.

- **CHARITIES FUND, INC REQUIREMENTS:**

1. Charities Fund Secretary and Treasurer will determine proper line item under which to track project donations.

2. Record/deposit Funds.

3. Charities Secretary will issue receipt/letter to individual donors using following guidelines:

A. Individual donors, under the provisions of IRS Publication 1771, *Charitable Contributions-Substantiation and Disclosure Requirements*, have the requirement to maintain proper bank records or receipt or letter from the charity receiving the contribution. The charitable organization receiving the contribution can assist the donor by issuing a timely written statement containing the following information:

(1) Name of organization

(2) Amount of cash contribution

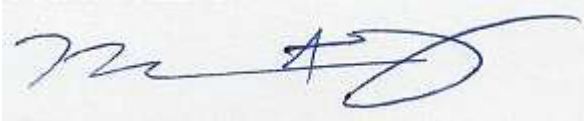
(3) Statement that no goods or services were provided by the organization in return for the contribution

NOTE: There is no requirement that the receiving charitable organization issue a receipt or letter to individual donors for contributions less than \$250. The organization must issue a receipt or letter to each donor that makes a single contribution equal to or greater than \$250.

B. There are no specific IRS forms for the acknowledgement of individual donations. IRS Publication 1771 provides that the acknowledgement can be a letter, postcard or computer generated form as long as it contains the required information listed above.

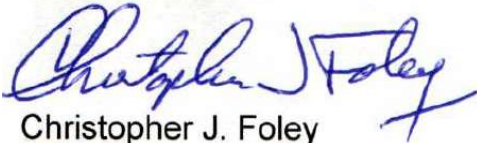
C. Suggested template provided as attachment 2 to this document, however Charities Secretary can substitute his own document as long as it contains required information as follows: "Thank you for your cash contribution of \$_____ that Colorado Knights of Columbus Charities Fund, Inc received on _____. No goods or services were provided in exchange for your contribution."

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Marc A. Solome", written over a light gray rectangular background.

Marc A. Solome
Colorado State Advocate

APPROVED:

A handwritten signature in blue ink, appearing to read "Christopher J. Foley", written over a light gray rectangular background.

Christopher J. Foley
Colorado State Deputy and President, Colorado Knights of Columbus Charities
Fund, Inc