NEW BULLETIN

SHERWIN-WILLIAMS PAINT, VARNISH AND LACQUER LABORATORIES

ROUTINE AND POLICY Consecutive No. 125

X258

November 22, 1968.

SUBJECT: CONTRIBUTIONS OF PAINT TO CHARITABLE ORGANIZATIONS

POLICY:

Regional Directors have authority to make donations of discontinued paint products stocked in factory warehouses to charitable organizations.

PROCEDURE:

Laboratory personnel may participate in this procedure by bringing qualified recipients to the attention of the Regional Director and assisting him in providing the information outlined in Paragraph 3, Comptroller's Bulletin No. 544, issued September 3, 1968 (copy attached).

Attachment

COMPTROLLER'S OFFICE

CLEVELAND

BULLETIN NO. 544 September 3, 1968

SUBJECT: CONTRIBUTIONS OF PAINT TO CHARITABLE ORGANIZATIONS

With Mr. W. W. Gram's approval, Regional Directors may make donations of discontinued paint products stocked in factory warehouses to charitable organizations.

The following procedure must be followed to insure that the Company can treat these donations as a charitable contribution for tax purposes:

1. Mr. Gram will furnish the Regional Director with a list of the available discontinued products stocked in the factory warehouses within their region.

2. In order to qualify as a charitable contribution, the merchandise must be given to certain designated types of organizations. Generally, these organizations are as follows:

   (a) The Federal Government or any State or local governmental unit in the United States and its possessions for exclusively public purposes.

   (b) A corporation, Trust, Community Chest, Fund, or Foundation, incorporated or organized in the United States or its possessions and organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals. Contributions by a corporation to a Trust, Community Chest, Fund, or Foundation must be for use within the United States or a possession. No part of the net earnings of the donee may inure to the benefit of any individual, and no substantial part of its activities may be carrying on propaganda or otherwise attempting to influence legislation. Deduction of the contribution may be disallowed if the donee has engaged in a prohibited transaction or has lost its exempt status.

(c) A post or organization of war veterans, an auxiliary thereof, or a trust or foundation therefor, organized in the United States or its possessions.

The Chamber of Commerce can be helpful in determining if organization will qualify, and in providing information on local charitable organizations.

If there is a question concerning an organization's eligibility, this should be cleared through the Cleveland Headquarters Tax Department prior to making the contribution.

3. The Regional Director will be responsible for obtaining the following information for each donation, in order that tax deductions may be properly supported:

   (a) Name and address of the charitable organization to which the merchandise was given.

   (b) Date of the contribution.

   (c) A detailed list of rex, size and quantity of the merchandise contributed (The invoice should show this), as well as a statement as to its general physical condition when contributed.

   (d) The approximate date of purchase or manufacture. (To be provided by warehouse personnel)

   (e) The fair market value of the merchandise at date of contribution. If the merchandise is sold by the Company at retail, fair market value should be the retail price, and for other material, fair market value should be the highest price at which the merchandise is sold by the Company to the trade.

   (f) Terms of any agreement or understanding related to use, sale, or contribution of the merchandise by the organization receiving it. Merchandise contributed to a charitable organization must be used by the organization and is not to be sold or given away.

4. When a qualified charitable organization has been selected, the Regional Director is to furnish the Plant Manager and Plant Accountant at the warehouse location, the information required in paragraph 3 (a), (c), and (f).

   The Plant Manager will be responsible for shipping the merchandise to the charitable institution. Merchandise is to be shipped on a "M" Series House Copy.

5. When all information has been received, the Plant Accountant will enter a local crediting VR-71 for the cost of the merchandise and charging a local suspense account. Merchandise at cost is to be classified by rex index on the face of the local.

A second local is to be entered crediting the local suspense account and charging VR-81 for the cost of the merchandise. This local is to be supported by the information required in paragraph 3 (a thru f).

When the local charging VR-81 is received at Cleveland, the support will be reviewed by the Tax Department to insure that all required information has been obtained.

F. E. Bloomquist

F. E. BLOOMQUIST
COMPTROLLER

FEB:mag
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