If a donor receives benefits in return for a contribution, the amount of the gift recorded and reported is reduced by the fair market value of all benefits given in accordance with IRS regulations.

Definition: A benefit (premium) is defined as the fair market value of a ticket to any event, of any good(s) or service(s) received as a result of a ticket purchased, or of consideration associated with membership. In relation to an event, the term benefit applies but is not limited to the fair market value of a meal or other food and beverage service, entertainment, performance, or sporting event. In relation to memberships, benefit refers to the fair market value of gifts and privileges associated with the level of membership. If the membership results in favorable seating consideration at on-campus athletic events where no tangible value can be assigned, the IRS requires that donors claim only 80% of the "gift" as a charitable deduction.

Definition: Fair market value is the price at which property, or the right to use property, or in relation to an event, the value of a meal or other food and beverage service, entertainment, performance, or sporting event would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell or transfer property or the right to use property, and both having reasonable knowledge of relevant facts. Regs. § 53.4958-4(b)(1)(i).

The concept of benefit, as defined above and as applied to all fundraising activities, is applied even if the donor does not attend the event but receives a ticket, or does not exercise rights associated with membership. If the donor refuses the ticket at the time of purchase, the entire amount of payment may be reflected on the receipt with no premium indicated.

In accordance with IRS requirements, invitations, reply cards, tickets, letters, and other printed materials produced for any fundraising event sponsored by any unit of the University must clearly reflect the fair market value of any benefit to the donor. This applies to all fundraising events, including those that are underwritten.