



## MAY I DEDUCT MY EXPEDITION EXPENSES AS A CHARITABLE CONTRIBUTION?

From time to time, the Biosphere Expeditions North America office receives the above question.

**In answer to this it is first of all important to note that in 2009, the IRS granted and applied the 501(c)(3) exemption retroactively to the organization's date of formation, April 21, 2006.**

My spouse and I have personally participated in international wildlife research expeditions since 1999, sponsored and/or funded by various organizations supporting wildlife research. The expeditions run by Biosphere Expeditions were either equal to or exceeded the levels of organization, preparedness, and volunteer participation when compared with other sponsors or organizers based in the United States. To validate our own observations, Biosphere Expeditions has received awards such as the "Best Volunteering Organization" in the worldwide First Choice Responsible Tourism Awards.

Because I have always expected Biosphere Expeditions to become qualified as a 501(c)(3) organization, as it did in 2009, I have deducted prior expedition expenses as charitable contributions every year, providing ample support documentation for each expedition deducted as a charitable contribution. However, be aware that commencing with tax years 2008, the IRS requires a written acknowledgement from the donee to the donor which specifies certain details. Biosphere Expeditions will be happy to supply this acknowledgment on request.

As a guide to deducting your own expedition expenses as a charitable deduction, I have extracted what I believe are the pertinent provisions in the IRS Publication 526, Charitable Contributions (revised January, 2009). You may want to show this information to your accountant, too.

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## **1. Organizations that qualify to receive deductible contributions**

As a United States tax payer, you may deduct your contributions only if you make them to a qualified organization. Biosphere Expeditions Inc. (North America) is such an organization by virtue of its 501(c)(3) status.

## **2. Types of qualified organizations**

Biosphere Expeditions Inc. received its exemption because it satisfies the following requirements:

- Corporation created and registered in Florida in conformity with the laws of the United States.
- Biosphere Expeditions Inc. was organized and operates only for scientific purposes.

In summary, Biosphere Expeditions Inc. (North America) is a United States organization, which may transfer funds to a charitable foreign organization, such as Biosphere Expeditions based in the United Kingdom (where it is already a registered non-profit organization), with the United States organization controlling the use of the funds by designating the funded project and the volunteer participant(s).

## **3. Contributions you can deduct**

Generally, you can deduct your contributions of money that you make to, or for the use of, a qualified organization. Your deduction for charitable contributions is generally limited to 50% of your adjusted gross income because Biosphere Expeditions Inc. qualifies as a 50% charitable organization. Biosphere Expeditions Inc. meets the qualifications above and is publicly supported by normally receiving a substantial part of its support from both direct and indirect contributions from the public, such as you and strategic partners.

## **4. Out-of-pocket expenses in giving services**

You may be able to deduct some amounts you pay in giving services to Biosphere Expeditions Inc. The amounts must be:

- Unreimbursed,
- Directly connected with the services you contribute,
- Expenses you had only because of the services you gave, and
- Not personal, living, or family expenses.

### **4.1. Car expenses**

You can deduct unreimbursed out-of-pocket expenses, such as the cost of gas and oil, which are directly related to the use of your car in going to and from the Biosphere Expeditions assembly point as travel expenses (see below). Instead of deducting actual expenses, you can use the standard mileage rate, which is regularly adjusted by the IRS. Please ask your accountant for an up-to-date rate.

## 4.2. Travel expenses

Generally, you can claim a charitable contribution deduction for travel expenses necessarily incurred while you are away from home performing services for a charitable organization only if there is no significant element of personal pleasure, recreation, or vacation in the travel. This applies whether you pay the expenses directly or indirectly. You are paying the expenses indirectly if you make a payment to the charitable organization and the organization pays for your travel expenses.

The deduction for travel expenses will not be denied simply because you enjoy providing services to the charitable organization. Even if you enjoy the expedition, you can take a charitable contribution deduction for your travel expenses if you are on duty in a genuine and substantial sense throughout the expedition, as you will certainly be during a Biosphere Expedition project. However, a Biosphere Expeditions participant may not deduct travel expenses for side trips either before or after the expedition, because such trips are not typically part of the expedition requirements and are likely to be for recreational purposes only in the true sense of a vacation.

Deductible travel expenses include:

- Air, rail, and bus transportation,
- Out-of-pocket expenses for your car,
- Taxi fares or other costs of transportation between the airport or station and your hotel,
- Lodging costs, and
- The cost of meals.

## 5. When to deduct

You can deduct your contributions only in the year you actually make them in cash or other property (or in a succeeding carryover year). This applies whether you use the cash or an accrual method of accounting.

Usually, you make a contribution at the time of its unconditional delivery. With Biosphere Expeditions you are most likely to pay your expedition contribution by credit card. Contributions charged on your bank credit card are deductible in the year you make the charge.

## 6. Records to keep

You must keep records to prove the amount of the cash (and non-cash) contributions you make during the year. The kinds of records you must keep depend on the amount of your contributions and whether they are cash or non-cash contributions.

Biosphere Expeditions gives you a written statement when it receives any payment from you. Keep each statement for your records. It may satisfy all or part of the recordkeeping requirements explained in the following discussions.

## 6.1. Cash Contributions

Cash contributions include those paid by cash, check or credit card. They also include your out-of-pocket expenses when donating your services. For a contribution made in cash, the records you must keep depend on whether the contribution is less than \$250, or more. When figuring whether your contribution is \$250 or more, do not combine separate contributions. For example, if you made contributions \$25 each week to the same charity, your weekly payments do not have to be combined because each payment is considered a separate contribution.

### 6.1.1. Contributions of Less Than \$250

For each cash contribution that is less than \$250, you must keep one of the following.

A cancelled check or a legible and readable account statement which shows:

- If payment was by check — the check number, amount, date posted, and to whom paid,
- If payment was by electronic funds transfer — the amount, date posted, and to whom paid, or
- If payment was charged to a credit card — the amount, transaction date, and to whom paid.

A receipt (or a letter or other written communication, including email or web page) from the charitable organization showing the name of the organization, the date of the contribution, and the amount of the contribution.

Other reliable written records that include the information described above. Records may be considered reliable if you have made a record at or near the time of each contribution.

### 6.1.2. Contributions of \$250 or More

You may claim a deduction for a contribution of \$250 or more only if you have an acknowledgement of your contribution from the qualified organization. If you made more than one contribution of \$250 or more, you must have either a separate acknowledgment for each or one acknowledgment that shows your total contributions. The acknowledgement must be in writing and must include

- The amount of cash you contributed, and
- Whether the qualified organization gave you any goods or services as a result of your contribution (other than your share of the expedition expenses for supplies, travel, and room and board). Biosphere Expeditions provides only those goods or services necessary for the participants to carry out their significant duties.

## 6.2. Car expenses

If you claim expenses directly related to use of your car in giving services to a qualified organization, you must keep reliable written records of your expenses. Whether your records are considered reliable depends on all the facts and circumstances. Generally, they may be considered reliable if you made the written entries regularly and at or near the time you had the expenses.

Your records must show the name of the organization you were serving and the date each time you used your car for a charitable purpose. If you use the standard mileage rate, your records must show the miles you drove your car for the charitable purpose. If you deduct your actual expenses, your records must show the costs of operating the car that are directly related to a charitable purpose.

## 6.3. Out-of-pocket expenses

If you render services to a qualified organization and have unreimbursed out-of-pocket expenses related to these services, you can satisfy the written acknowledgement requirement just discussed if you have adequate records to prove the amount of the expenses, and by the required date, you get an acknowledgement from the qualified organization that contains:

- A description of the services you provided, and
- A statement the organization did not provide you any goods or services to reimburse you for the expenses you incurred.

## 7. And finally

Many North American expedition participants have successfully claimed their expedition related expenses as described above when filing their Form 1040. If you follow these guidelines, you are likely to be able to do this, too. However, we recommend you discuss this document with your accountant first. Please also feel free to direct your questions to our North American office ([www.biosphere-expeditions.org/offices](http://www.biosphere-expeditions.org/offices)) or [northamerica@biosphere-expeditions.org](mailto:northamerica@biosphere-expeditions.org).

Also remember that commencing with tax years 2008, the IRS requires a written acknowledgement from the donee to the donor which specifies certain details. Biosphere Expeditions will be happy to supply this acknowledgment on request.