

Determining if a Donation is Tax Deductible

A donor may give a gift to your McNeil Maverick Baseball Club (MMBC) fundraiser one of two ways. The simplest way is to give an outright gift while receiving absolutely no goods or services in exchange for that gift. This means that the individual is not playing golf or receiving any other benefit from the gift. In this case you should use Form 1 when issuing a receipt.

When a donor does receive goods and/or services, the person issuing the receipt must deduct the market value of those goods and/or services from the tax-deductible receipt. For example, if the fair market value costs \$60 to play golf and the donor pays \$100 to enter, then the donor is entitled to receive a receipt for a \$40 donation. Also if the fair market value is \$60 to play golf and \$30 meal is provided, then a receipt for \$10 should be issued. In these cases you should use Form 2 when issuing a receipt.

As you hold fund raising events such as car washes, raffles, and golf tournaments you may be asked by those donating to your cause if their contributions are tax-deductible. If you are going to promote tax deductibility during your fund-raisers, it is your responsibility to inform contributors of the following information. You must state clearly exactly how much of a contribution will be considered deductible on any printed materials you produce (tickets, flyers, etc.) Also, you should always have a receipt book at any fundraising event.

*A contributor cannot receive in return any item, service (car wash, lawn mowing, etc.), or privilege (admittance to theater, concert, golf course) which has a fair market value that is equals or exceeds the amount or value of the donation, the individual's gift will not be eligible for deductible treatment.

Example 1: You are sponsoring a free car wash on behalf of MMBC. You are not charging any type of fee per wash, but you are accepting donations from patrons. The donations range anywhere from \$1 - \$20. One patron asks you if his \$15 donation is tax deductible. How do you answer?

The fair market value of a car wash is around \$5. Any donation received that is \$5 or less is not deductible, but any donation greater than \$5 will be partly deductible (the donation amount minus the fair market value), so your patron has made a \$10 tax deductible gift to MMBC. (Use Form 2)

Example 2: You are sponsoring a raffle to raise funds for MMBC. Each ticket sells for \$2 for a chance to win a \$500 stereo system. A buyer asks if her \$2 is tax deductible. How do you answer?

Even though the payment is a contribution to MMBC no part of the payment is deductible as a charitable contribution. Amounts paid for chances to participate in raffles, lotteries, or similar drawings are not gifts and therefore not deductible.

Example 3: You solicit a local business for a contribution. You impress a local business owner and he contributes \$50 to MMBC on your behalf. He asks if his contribution is tax deductible. How do you answer?

The full \$50 is deductible. (Use Form 1)

Example 4: Your chapter holds a toll road for MMBC. You approach a car and the driver places \$10 in your bucket. He asks if he can have a receipt for his donation. How do you answer?

Write out a receipt and tell her that the full \$10 is deductible since he did not receive any good or service in return for his donation. (Use Form 1)



**McNeil Maverick Baseball Club
PO Box 170302
Austin, TX 78717
501(c)(3) Non-profit organization
TAX ID# 26-4207445**

MMBC RECEIPT – NO GOODS AND/OR SERVICES RECEIVED BY DONOR

DATE: _____

RECEIPT # _____

This receipt is to certify that _____ made a charitable contribution to
(Name of donor)

McNeil Maverick Baseball Club in the amount of \$_____.
(Amount)

This donation was received by _____
(Name)

(Signature)

The donor did not receive any goods or services in exchange for the above donation, and 100% of the donation is tax exempt.

----- **Detach here** -----

DATE: _____

RECEIPT #: _____

NAME: _____

AMOUNT OF DONATION: _____

RECEIVED BY: _____



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MMBC RECEIPT - GOODS AND/OR SERVICES RECEIVED BY DONOR

DATE: _____

RECEIPT # _____

This receipt is to certify that _____ made a charitable contribution to
(Name of donor)

McNeil Maverick Baseball Club in the amount of \$ _____. In return for your donation you have received the following, which we estimated to have a fair market value of: \$ _____
(Amount)

(List of goods and/or services provided and fair market value)

The remainder of your contribution is fully tax deductible to the extent provided by law.

This donation was received by _____
(Name)

(Signature)

You must reduce the amount of your charitable deduction by the value of the goods and/or services.

----- **Detach here** -----

DATE: _____

RECEIPT #: _____

NAME: _____

AMOUNT OF DONATION: _____

RECEIVED BY: _____



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MMBC RECEIPT - GOODS AND/OR SERVICES DONATION

DATE: _____

RECEIPT # _____

This receipt is to certify that _____ made a charitable contribution to
 (Name of donor)

McNeil Maverick Baseball Club of the following services and/or items:

Items Donated/Services Provided	Condition

(List on back more items/services and condition)

Estimated value of donation(s): \$ _____ (To be completed by Donor)
 (Amount)

Values of donated items have been set by the donor and not verified by MMBC.
 MMBC has not provided you with any goods or services in exchange for your donation.

This donation was received by _____
 (Name)

 (Signature)

----- Detach here -----

DATE: _____

RECEIPT #: _____

NAME: _____

AMOUNT OF DONATION: _____

RECEIVED BY: _____