

630.2 Gifts – Benefits Received in Exchange

In some instances, donors receive benefits in exchange for gifts made to the University. In such cases, the gift amount must be reduced by the value of the benefit received. The University must provide written documentation to donors for any payment of \$75 or more which is partly a gift and partly payment for goods or services, including a good faith estimate of the value of the goods or services received in exchange.

Examples.

The University hosts a fundraising dinner and charges \$100 per plate. The value of the meal provided is \$25. Attendees can deduct \$75 of the \$100 charge.

The University hosts an event with a stated registration fee of \$50 but encourages donations in addition to the cost of registration. If a donor pays \$75, he or she can deduct \$25, the amount in excess of the stated registration amount.

A donor contributes \$100,000 and, in exchange, receives access to a suite at McLane Stadium for one season, valued at \$45,000. The donor can deduct \$55,000 of the gift amount

Token Items

The University can provide donors with token items, items with insubstantial value, in exchange without reducing the amount of the gift. IRS Revenue Procedures 90-12 and 92-49 provide guidance for determining insubstantial value.

Benefits will be considered to have insubstantial value in the following circumstances.

1. The gift is received as part of a fundraising campaign in which the University notifies donors of the deductible amount of their payments, AND
 - a. The fair market value of benefits received does not exceed the lesser of 2% of the gift or \$50 (indexed) OR
 - b. The gift is \$25 (indexed) or more and the benefit received is/are token items (key chains, mugs, t-shirts, etc.) with the University's logo. The value of these low-cost items must not exceed \$5 (indexed)

Example. Donor A contributes \$25 and, in exchange, receives a Baylor University lapel pin valued at \$1. The pin does not meet the 2% requirement but, since the gift is \$25 or more, the pin does qualify as a token item and the value is not excluded from the amount of the gift.

2. Newsletters, programs, and similar publications will be considered to have no fair market value if the publication is not "commercial quality", meaning it is produced in house and no paid advertising appears in the publication, and the publication is not available for sale to the general public.

The limits provided in Rev Proc 90-12 are indexed periodically through inflation adjustments to code section 513(h). Revenue Procedure 2019-44 raises these amounts for 2020 to:

- \$50 gift amount indexed to \$112
- \$25 gift amount indexed to \$ 56
- \$5 benefit value indexed to \$ 11.20