

Charitable Giving Credit for Church Camp Fees

By Rollie Dimos

Q: If a person gives money to sponsor a child to go to church camp they can receive charitable giving credit. However, if a parent pays for their child to go to church camp, they do not receive charitable giving credit. Am I understanding this correctly?

A: Yes, your conclusions are correct. While it may seem a bit unfair, the rationale is based on who is receiving the benefit of the donor's contribution.

According to the IRS, if a person wants to give a donation to a church and get a tax deduction, the donor must relinquish control and allow the church to use the donation as it deems best. Similarly, in order for a donor to receive charitable giving credit for tax purposes, the donor cannot stipulate how the funds are to be used, or receive a benefit from the donation (other than intangible religious benefits).

Consider the following examples:

- If a donor makes a contribution to the church camp scholarship fund and notes that the funds should be used to send a needy child to camp, the donor can receive charitable contribution credit for the entire amount.
- If a donor gives money to the church camp scholarship fund and says the money must be used for their own child, the donor can't claim a deduction, because they have received a tangible and personal benefit from the donation.
- However, if the donor gives \$100 to the church and receives a thank-you gift valued

at \$40, the donor is only able to receive charitable giving credit for \$60 because the donor received a tangible benefit of \$40 (and the church receipt should clearly spell this out).

- Similarly, if the donor gives money to the church's benevolence fund and says it must be given to the Smith family who just had a house fire, the donor can't claim a charitable deduction. The donor is restricting the gift and forcing the church to use the gift for a specific purpose. This is contrary to IRS rules for charitable giving.

You might wonder how this is different from giving to a church building fund, or to a special offering to provide water wells. The assumption is that these are approved projects initiated by the church governing board. If the board initiates a project, a donor can specify and restrict funds for that project and still receive a tax deduction for charitable giving.

For more information on donations, designated giving and charitable giving receipts, download a free pamphlet with frequently-asked questions about donations at <http://generaltreasurer.ag.org>.

About the Author:

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