

Soliciting Contributions to the Chapters

- CPCU Society Chapters are exempt under §501(c)(6) of the Internal Revenue Code.
- Chapters may accept contributions, but those contributions are not deductible as charitable donations. They may be deductible by the donor as a business expense.
- Chapters must notify contributors that they solicit, including on any written solicitation request, that contributions to the Chapter, even if made on behalf of or intended for an organization exempt under §501(c)(3) (i.e., a charity), are not deductible as a charitable donation.

Soliciting Gifts on Behalf of a 501(c)(3) Organization

- Chapters may solicit gifts on behalf of 501(c)(3) exempt charitable organizations
- All such gifts must be directly contributed to the 501(c)(3) charity. For example, checks must be made out to the 501(c)(3) charity. The Chapter should contact the charity and receive permission to solicit on its behalf in this manner.
- “Pass through” gifts given to the Chapter and then passed onto the charity are not deductible by the donors as charitable donations.
- Gifts of cash to the charity are fully deductible.
- Gifts of time or services are not deductible.
- Gifts of personal property to the charity are only deductible at fair market value. The Chapter should not determine fair market value.
- Gifts for which the donor receives return value (e.g., the cost of the meal at a fundraising dinner) are not deductible.

Gifts from the Chapters

- Chapters may make donations to 501(c)(3) charities.
- Such gifts are not deductible as charitable donations by the Chapter, by contributors to the Chapter, or by members of the Chapter.

Examples

- If a Chapter runs a golf tournament, and receives all of the income, the expense to participate would not be tax deductible as a charitable expense, even if all of the income were given by the Chapter to a 501(c)(3) charity. Participants must be told that their payments are not deductible as a charitable expense.
- If a charity runs a golf tournament, the expense to participate would be deductible as a charitable donation to the extent the expenses exceeded the benefit. For example, if the fee to participate in the tournament were \$150 and greens fees were \$65, then a participant could deduct \$85 as a charitable donation.
- If a Chapter runs a golf tournament as a fundraising event for a charity, participants must directly pay the charity in order to take a charitable tax deduction. For example, using the golf tournament scenario above, participants could pay the Chapter \$65 to cover greens fees and give the Chapter a \$85 check payable to the charity as a charitable contribution. The Chapter must give those charitable payments to the charity and the participant could take a \$85 tax deduction. The Chapter must note that the \$65 payment was not deductible as a charitable expense.