

With Micro-Donations, Good Things Can Come in Small Packages

Donations to nonprofits plunged during the latest recession and have been edging their way to healthier levels ever since. But many contributors today can afford only small gifts in a still-tight economy. Enter the micro-donation.

Realizing the Purpose

Micro-donations are often defined as gifts of an amount that a person wouldn't think twice about spending. Their popularity has increased in the last several years, and no wonder. When money's tight, individual donors may back away from a request to donate \$200 or more to your organization. But donating \$20 a month via an automatic checking account deduction may fit their budget, even though the total contribution will be larger. Micro-donations make giving doable for more people.

Also, younger people may be able to afford only small donations now, but as they progress through life they will likely be able to donate a lot more. Small contributions are a great way to draw them into your organization and start to build a relationship.

Large and Small

Campaign organizers would love to get large, generous donations, but they don't want to exclude the little guy, either. Including wording in your fundraising material — such as “Every dollar counts” or “No donation is too small” — legitimizes the micro-gift.

This can help encourage donations from all donors, regardless of their financial resources. Also remember that donors with deeper pockets are usually contacted by multiple charities during fundraising campaigns. Micro-donations give the bigger donor an opportunity to contribute to a number of organizations. And a micro-donation from such a donor this year could even turn into a macro-donation in the future as the donor gets to know your organization.

Expressing Thanks

While your organization might not consider a \$15 or \$30 gift “big,” it may be a significant contribution for the person making it. Thank micro-donors promptly and show them how you're putting their money to work.

For example, a social service agency could inform donors that their \$15 contribution paid for a Christmas toy for a needy child. A veterans association could list the everyday household items that were purchased for a vet with a \$30 donation.

Substantiating the Gift

If the micro-donation is made in cash, the donor will need a receipt from you to substantiate a tax deduction, no matter how small the donation.

Micro-donors who make their gifts via a check, credit card or payroll deduction don't have to receive substantiation from your nonprofit to deduct the gift on their income tax return. But sending a letter of acknowledgment is another way to show your appreciation.

This [Contribution Documentation Checklist](#) can help you identify issues that need to be addressed for a donor to properly claim a contribution deduction.

Successful Efforts

Micro-donations are a necessary revenue stream for many not-for-profits. Your fundraising in this area can be successful when you realize the importance of small donations and the people who make them.

About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving not-for-profit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. Since 1972, the firm has served mission-focused not-for-profit organizations, churches, and higher education institutions by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at capincrouse.com.

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