



Fundraising Event Considerations and Example Sponsorship Benefits for Spartanburg County Foundation Fundholders

Please remember the following steps that are required of fundholders before they can hold a fundraising EVENT to benefit their fund.

1. **Complete a [Fundraising Application](#). This should be completed and submitted to the Foundation and approval received before any marketing of the event takes place.**

Why? When hosting a fundraising event using the Foundation's 501(c)(3) status to provide gift letters to event sponsors and donors, very specific IRS regulations must be followed. The application process, review, and approval help ensure that together, we are meeting those regulations.

2. **Submit any sponsorship information to our Contributions Manager.** This needs to include sponsorship levels and amounts, sponsorship benefits, as well as a breakdown of the value of those benefits. The example below may assist you in submitting this information.
3. **Submit event marketing materials for review by our Communications Officer.** Again, this allows us to review the messaging to ensure that the IRS-required wording is used and used appropriately.

Any event fundraising promotions must contain the following:

Funds being raised with benefit the _____ (Fund Name) _____, a component fund of the Spartanburg County Foundation, a charitable organization under the Internal Revenue Code 501(c)(3).

GoDonate provides a landing page with a unique URL for gifts to your fund. We recommend using this, or a shortened version of it, and a QR code on fundraising posters and marketing materials. If you need help with these elements, please contact our Communications Officer, Kim Atchley, at katchley@spcf.org or call the Foundation office at 864-582-0138.

Please refer to the next page for a sample of Fundraising Event Sponsorship Levels, Benefits, Benefit breakdowns and answers to questions related to using event sponsorships as a way to offset the cost of your fundraising event.

SAMPLE for REFERENCE ONLY

Sample Fundraising Event Overview: Organization X is hosting a Fundraising Concert Event. They are trying to raise most funds through sponsorships, allowing community members to attend the event free of charge; however, a limited number of tickets are being sold for a pre-concert dinner at the venue before the public is allowed in. Dinner tickets (\$40 each) cover the cost of food and offset the cost of the venue rental, so there is no portion of the dinner ticket that would be considered eligible for a tax deduction. T-shirts are being sold at the event entrance. Concertgoers can purchase beverages and snacks on site.

Event Sponsorship with Benefit Breakdown

Sponsorship Level and Benefits	Est. Fair Market Value	Diamond \$5,000	Platinum \$4,000	Gold \$2,500	Silver \$1,000	Bronze \$500
Company Logo as Presenting Sponsor on all marketing and announcements	\$200	✓				
Ticket to Dinner	\$40 each	6	4	2		
Company Logo on T-Shirt	\$25	✓	✓	✓		
Logo on Poster	\$25	✓	✓	✓		
Logo on Website	\$20	✓	✓	✓	✓	
Vender Location	P - \$250 S - \$100	Premium	Premium	Standard	Standard	
Company Banner Display space	\$50	✓	✓	✓	✓	✓
Value of Benefits		\$810	\$530	\$300	\$170	\$50
Amount deductible for tax purposes		\$4,190	\$3,470	\$2,200	\$830	\$450

Explanation of sponsor benefits breakdown: The Internal Revenue Service requires that the amount of a gift, in this case a sponsorship, that may be deductible for tax purposes, does not include the value (fair market value) of any items the sponsor receives for their sponsorship.

What if I want to recognize an event sponsor who will not be attending the event? Can their sponsorship be fully deductible?

- Individuals or businesses can DONATE to support a fund or a fundraising event related to a fund without being called event sponsors. **If they are to be identified or recognized as sponsors (at the event or in event materials)** then the benefit they could receive for that sponsor recognition impacts their tax receipt. For example, if they aren't attending but their sponsorship level includes a meal, they could change their mind or give a friend their 'ticket' and would still be receiving the benefit. The key here is **they have access to the benefit until the event is over**. By IRS regulations, we have to know the value of the

benefits that anyone recognized as a sponsor **could receive** as part of their sponsorship. We can only provide a tax receipt for the portion of a sponsor's financial support of an event that is not related to any benefit they could receive.

Fair Market Value: This is what the item would cost if it were purchased.

Fair Market Value ESTIMATE: At times, it is not possible to find a direct fair market value for the benefit a sponsor receives for a benefit offered for sponsorship. In such instances, it is the responsibility of the fundholder recruiting sponsors to assign an estimated value to those benefits. For instance, it is difficult to assess the marketing value of having a logo on a poster, as there is no way to track whether someone seeing that poster went on to engage with or purchase services/products from the sponsoring company. In such cases, the assessment of value must be set by the fundholder recruiting event recruiting sponsors with the understanding that it is an estimated value.

Value of Benefits: The value of benefits is the total amount of the assigned benefit values as set by the fundholder seeking event sponsorships.

Amount Deductible for Tax Purposes: This is the amount that will be shown as the tax deductible amount on the donation letter provided by the Spartanburg County Foundation.

Sponsorship Fees and how to avoid them: Sponsors often want to process a single payment (usually a company check) to pay a sponsorship. However, the Foundation charges a \$20 processing fee to break out the sponsorship amount from the benefit amount, per transaction, due to the amount of time it takes to manage these transactions according to IRS regulations for your fund.

- If you have six event sponsors, and each writes a single check for that sponsorship, the processing fee would be \$120. The fee would be charged to your fund.
- If those six sponsors each write two checks to your organization, one for the benefit amount and one for the tax-deductible portion of their sponsorship, no amount is charged to the fund.
- Some organizations would rather just pay the \$20 fee than ask their sponsors for two checks and absorb the fee, keeping that in mind when they are reporting the total sponsorship dollars that they have available for covering the expenses related to their event.
- Some organizations add a \$20 processing fee to their sponsorship amounts to cover this expense. The same applies if a sponsoring organization pays for its sponsorship online. In addition, there will be credit card processing fees associated with the payment.

Ticketed Events: In the case of ticketed events, where the benefit received (ex. a meal) is less than the amount of the ticket, and a portion of the ticket sale would be considered a donation, the same \$20 processing fee may outweigh the benefit of the ticket sales.

- For some events, instead of charging a ticket fee for event attendees, a fundholder has promoted a "recommended donation" during their registration process. Basically, the event is free to attend for all who register with an honor code put in place for attendees to make the requested donation.

- For some events, fundholders manage their ticket sales through a third party such as Eventbrite, where payment for tickets are managed through Eventbrite. This, however, requires a checking account to be linked to the third party. The Foundation cannot link individual funds to its own Eventbrite account.
- Due to IRS regulations, the Foundation cannot provide tax receipt letters for payments (sponsorship/tickets) or donations made through ANY third party (Paypal, Venmo, CashApp, etc.). If you have any questions about how you can accept payments/gifts, please contact the Foundation's Contributions Manager, Heather Ailstock at donate@spcf.org or call the Foundation office at 864-582-0138.

Remember: The Spartanburg County Foundation manages sending all tax receipt letters to your event sponsors and fund donors. The Foundation also ensures that you can track your fund activities through FundWeb/GoFUND. It is our goal to help you, our fundholder, leverage the Foundation's nonprofit tax status to secure more donors to your fund and build the resources you have available to help improve the lives of Spartanburg County residents - the mission we share.

For questions related to fundraising events for funds held at the Spartanburg County Foundation, please contact Heather Ailstock, Contributions manager, by email: donate@spcf.org or by calling the Foundation office at 864-582-0138.