



THE PRESBYTERY OF LONG ISLAND

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To ALL Church Officers:

I am writing this letter to you because of a nation-wide problem affecting an incredibly large amount of not-for-profit organizations. The results of these situations not only put in jeopardy, the tax-exempt status of your church, but it can also lead to criminal prosecution and even incarceration of the officers of the church.

The first problem is with donations. If someone makes a donation to your church for more than \$250, the following disclaimer **MUST** be included on the receipt, **“No goods or services were provided in exchange for your contribution.”** Additionally, if the receipt is for a non-cash donation, you **should not** include a value for the donation, unless you have something substantial that can verify the value. The IRS is fining and penalizing tax-payers because the receipts they are producing **do not** have the above disclaimer included. They are also holding non-profits liable for supplying receipts for non-cash donations that contain a value **without being able to substantiate that value**. Those churches with Thrift Shops are very susceptible.

The second problem is with **Payroll Taxes**. Those churches that have staff are **required** by law to pay payroll taxes. Many churches are under the impression that because they are tax-exempt, payroll taxes doesn't have to be paid. Even worse, many churches are paying their payroll taxes late. Taxes withheld from staff for the purposes of payroll taxes must be deposited **on time**. Some church treasurers are paying other bills, electing to send in the deposits for payroll taxes when convenient. Unfortunately, this is tantamount to embezzlement, and the officers of the church are liable.

I encourage you to take a moment and go over the procedures in your church to be sure that you are in line with IRS standards. Please call me if you need to discuss your situation, or have **ANY** questions on this. It is paramount that we make sure we are all in compliance.

Respectfully and sincerely,

Deacon Patrick J. Knight
Treasurer, Presbytery of Long Island