



501(c)(3) Guidelines for Charitable Deductions for Tithes/Offerings and Fundraisers

Policy and Procedures/Guidelines

Effective: 7/5/2011

Reviewed: 2/29/2016

Purpose: to provide general information as well as assist church families and ministries in the appropriate documentation and communication of charitable deductions through tithes and offerings, collection of designated gifts, fundraising, and purchasing goods/services.

Tithes and Offering/Collection of Designated Gift

All tithes and offerings received by weekly offering, mail, or electronic transaction will be considered a charitable deduction.

Cash

For cash donations to be recorded as a charitable contribution an offering envelope must be filled out completely. Failure to do this will result in loss of charitable deductions.

Check, Visa, Master Card, Electronic Payment, or Reoccurring Gifts

When using a check, Visa, Mastercard etc... for a contribution, the donor has created a record which is traceable. Therefore, these items will be recorded as a charitable contribution. It is recommended an envelope be completed. Offering envelope do not need to be completed when using: Electronic Tithing / Online Tithing / Payments Online / Reoccurring Gifts. These transactions are recorded securely.

Purchase of Goods From the Church, Ministries, etc...

Purchasing of goods (poinsettias, Awana items, Fun With The Son Registration, yard sale items, silent auctions, tickets for specific events, etc...) will not be considered a charitable contribution. These items may appear on the yearend statement as a purchase; however, they will not appear on the end of year charitable contributions statement.

What Does the Law Recommend Fundraising

When Goods and Services are Involved

A payment to a charity qualifies as a deductible gift only to the extent that it exceeds the fair market value of the privilege or benefit the "donor" receives in return for that gift. For example:

- One cannot deduct the full amount paid to a charity for such items as candy or magazines. If the charity charges \$10 for a box of candy that normally sells for \$8, only \$2 can be claimed as a charitable contribution.
- The purchase price of tickets to a fund raising dinner, circus, or other meal or entertainment event is not fully deductible. Only the portion of the ticket price above the value of the meal or entertainment can be deducted for income tax purposes. The same rule applies even if, at the suggestion of the soliciting organization, the donor decides to let the charity give his or her tickets to underprivileged or disabled children.

Likewise, even if the charity refers to the entire purchase price as a "donation," the portion of the price that reflects the value of the admission is not deductible.

- Membership dues that merely cover the cost of privileges or benefits received by the "donor" are not deductible. However, "dues" that actually constitute a contribution for which the donor receives little or no privilege or benefit of monetary value in return are deductible.
- The price of participating in a raffle or similar drawing cannot be deducted as a charitable donation.

Communicating to Church Families Regarding Services Rendered and Fundraising

Ministries who use fundraising must note the importance of communicating accurately their intentions, "Will the service rendered or fundraiser be considered a charitable contribution or will it not?"

For Example:

A ministry creates a communication piece "Oil Change for \$10.00 Donation." The ministry can only count the fair market value of the oil change as a charitable contribution and/or none of the donation can be counted because it does not exceed the fair market value.

We Recommend

Oil Change for donations. Suggested donation \$10.00. Because the ministry is listing a suggested donation, the ministry is not "charging" for a service; therefore, all donations received are considered a charitable contribution.