



## Event and Membership Deductibility and Insurance Worksheet Instructions

- I. Purpose
  - A. The Internal Revenue Service (“IRS”) refers to a payment made partly as a contribution and partly in consideration for goods or services provided to the payer by the donee organization as “quid pro quo.” The purpose of this form is to separate the payment between the portion that is deductible for tax purposes from the portion that is not tax deductible.
  - B. The form also helps the Foundation comply with the IRS requirement that the fair market value (FMV) of the benefits the donor received, be stated on gift receipts provided by the Foundation.
  - C. This form also helps to ensure that the proper liability insurance is obtained for events.
  - D. This form is used for fundraisers and special events.
  - E. This form should also be used for membership drives (including annual athletic department membership drives) where gifts, logo items, etc. are provided.
- II. Fair Market Value
  - A. The FMV of the benefits the donor receives as a result of their payment determines the portion of the payment that is not tax deductible.
  - B. Items which have a FMV which will reduce the deductibility of a payment include:
    1. Green fees and refreshments for a golf tournament
    2. Food and beverages
    3. Theater programs
    4. Gifts and logo items, etc. provided for different donation levels
- III. Procedure
  - A. Submit this worksheet prior to printing any materials or to publicizing the event together with a draft of the materials.
    1. For **annual events and membership drives**, a new worksheet will be **required each year** prior to the start of the event.
  - B. Attach a budget and draft copy of the notice of the event (i.e. draft promotional materials) for review and approval by the Foundation.
    1. Payment for goods or services over \$4,000 requires at least three verbal quotations or sole source justification.
  - C. The event may proceed once an approved copy is returned to you by the Foundation.
  - D. Fundraising event payments may be subject to Hawai'i State general excise tax.
  - E. Fundraising events with a net tax deductible amount of less than \$25 per person will be treated wholly as other income (not tax deductible).
  - F. It is recommended that a budget for the total event including high, medium and low participation scenarios be used to make sure the event will be profitable as a fundraiser. See the “BUDGET” tab of the worksheet file for a sample budget.
- IV. Use of University Facilities
  - A. If the event is held at a university facility and revenues are to be deposited in a Foundation account, under certain circumstances, approval may be required from the hosting campus chief administration or finance officer.
- V. Depositing Payments
  - A. All payments for an approved fundraising event should be submitted with the appropriate transmittal form.
  - B. Use the Transmittal of Contribution form if the net tax deductible amount of the event fee is \$25 or more. If it is less than \$25, submit the deposit using the Transmittal of Other Income form.



C. Revenues generated from a UH event paid by University funds are NOT eligible for deposit in the Foundation.

VI. Expenditure for the Event

A. Submit to the Foundation via the Concur Invoice system, all expenses in connection with the fundraiser to be paid from the account.

VII. Acknowledgement Receipt to Donors

- A. The IRS requires the Foundation provide written acknowledgement to a donor who receives any goods and services for a single payment of \$75 or more.
- B. If the event payment is less than \$75 and the charitable portion of the payment is \$25 or more, the Foundation will record and acknowledge the gift from each payer. If the charitable portion is less than \$25, the Foundation will consolidate these amounts and record it as a group gift with no acknowledgment to individual payers.

VIII. How to Fill out the Worksheet

Account Administrator (AA) initials	The Account Administrator (AA) or UHF Staff certifying the information provided in the worksheet must initial in several places on the form to affirm their understanding or agreement with related policies or procedures.
Section A. Event Net Proceeds – Transfer	To be completed for events only, if the net proceeds (incoming revenue after all expenses have been paid) of the event will be transferred to another UHF project/account. Please note that a Transfer Funds memo must be submitted to execute the transfer.
Section B. Summary	To be completed for events and membership drives. Include the name of the event/membership drive, date, location, purpose and anticipated use of net proceed.
Section C. Revenue Account and Contact Information	To be completed for events and membership drives. Include the UHF project/account number and title that revenue will be deposited into and expenses will be paid out of. Contact information should also be included for questions relating to the event or membership drive, and should be the individual who can answer questions regarding the event or membership drive.
Section D. Participant and Financial Summary	To be completed for events and membership drives. Indicate information about the anticipated participant populations. Include estimations for the number of participants, gross revenue, expenses, and net proceeds.
Additional Information	Provide any additional information that is not indicated in the sections above or is pertinent in the review of this worksheet.
Section E. Tax Deductibility Calculation	<i>Event Registration Tickets/Membership Levels:</i> List the various event registration ticket/membership levels with the name of the level and the corresponding total payment amount. Each level should be listed in a separate column.  <i>Description of Goods and Services Provided:</i> All benefit (quid pro quo item) that participants receive should be listed on a separate row. Note that the “value” of the quid pro quo is not what it costs, but the fair market value of the goods, services, or benefit. All benefits have a fair market value (“FMV”) even if benefit-



	<p>costs are paid by a sponsor. The FMV is the cost to an individual if he/she were to buy the item outright in the market place, i.e. retail cost to purchase in a store or the actual non-discounted per item price paid by the program. Some quid pro quo items to take into consideration are: meals, favors/gifts, and activity fee (golf, etc.).</p> <p><i>Total FMV Goods/Services:</i> Automatically totaled from the rows above.</p> <p><i>Net Tax Deductible Portion:</i> The portion of the participant’s payment that is deductible as a charitable contribution. Automatically calculated, subtracting the total FMV goods/services from the total payment amount. Fundraising events with a net tax deductible amount of less than \$25 per person will be treated wholly as other income (not tax deductible).</p>
Section F. Insurance	<p>To be completed for events only. In some cases, as required by UHF policy or the State of Hawaii, event liability insurance is necessary.</p> <p><i>For events being funded by a UHF operating account (UHF events):</i> Golf tournaments need event insurance for \$1M General Liability limit including \$1M liquor liability limit with UHF listed as the additional insured. Events serving liquor at an unlicensed venue requires a licensed carrier (carrier name and license number need to be provided). Events held on the mainland U.S. also require event liability insurance.</p> <p><i>For events being funded by a UHF program account:</i> Event liability insurance is not required if the event is being held at a UH facility, or if serving alcohol and the venue is licensed, otherwise insurance is required with alcohol coverage, if applicable. Insurance is also required for events held on the mainland U.S. insured for \$1M General Liability limit including \$1M liquor liability limit, listing UHF as the additional insured with alcohol coverage, if applicable.</p>
Approvals	<p>Approval and certification of the Account Administrator or UHF Staff for particular account/project number that will receive the revenue, with additional approvals from a Director/Dean or higher and final approvals from UHF Gift Processing and the UHF Fiscal offices.</p>

IX. Submitting the Approved Worksheet

- A. Please send the approved form to with signatures (wet signatures or digitally signed via an e-signature platform):
1. Via postal mail:  
 UH Foundation  
 Attn: Gift Processing  
 PO Box 11270  
 Honolulu, HI 96828-0270
  2. Via email: [gift.processing@uhfoundation.org](mailto:gift.processing@uhfoundation.org)