


Review Questions and Final Exam

Course name:	Charitable Contributions-2009
Course number:	1011.09
Number of questions:	Review 15 Final exam 15
Prerequisite:	None
Course level:	Basic
Recommended CPE credit:	1 CPE hour
Recommended study time:	1 hour
Course format:	Interactive self study CPE credit calculated as 100% of total study time (i.e. 50 minute hour)
Reference text:	IRS 2009 Publication 526 Charitable Contributions (free download)  http://www.irs.gov 23 pages
Subject classification:	Taxation
Course updated:	January 22, 2010
Learning objective:	Review which organizations are qualified to receive deductible charitable contributions, the types of contributions you can deduct, how much you can deduct, what records to keep and how to report charitable contributions.
Instructions:	This copy of the exam can be used to answer questions while offline . Please note that you will still need to enter your answers online by logging into the course system with your User ID and Password.

- 1) Mr. and Mrs. Williams donated \$25,000 to the SPCA in memory of their beloved goldfish, "Swimmer." They are married filing jointly, with an AGI of \$185,000 and they itemize their deductions. Based on their income, their charitable contribution deduction may be reduced.
- True
False
- 2) Nan has an AGI of \$42,000 files a 1040-EZ because she is single and doesn't have many itemized deductions. She CAN deduct her \$1,000 contribution to the Red Cross on a 1040-EZ.
- True
False
- 3) Which of the following could be qualified to receive deductible contributions?
- a) Baptist church in California
 - b) Chess club in New York
 - c) Orphanage organized and created in Korea
 - d) Chamber of Commerce in Florida
- 4) Your child's Little League team has a silent auction at their annual fundraising gala. Very few people bid on the Desert Hiking Trip, and you get it for \$100 (which is substantially below the market value of \$1,500). You CAN deduct the \$100 payment as a charitable contribution.
- True
False
- 5) You purchase an annual \$65 family membership to the local zoo, which is a qualified organization. This membership entitles you and your three children to free admission to the zoo for one year. The normal public admission price is \$10 per adult and \$6 per child. The \$65 annual membership fee is fully tax deductible as a charitable contribution, because the value of certain membership benefits can be disregarded, such as free or discounted admission to the organization's facilities or events.
- True
False
- 6) In order to deduct expenses paid for a student living with you, certain conditions must be met. The student must _____ in order to deduct expenses.
- a) Achieve passing grades in all courses enrolled in
 - b) Be a full-time student in the twelfth or any lower grade at a school in the U.S.
 - c) Live with you for 28 days or more of the month in question
 - d) Be enrolled in college or graduate school
- 7) You volunteer to do some bookkeeping for your church. This saves the church \$1,000/month since they don't have to pay a bookkeeping service. You can deduct 1,000/month as a charitable contribution.
- True
False

8) Every Monday morning, you give a \$5 bill to a man standing in front of your office building asking for donations to feed his family. This donation is deductible if you maintain records of the date of each donation, and obtain the man's name and address.

True

False

9) Your homeowners' association is a non-profit organization that raises money every year by selling caladium bulbs. You buy 100 bulbs for \$200. The bulbs cost the homeowners' association \$50. You are entitled to a \$150 charitable contribution deduction, based on price paid in excess of actual cost.

True

False

10) Ted Tillingsly, tax accountant, donated his collection of 15 old or antique 10-keys to the local Accounting Museum, which is a qualified organization. Ted stipulated that he would maintain the 10-keys in display in his office waiting area, until he retired. Ted can deduct the FMV of his donated collection in the tax year that he made the donation, even though he retains possession of the 10-keys.

True

False

11) Josephine Johnson owns a bike shop and donates 100 bikes with a retail value of \$8,000 to the local Girl Scout troop. Josephine paid \$4,500 for the 100 bikes when she purchased them for inventory. Josephine can only deduct \$4,500 as a charitable donation.

True

False

12) Carl decides to hire a lawn service and donates his riding lawnmower to the local orphanage. The orphanage is a qualified organization and they do use the lawnmower to cut the grass on their property. Carl's basis in the lawnmower is \$5,100 and the fair market value is \$1,800. Carl's charitable contribution deduction is limited to \$1,800.

True

False

13) Which of the following is a 30% limit organization?

a) Hospital

b) Church

c) Private university

d) Fraternal societies

14) Every week, you put \$1 into the donation container for the March of Dimes at your dry cleaners, for a total annual contribution of \$52. You don't receive a receipt.

This donation is deductible as a charitable contribution.

True

False

15) You drop off several boxes of old toys at the unattended Salvation Army drop off. You estimate the value of the toys is \$33. You are not required to have a receipt for this donation.

True

False

Exam Name: Charitable Contributions
--Final Exam 2009

1) Jenny and Joe Jones made a \$15,000 charitable contribution to Boy Scout of America in 2009. Their filing status is "married filing jointly." If their AGI is \$153,700 their charitable contributions deduction may be limited because their AGI is over the limitation threshold for 2009.

True

False

2) For tax year 2009 you can deduct up to \$500 in charitable contributions on a 1040-EZ.

True

False

3) A donation made to which of the following would most likely be deductible as a charitable contribution?

a) Lobbyist group from the NAEA for improved benefits for tax professionals

b) Non-profit homeowners' association

c) Bingo tickets purchased at a church fundraiser, assuming any prizes received are immaterial in value

d) Your child's non-profit preschool

4) You purchase 1 ticket to the local zoo's "overnight with the tigers" event. The ticket costs \$100 total, and the fair market value is indicated on the ticket as \$30. Your charitable contribution is:

a) \$130

b) \$100

c) \$ 70

d) \$ 30

5) You pay \$70,000 annual dues to the Lochinvar Golf Club in Houston, Texas, in hopes that you can "rub shoulders" with former President George Bush. The FMV of the membership is \$6,000 per year.

You can deduct _____ this year as a charitable contribution, ignoring any potential itemized deduction limitations.

a) \$70,000

b) \$64,000

c) \$ 6,000

d) - 0 -

6) You have a student living with you this year. Assume the student: 1) lives in your home under a written agreement between you and a qualified organization as part of a program of the organization to provide educational opportunities for the student, and 2) is not your relative or dependent. In which of the following situations would qualifying expenses be deductible?

a) Walter, from Florida, who is attending the tenth grade at the local California high school, full-time

b) Jennifer, from Wyoming, who is attending eleventh grade at the Canadian high school just across the border, full-time

c) Georgio, from Italy, who is attending twelfth grade at the local Texas high school, part-time

- d) Marie, from France, who is attending the local Texas junior college full-time
- 7) You volunteer as a waitress at the local Junior League tearoom. You are required to wear a frilly apron which must be heavily starched. Which of the following would be deductible as a charitable contribution?
- a) The cost of getting the apron professionally laundered.
 - b) Payment for your babysitter, as no children are allowed while you are volunteering.
 - c) Cost of your lunch during your volunteer shift.
 - d) Imputed wages at the minimum wage rate.
- 8) You are selected as a local chapter representative to attend the charity's planning meeting in Las Vegas. You spend three days in meetings and on the last night, you attend a spectacular Cirque de Soleil event. Provided you attend the Cirque de Soleil event with fellow charity worker colleagues, this event is a valid charitable deduction.
- True
 - False
- 9) You have an appraisal made to determine the fair market value of your classic collection of "dogs playing poker" paintings. You then donate your collection to a local art museum specializing in art for men. This appraisal fee is:
- a) Fully deductible in addition to the total FMV of the donation as a charitable contribution
 - b) Fully deductible as a charitable contribution provided the appraisal was performed by a licensed appraiser
 - c) Fully deductible as long as the appraisal fee is not greater than 10% of the FMV of the donation
 - d) May be deductible as a miscellaneous itemized deduction, subject to the 2% AGI limit
- 10) Your law firm leases a large office on the first floor of a five-story building, but does not occupy all of the space leased. You decide to allow a charitable organization occupy 1/3 of the space for 2 years, at no charge. You can deduct 1/3 of your lease payments as charitable contributions.
- True
 - False
- 11) Your company, Zany Xeriscapes, donated a box of 100 low-water plants to a charity plant sale. Your basis in the plants is \$1,000 and the FMV is \$2,500. The maximum you can claim a contribution deduction for is:
- a) -0-
 - b) \$1,000
 - c) \$1,500
 - d) \$2,500
- 12) You charge a contribution to the local Toys for Tots program on December 24th of this year. You pay your credit card bill on January 15th of the following year. When can you deduct the contribution?
- a) This year's return
 - b) Next year's return
 - c) Either year's return
- 13) Which one of the following organizations is a 50% limit organization?
- a) Hospital
 - b) Veterans' organization
 - c) Nonprofit cemetery
 - d) Fraternal society

14) You mail a check for a \$45 donation to the SPCA. Which of the following would NOT be an acceptable record of this contribution?

- a) Thank you letter from the SPCA acknowledging the date and amount of contribution
- b) Written, signed memo to yourself stating the date, amount payee and purpose of the donation
- c) Cancelled check
- d) Bank statement showing a copy of the check with the name of the charity, date and amount of donation

15) You donate your antique snow globe collection to the Snow Globe Museum. You claim a deduction of \$2,750 for your charitable contribution. You must obtain a qualified written appraisal of the donated property from a qualified appraiser as part of your documentation.

- True
- False