

Deductibility Worksheet for Fundraisers: Special Events and Membership Drives Instructions

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- 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 is used for fundraisers and special events.
 - D. 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 or 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 the 4% 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.
 - IV. Athletic Events and the IRS 80/20 Rule



- A. In the case of athletic events, if a donation is required in order to purchase sporting event tickets, only 80% of that donation is deductible to the donor for federal income tax purposes.
- B. Any part of a donor's payment used as payment for tickets is not considered to be part of the donor's charitable contribution.
- C. For example, if a donor gives \$500 for the privilege to purchase four football tickets. If the donor also receives free parking for football games, the charitable deduction will be further reduced by the fair market value of the parking. (Example: Parking at 6 games x \$5 = \$30. \$500 - \$30 = \$470. Of the \$470, \$376 (80% of \$467) is the tax deductible portion of that contribution.)
- D. See IRS Publication 526 for additional examples.

V. Use of University Facilities

- A. If the event is held at a university facility and revenues are to be deposited in a Foundation account, prior written approval by the university is required.
 - 1. Manoa Campus: See UH Administrative Procedures #A1.200 UHM Facilities Use Practices and Procedures" which require the completion of Application and Agreement for Evening and Holiday Use of University Facilities.
 - 2. Other Campuses: Requires memorandum to the Foundation with Chancellor's approval.

VI. 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.

VII. Expenditure for the Event

- A. Submit to the Foundation with the Authorization for Payment form, all expenses in connection with the fundraiser to be paid from the account.

VIII. 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.

IX. How to Fill out the Worksheet

1 & 2	Project # and Title	Insert the project number this event will relate to (i.e. account expenses to be paid from revenues to be deposited into) The title of the fund.
3	Dept:	The department the fund relates to.
4	Contact – Name:	The individual who will be the contact person for this event who can answer questions regarding this event.
5	Phone #:	The phone number of the contact.



6	Address:	The address of the contact person.
7 & 8	Name of Event/ Date and Location of Event	The name of the event. The date and the location of the event.
9	Total Payment Amount	If the event has a variety of table levels then each table level must be in a separate column. If a membership drive has a variety of levels, list each level and their benefits in a separate column.
10	Goods and/or services provided:	Please 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 even if benefit-costs are paid by a sponsor. Some quid pro quo items to take into consideration are: meals, favors/gifts, and activity fee (golf, etc.).
11	Description	Insert a description of the goods or services.
12	Fair Market Value of Goods/Services Provided	Insert the fair market value of each benefit. 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.
13	Net Tax Deductible Portion:	The portion of the payment that is deductible as a charitable contribution by the donor. (Individual participant payment less total FMV of goods and services provided.)
14	Will liquor be served at the above event? If yes, will this be a "no-host bar" served by a licensed third party?	If no, a liquor liability insurance certificate naming the Foundation as an additional insured must be obtained. The insurance certificate is due to the Foundation one week prior to the event.
15	Signature of Account Administrator or UHF Development Staff	Certification of the Account Administrator or UHF Development Staff to the particular project number.
16	Approved by UH Foundation	Approval section by the Foundation.