

## SWEET ADELINES INTERNATIONAL CORPORATION

### Charitable Contributions and Unreimbursed Expenses

2016

Since Sweet Adelines International Corporation qualifies as a tax exempt organization under 501(c)(3) of the Internal Revenue Code, certain expenses paid by members in connection with the activities of the organization may be deductible as charitable contributions on Schedule A of the 1040 federal income tax return.

In order to provide guidance to its US members, Sweet Adelines International Corporation, in conjunction with the organization's accounting firm, has compiled the following list of guidelines regarding charitable contributions and unreimbursed expenses for the member's reference. Since each member is responsible for their own taxes, they may elect to use these guidelines at their own discretion.

#### Charitable Contributions and Membership Dues

A charitable contribution is a donation or gift to/for the use of a qualified organization, paid within the taxpayer's tax year, within the applicable statutory ceilings for individuals, and meets certain substantiation requirements.

Membership dues may be deductible as charitable contributions. Only the part made with the intention of making a gift and for which the taxpayer receives no consideration qualifies as a contribution. Certain membership benefits can be disregarded if the annual payment to the qualifying organization is \$75 or less. However, you can pay more than the required dues and deduct the difference between the amount given and the value of any benefits received. To determine the amount that may be deductible, please ask for a breakdown of what is included in your membership dues.

#### Unreimbursed Expenses

Although no tax deduction is allowed for the value of services you perform for a charitable organization, some unreimbursed expenses paid by members in connection with the activities of Sweet Adelines International Corporation may be deductible as charitable contributions. These deductions are permitted for out-of-pocket costs you incur while performing services for Sweet Adelines International (subject to the deduction limit that generally applies to charitable contributions).

The following are some examples of expenses that may deductible as charitable contributions:

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- \_ Away-from-home travel expenses - expenses incurred while performing services for the charity or compulsory attendance at competitions (out-of-pocket roundtrip travel cost, taxi fares and other costs of transportation between the airport or station and hotel, plus lodging and meals). However, these expenses aren't deductible if there's a significant element of personal pleasure associated with the travel.
- \_ Cost of entertaining others on behalf of a charity - entertainment expenses, such as dining with a potential large contributor would be deductible (but the cost of your own entertainment or meal is not deductible).
- \_ Vehicle expense - if you use your car while performing services for a charitable organization you may deduct your actual unreimbursed expenses directly attributable to the services, such as gas and oil costs. Alternatively, you may deduct a flat .14 cents (fourteen) per mile for charitable use of your car. In either event, you may also deduct parking fees and tolls.
  - \_ Cost of a costume, shoes and accessories - costumes you wear when you do volunteer work for the charity can be deducted as long as the costume has no general utility. You can also deduct the cost of cleaning the costume.
  - \_ Cost of music - music required by the chapter would be deductible as long as there isn't a significant element of personal use or enjoyment.

The following are some examples of expenses that are not deductible:

- \_ Child care - these expenses are not deductible even if necessary to perform the volunteer work for the qualified organization.
- \_ Costs of meals - meals are not deductible while performing services for a qualified organization unless it is necessary to be away from home overnight while performing the services.
- \_ Raffles, bingo, lottery, etc. - the amounts paid to buy raffle or lottery tickets or to play bingo are not deductible as charitable contributions.

### Substantiation of Charitable Contributions

No charitable deduction is allowed for a contribution of \$250 or more unless you substantiate the contribution by a written acknowledgment from the charitable organization. The acknowledgment generally must include the amount of cash, a description of any property contributed, and whether you received anything in return for your contribution. This presents a problem where you as a volunteer make a contribution on behalf of rather than directly to a charity.

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In order to provide adequate substantiation for your deductions, the following steps should be taken:

- \_ Maintain detailed records of your out-of-pocket expenses: receipts plus a written record of the time, place, amount, and charitable purpose of the expense.
- \_ Obtain written documentation from the charity about the nature of your volunteering activity and the need for related expenses to be paid. For example, if you travel out of town as a volunteer, request a letter from the charity explaining why you were needed at the out-of-town location.
- \_ If you are out-of-pocket for substantial amounts, you should submit a statement of expenses and, preferably, a copy of the receipts, to the charity, and arrange for the charity to acknowledge in writing the amount of the contribution.

As stated earlier, the purpose of this memorandum is to provide guidelines as to the deductibility of charitable contributions and unreimbursed expenses. Because individual facts and circumstances vary, it is impossible to provide hard and fast rules that apply in all cases. In certain situations there may be no clear answer as to the treatment of a particular expense.

Therefore, each member is encouraged to consult with their own tax advisor regarding the treatment of specific expenses.

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