



SPECIAL FUND-RAISING EVENTS IRS RELATED TAX REGULATIONS

Current Internal Revenue Service tax regulations dictate a number of specific requirements relative to fund-raising events (golf tournaments, dinners, etc.), sponsored by charitable organizations, that include quid pro quo contributions. Quid pro quo contributions are those that include both a gift and a payment for goods or services (benefits) received. A listing of those requirements and the responsibilities of the charitable organization are as follows:

- **Prior to the solicitation of an event**, the event coordinator must document and submit for approval to the WVU Foundation Office of Finance and Administration the fair market value of each benefit (goods/services) to be offered and/or received by a participant in conjunction with a contribution. The value of benefits to the participant is based on the fair market value, NOT the discounted cost to the unit. The total value of benefits is not tax-deductible.
- All **solicitation material** related to a special event, including brochures, letters, tickets, posters, registration forms, etc., must clearly indicate the net amount of a participant's total payment that will be considered a tax-deductible contribution as well as the fair market value of benefits offered and/or received, which will not be tax deductible.
- All **receipts** related to a special event must clearly indicate the net amount of the participant's total payment that will be considered a tax-deductible contribution as well as the fair market value of benefits offered and/or received, which will not be tax deductible. If, at the time of payment, a participant rejects the right to any of the offered benefits in writing, the entire amount of the payment may be receipted as a deductible contribution.

To assist IRS Tax compliance, anyone conducting special fundraising events through funds within the account structure of the WVU Foundation must adhere to the following checklist. Throughout the process, please contact members of the Foundation Finance and Administration staff for clarification and/or assistance.



SPECIAL FUNDRAISING EVENT CHECKLIST

_____ Prior to the printing of any event material or receipt of any revenue generated by a special fundraising event, submit a draft copy of all solicitation material (brochure, letter, ticket, poster, registration form, etc.), with detailed documentation of the fair market valuation of each benefit to be offered and/or received by the participant, to the WVU Foundation for approval. A Special Event Worksheet, provided by the Foundation, is available for this purpose. A separate Worksheet is required for each level of registration or sponsorship. Following the review of material by the WVU Foundation, any proposed revisions and/or suggestions will be expeditiously returned to the respective host.

_____ Prior to public distribution, provide an original of all event material (brochures, letters, tickets, posters, registration forms, RSVP Cards, etc.) to the WVU Foundation Office of Finance and Administration.

_____ Establish a Foundation Fund for the receipt of revenue and the disbursement of expenses associated with the fundraising event (only if it is intended to be an ongoing annual fundraising activity).

_____ Provide to the Foundation an itemized listing of participants with each deposit to include name, address, total payment, deductible contribution, and fair market value of benefits received. The individual registration forms and/or RSVP's for each participant must also be included with the deposit. A Gift/Nongift Transmittal Form for such deposits is provided by the Foundation.

_____ Provide a reporting to the WVU Foundation of all individuals receiving any prizes and/or awards in excess of \$100 in connection with the event. For any prize and/award in excess of \$600, the Foundation will provide a card that will facilitate a listing of the individual (to include social security number). Any such prize and/or award in excess of \$600 must be reported to the IRS by the WVU Foundation through a Form 1099 at the conclusion of the tax year. Any individual receiving such prizes and/or awards must affix their signature to the card indicating receipt of the prize and/or award and that card must be returned to the Foundation Office of Finance and Administration by the event coordinator. The Foundation will provide for an additional card that will be presented to each individual receiving a prize and/or award with a value of less than \$600 but greater than \$100 indicating that the receipt of such prize and/or award could be considered as taxable income per applicable IRS Regulations and the individual is encouraged to consult their tax accountant for the proper reporting.



FUNDRAISING EVENT TAX DEDUCTION CALCULATION

To determine the tax-deductible portion of any entry fee and/or sponsorship received from a participant in a fundraising event, the following calculation must be made prior to the solicitation of the event.

Name of Event _____ Date(s) _____

Event Entry Fee or Cost \$ _____

Benefits received by an individual and/or sponsor: This amount must include the fair market value of all benefits offered to each participant, not the actual cost that may be discounted. Fair market value is the equivalent of the total cost to any individual receiving similar value at any time other than during this event. The fair market value of each benefit received during an event must be determined and deducted from the entry fee to arrive at the tax-deductible amount. Examples of benefits: meals, drinks, entertainment, green fees, car fees, prizes, gifts, etc. Recognition of a person or sponsor in a solicitation and/or programs is limited to the individual and/or sponsors name, phone number, and address. Qualitative or comparative language is considered advertising and does not qualify as a charitable gift. The WVU Foundation does not accept income from advertising related to a special event or otherwise.

Benefits Offered

Table with 2 columns: Description of benefits, Amount. Includes 7 rows for listing benefits and their corresponding dollar amounts.

Total Value of all Benefits Offered \$ _____

Tax Deductible Amount (entry fee/cost less total value of benefits) \$ _____

Approved by WVU Foundation Office of Finance & Administration

Date Approved

THE RECEIPT OF DEPOSITS FOR AN EVENT WILL NOT BE PROCESSED UNTIL THIS INFORMATION HAS BEEN SUBMITTED, APPROVED, AND ACCEPTED BY THE WVU FOUNDATION. ANY QUESTIONS SHOULD BE DIRECTED TO THE WVU FOUNDATION'S RECEIPT & PLEDGE MANAGER.

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