

Charitable Contributions – Frequently Asked Questions

1) What constitutes a charitable contribution?

A charitable contribution is broadly defined under Internal Revenue Code §170(c). However, the attributes of a charitable contribution have been clarified and explained by judicial courts which have generally stipulated that all of the following statements must be true for a transaction to qualify as a charitable contribution:

- The donor is making a voluntary and intentional transfer of title and control of money and/or property to a qualifying charitable organization and its fair market value ("FMV") exceeds the benefit received by the donor.
- The donation is not conditional or made with any expectation of a current or future benefit to be given either directly or indirectly to the donor or to the donor's family unless the value received by the donor is nominal or the donor is purchasing an item available for sale (e.g. charity auction).
- The donation does not inure to the private benefit of the donor, any specific individual, or narrow group of individuals.
- The donor relinquishes full control of the asset after its transfer.
- The property is delivered to the charitable organization in a manner that allows it to take full control of the money and/or property and the charitable organization accepts the donation.

2) If I received something of value in exchange for my donation, does my donation qualify as a charitable contribution?

Potentially. It depends on what you receive in exchange for your donation and its value.

In simple terms, a charitable contribution is a donation of money or property without consideration. Meaning, the donor is not expecting anything in return for their donation. However, in some instances, the IRS allows the donor to receive something in return for their donation and the value of the charitable contribution is the excess value of your donation over what was received.

If you received an item of low value, see question 3.

If you purchased an item as part of a charity auction, see question 10.

3) What if I received an item of low value in exchange for my donation?

A donation qualifies as a charitable contribution if the donor only receives a small, token item or other insignificant benefit that is of low value compared to the donated amount.

In either of the situations described below, the donor is deemed to receive something of insignificant value in exchange for their donation. As such, the value of the item received is considered to be zero and does not reduce the value of the donor's charitable contribution.



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- (i) Goods and services provided by a charitable organization in the context of a fund-raising campaign valued at \$132 or less (effective for 2024, adjusted annually for inflation) or not more than 2% of the value of the donation made, whichever is less.
- (ii) For donations of at least \$66, receipt of a low-cost noncash item bearing the charitable organization's name or logo (e.g. pens, bookmarks, keychains, cups,) that costs less than \$13.20 (effective for 2024, adjusted annually for inflation).

4) Do I need to receive confirmation of my donation?

Yes, if the fair market value of the donation is valued at \$250 or more.

For donations valued at \$250 or more, a donor must receive a contemporaneous written acknowledgement from a donee organization to claim a charitable contribution deduction.

The acknowledgement must provide the following information:

- The date the donation was received,
- If money was donated, the value that was received,
- If property was donated, a description of the property but not the value (the property value must be determined by the donor), and
- A statement as to whether the charitable organization provided anything of value in return for the donation. If applicable, a description and good faith estimate of the value of the goods and/or services provided to the donor in return for their donation.

5) Which entity should I donate to – The University of Connecticut or the UConn Foundation?

Donors are encouraged to donate to the UConn Foundation. In short, the UConn Foundation is in the business of receiving and administering donations, while UConn is not.

The UConn Foundation is UConn's official fund-raising arm, which exists solely to promote the educational, research, and outreach missions of UConn. The UConn Foundation solicits, receives, and administers private gifts and financial resources that provide additional support beyond UConn's state appropriations, revenue, and grant income. As such the UConn Foundation maintains staff dedicated to soliciting, receiving, and administering donations.

One exception is for personal property that will be used by UConn. Such property may be donated to UConn, provided appropriate procedures are followed. See question 7 for additional information.

6) Can I put restrictions on the use of my donation or designate my donation for a specific person or a small group of individuals?

Generally, no.

To qualify as a charitable contribution, the donation must be made with “no strings attached” and the charitable organization must have exclusive control over the funds. Similarly, a donation designated for the use of a specific person or for a small group of individuals would not be recognized as a charitable contribution. A donor may place some broad restrictions on their donation, but very specific or detailed restrictions must be discussed with UConn/UConn Foundation in advance to ensure that such restrictions are legally permissible, acceptable to UConn/UConn Foundation, and/or do not prevent the donation from qualifying as a charitable contribution.

In general, acceptable restrictions are to designate that your contributed funds be used for a broadly defined purpose such as: student scholarships, student services such as health and wellness, athletics, for a particular school or college, or scientific/medical research.

The UConn Foundation has over 1,200 different pre-established funds with earmarked purposes that donors can contribute to without having to put additional restrictions on their donation. Please check them out [here](#).

7) Can I donate personal property to UConn?

UConn may agree to accept donated personal property if it aligns with UConn’s charitable purpose and meets the needs of the University. See UConn’s Guidance on in Kind Gifts, located [here](#).

Examples of personal property previously accepted and retained by UConn are unique books or literature donated to the Special Archives department of the Homer Babbidge Library and works of art donated to the William Benton Museum. In rarer instances, UConn has accepted specialized research equipment or supplies donated to a science laboratory on campus.

As stated in Section V of UConn Foundation’s Gift Acceptance Policy, the Foundation will typically only accept gifts of tangible personal property with the intent of selling the property and retaining the sale proceeds to support UConn’s charitable mission. It is extremely rare for the Foundation to accept and retain any donated tangible property.

If a donor wishes to claim a deduction of more than \$5,000 on their income tax return for tangible personal property donated to UConn, the IRS requires the donor to obtain an appraisal of the property from a qualified appraiser.

8) I purchased a raffle ticket. Does my purchase qualify as a charitable contribution?

No, purchasing a ticket to a raffle or drawing does not constitute a charitable contribution.

The IRS views the ticket purchaser as receiving consideration in exchange for the ticket; the consideration received is the chance of winning a prize and the fair market value of the chance of winning is the same as the total cost of the tickets purchased. Therefore, there is no excess value of donation over consideration received in return, and no charitable contribution. If the individual wins the raffle prize, the winner will have taxable income equal to the fair market value of the prize won less the amount they paid for the raffle ticket(s).

9) I purchased a ticket to attend a fundraising event. Does the cost of my ticket qualify as a charitable contribution?

Yes, the cost of your ticket, in excess of any goods or services you received, will qualify as a charitable contribution. For example, if the fundraising event included a meal, the value of your charitable contribution would be the ticket cost, less the fair market value of the meal you received.

10) I participated in a silent auction and was the winning bidder. Does the amount I paid for the silent auction item qualify as a charitable contribution?

Partially. The amount you paid in excess of the fair market value of the silent auction item, qualifies as a charitable contribution.

a. Example. The following example demonstrates the concepts of raffles, fundraising events, and silent auctions.

A donor attends an annual fundraising gala hosted by the UConn Foundation. The ticket price to attend the gala was \$500. The value of the dinner provided to the donor was \$100. While at the gala, the donor makes a cash donation of \$1,000, buys \$20 worth of traditional raffle tickets for a random drawing for tickets to a collegiate basketball game valued at \$200. The donor didn't win the raffle drawing but he was the highest bidder on a silent auction item in which they paid \$5,000 for the weekend use of a Cape Cod vacation home. The fair value of the weekend stay was \$2,000. The total value of the donor's charitable contribution is \$4,400.

<u>Transaction Description</u>	<u>Cash Paid by Donor</u>	<u>Fair Market Value of Benefit Received by Donor</u>	<u>Net Charitable Contribution</u>
Gala entrance ticket	\$500	\$100	\$400
Raffle tickets	\$20	\$20	\$0
Direct cash donation	\$1,000	\$0	\$1,000
Silent Auction Won	<u>\$5,000</u>	<u>\$2,000</u>	<u>\$3,000</u>
Total	<u>\$6,520</u>	<u>\$2,120</u>	<u>\$4,400</u>

11) Do tuition payments qualify as a charitable contribution?

No, tuition payments do not qualify as a charitable contribution.

Tuition payments are made in exchange for educational services and do not qualify as a charitable contribution. Further, donations designated for use by a specific individual for tuition do not qualify as a charitable contribution. See question 6 above.

However, donations to a pre-established fund set up by the UConn Foundation to provide financial aid and scholarships to the general student population would qualify as a charitable contribution since the donation is not a designated tuition payment made on behalf of a specific individual.

12) I made a mandatory “seat donation” when I purchased UConn athletics season tickets. Does the value of my seat donation qualify as a charitable contribution?

No, a seat donation that is required when purchasing athletic tickets does not qualify as a charitable contribution. The IRS deems the value of the privilege to purchase season tickets equal to the value of the seat donation and, therefore, no charitable contribution has been made.

Prior to 2018, the IRS provided a safe harbor calculation referred to as the “80/20” rule, which allowed 80% of a seat donation to qualify as a charitable contribution. However, tax law changes eliminated the “80/20” rule as of 1/1/2018.

It should be noted that when a donor contributes to UConn athletics, they are eligible to receive priority seating points. However, the donor has the option to waive these points and other related benefits.

13) Do sponsorship payments qualify as charitable contributions?

Potentially, depending on the facts and circumstances of the sponsorship. Sponsorship payments may qualify as a charitable contribution. Alternatively, sponsorship payments may be deductible to the payor as advertising or ordinary and necessary business expenses.

Departments are advised to contact the Tax & Compliance Office at taxcompliance@uconn.edu for additional guidance. For example, if a donor requests a charitable contribution acknowledgement letter for a sponsorship payment, the department should contact the Tax & Compliance Office.

The UConn Foundation defines a “qualified sponsorship payment” under Section VI of its Gift Acceptance Policy, as “any payment made by a person engaged in a trade or business for which the person will receive no substantial benefit other than the use or acknowledgment of the business name, logo, or product lines in connection with the charitable organization’s activities. ‘Use or acknowledgment’ does not include advertising the sponsor’s products or services (e.g., messages containing qualitative or comparative language, price information, or other indications of savings or value; endorsements; and inducements to purchase, sell, or use the products or services). The use of promotional logos or slogans that are an established part of the sponsor’s identity is not, by itself, advertising.”



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“A payment is not a qualified sponsorship payment if: it is made in connection with any qualified convention or trade show activity; it entitles the payer to the use or acknowledgment of the business name, logo, or product lines in the University or Foundation’s periodical (for this purpose, a periodical is any regularly scheduled and printed material (for example, a monthly journal) published by or on behalf of the organization); its amount is contingent, by contract or otherwise, upon the level of attendance at one or more events, broadcast ratings, or other factors indicating the degree of public exposure to one or more events.”

Examples of payments that are **NOT** qualified sponsorship payments include:

- A local business pays to participate in UConn’s Career Fair held on campus. At the fair, employers encourage graduates to apply for permanent positions at their company.
- A local business owner contributes funds to support students enrolled in a particular science or design course at UConn. The course requires students to conduct research projects (for course credit) that address problems encountered by their business or develop innovative ideas or competitive advantages.
- A local business owner wishes to contribute funds to UConn to assist in the development of UConn students’ marketing and advertising skills by having them visit its office location and work with their employees to gain real life work experience in the industry. The funds would be used to cover the travel expenses of the students.

14) I work at UConn. Can I make a donation to UConn’s general fund or to my academic department’s general fund?

Donors are encouraged to donate to the UConn Foundation, rather than to UConn. See question 5 above, for more information.

In addition, please refer to questions 6 and 15 regarding the donor’s inability to substantially restrict the use of their donation or to directly or indirectly benefit from their own donation.

15) I work at UConn. I’d like to donate funds to my IDC account. Will this donation qualify as a charitable contribution?

No, a donation to a faculty member’s IDC account does not qualify as a charitable contribution.

Facilities and Administrative (“F&A”) accounts, also known as Indirect Cost (“IDC”) accounts, are used to support the academic and research pursuits of respective faculty members. While a donation to a faculty member’s IDC account is generally permissible, it is NOT considered a charitable contribution under federal tax laws. To qualify as a charitable contribution, a donation cannot directly or indirectly benefit the donor, the donor’s family, nor can the donor retain control over how the funds are spent.

Per Section VI of the UConn Foundation’s Gift Acceptance Policy, it will NOT accept donations from UConn faculty members, staff members, or their related parties when the donor:

- Designates payment to a fund over which the donor faculty/staff member or a related party has signatory authority for expenditures.



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- Designates payment to a fund, subject to an explicit or implicit understanding, to support compensation or expense reimbursements for the donor faculty/staff member or any specifically designated faculty or staff member.
- Designates payment to a fund, subject to an explicit or implicit understanding, to purchase research or instructional materials to be used in the donor faculty/staff member's or any specifically designated faculty or staff member's laboratory, office or home.
- Designates payment to a fund to support expenditures in the donor faculty/staff member's, or in any specifically designated faculty or staff member's, own particular research area.

The following examples each have elements of private benefit and are **not** considered charitable contributions in accordance with federal income tax laws:

- Financial aid, scholarships, or grants designated to a specific student even if the student is not related to the donor;
- Donations to provide compensation, travel, or research support, for a named faculty or staff person;
- Donations to provide compensation, travel, or research support, to be used by the donor;
- Donations directed for the purchase of equipment, furnishings, supplies for the donor's own department.

16) I work at UConn. I donated my personal time in furtherance of UConn's charitable mission. Does my time qualify as a charitable donation?

No, a contribution of services, including the value of one's personal time, does not constitute a charitable contribution.

17) What if I still have more questions about charitable contributions?

A: Please refer to [IRS Publication 526](#) which addresses many common questions related to charitable contributions. If your question is still unanswered, please contact the UConn Foundation by remitting a question through their website [here](#).