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SPECIAL EVENTS

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Introduction

When properly conducted and utilized as a part of your council's overall fund development plan, a special event can generate additional contributions to your fundraising efforts. However, when a council begins to rely on special events as its principal source of direct support, attention to their Friends of Scouting campaign inevitably diminishes greatly.

According to a recent study conducted solely on special events, **Charity Navigator** reported the following:

“Special events are inefficient in comparison to overall fundraising activities. On average, the charities studied spent \$1.33 to raise \$1 in special events contributions, compared to an average overall fundraising rate of \$.13 to raise \$1.”

The study concluded: “Without question, special events seem to be an extremely inefficient way of raising contributions. The majority of charities are more efficient in their overall fundraising than when they raise contributions through special events. ... We recommend, as always, that donors take the information we present as just one piece of the puzzle in making their giving decisions. Each donor must decide for himself whether or not the additional benefits of special events are worth the trade-off for efficiency, or whether he would rather make a contribution directly to the organization. It's obvious from these results that an efficient charity does not always run an efficient event, and vice versa; each charity should be considered on a case-by-case basis.”

In another fundraising analysis for local council, a consultant provided the following advice. “Because events are labor-intensive and focus more on friend-raising than fundraising, the council should consider keeping the number of events it produces to no more than one or two signature events each year and focusing the surplus staff and organizational time on more personalized, direct approaches to major gifts fundraising.

Objective

The purpose of this manual is to provide you with the necessary information to conduct a special event program in your council.

Planning Your Special Event

Every special event succeeds or fails largely on the strength of its planning. A properly conceived plan is your road map, agenda, and justification. Make sure your event is planned and implemented with the active involvement of your board members and key volunteers, not just staff.

Careful consideration should be given to whether your council needs or can afford a special event. Before you embark, take into account these five critical elements. The event:

1. Must have a strong group of committed volunteers involved.
2. Must not divert attention from or interfere with your FOS campaign.
3. Must include securing gifts-in-kind to reduce its expenses.
4. Must net a minimum of 60 percent of its gross revenue.
5. Must cultivate new donors.

Select an Appropriate Event

Hold a brainstorming session where members of your board and key volunteers provide preliminary input into the kind of event they would support. Listed below is a sampling of some of the special events recently held by local councils. It's unknown how successful these events were, and the list is intended for information purposes only.

- Auction (Chief Seattle)
- Bowl-o-ree (Westchester-Putnam)
- Business and Industry Leaders Luncheon (Istrouma)
- Character Awards Dinner (Santa Clara County)
- Chili Cook-off (Three Rivers)
- Corporate Pinewood Derby (Blue Ridge Mountains)
- Community Builder Award (Northern Star)
- Construction Industry Dinner (Chicago Area)
- Cookout on the Circle (Crossroads of America)
- Distinguished Citizen Award Dinner (Knox Trails)

- Diversity Achievers Breakfast (Milwaukee County)
- Dodgeball Tournament (North Florida)
- Eagle Recognition Dinner (Simon Kenton)
- Golf Tournament (East Carolina)
- Good Scout Award Dinner (Northeast Illinois)
- Half Marathon and 10K (Erie Shores)
- Hispanic Heritage Luncheon (Theodore Roosevelt)
- Holiday Gala (Utah National Parks)
- Leadership Excellence Gala (Grand Canyon)
- Monopoly Tournament (Midnight Sun)
- Motorcycle Ride (Lincoln Heritage)
- Mountain Bike Race (Samoset)
- Over the Edge Rappelling Event (Mid-America)
- Peach of an Athlete (Atlanta Area)
- Scout-a-Rama (Orange County)
- Sporting Clays (Circle Ten)
- Sports Dinner and Auction (Northern New Jersey)
- Vale La Pena! (Denver Area)
- Vertical Challenge Ski/Snowboard Event (Trapper Trails)
- Whitney M. Young Jr. Dinner (Connecticut Rivers)
- Wild Game Dinner (Great Lakes)

The Committee

An enthusiastic, well-connected committee is critical to the success of your event. The committee should be composed of your chairman and a diverse group of board members, key volunteers and individuals who possess expertise, talent, or contacts that offer support to the event's success. Be sure the committee is large enough and has time enough to carry out the required planning and implementation.

The committee is charged with making all important decisions relating to the event, planning, obtaining sponsors and participants, and overall supervision. The staff adviser's role is to support the chairman, perform the detail work, and prod committee members to complete assigned tasks. The committee should meet regularly with the understanding that an emergency meeting might have to be convened at any time, should circumstances warrant.

During the first several meetings, the committee decides upon the following:

- **Goal**—Determine what success looks like in terms of how much money the event should realistically be expected to net for the council.
- **Location**—Choose the right venue, the optimal location, and make every attempt to secure it.
- **Date and Time**—Set a date that allows for enough lead time to plan a successful event. Be sure no other major event that may appeal to your targeted participants is scheduled for the same day. Pick a time when people are likely to be most available. Consider the weather, and schedule at a time of year when the possibility of weather problems is small.
- **Fees**—Determine the maximum individual participant fee and range of sponsorship levels appropriate to your area.
- **Securing Participants and Sponsors**—Fundraising is peer-to-peer, and committee members must take the lead in this area. They also must determine who else they will involve in the solicitation process: i.e., board members, advisory board members, and other volunteers.

NOTE: Committee members must understand the crucial role they play in securing sponsors and participants. If the committee needs more information about any of the items listed above, it is the staff advisers' responsibility to do the necessary research and report back at the next committee meeting.

Create a Budget

Special events are intense fiscal projects from start to finish. When you prepare a draft budget for the committee, it should relate to the revenue expected from the event when the council budget was developed and approved by the board. A budget forces you to think through the entire project in advance. An accurate and conservative budget is imperative. It's the role of the committee and ultimately the executive board to approve the event's budget and financial goals, and it is often done eight to 12 months before the event takes place.

Identify everything that will cost money, everything that will raise money, and determine your break-even point.

- **Expenses**—Use as many actual quotes as possible and do the research. Wherever possible, identify potential prospects to secure gifts-in-kind of materials and services needed.
- **Income**—There are no absolutes or exact formulas when it comes to estimating income. Participant and sponsor fees are often broken into several categories. The largest group will typically be at the lowest price point and smallest group at the highest. Take into consideration the quality and quantity of your event's invitation list and the linkage between those invited and members of your committee.

As you compare estimated expenses and project income, you may find the initial numbers are not what you hoped they would be. You may need to adjust and fine-tune your draft budget by reducing expenses and/or identifying additional income that will meet the financial goal.

Once you have prepared a detailed draft budget you are satisfied with, share it with your chairman and have it presented to the committee for discussion, adjustment, or approval. Once the final budget is approved, it's imperative to stick to it.

Create a Timeline

Plan backward from the date and time of the event to the present to make sure you have not left out any tasks, have calculated all expenses, and have allowed enough time for everything to get done. Below is a partial list of items you can use to begin developing your timetable.

Preliminary

- Research potential types of events
- Determine the type of event to conduct
- Determine prospective fees and sponsor levels

Budget

- List all potential expenses and income
- Draft budget
- Adjust and fine-tune draft budget
- Present draft budget to chairman
- Present draft budget to committee
- Adjust draft budget as needed
- Committee approves budget

Committee

- Prospects for chairman identified
- Chairman approved and recruited
- Prospects for committee identified
- Set date for first committee meeting
- Mail committee invitation letters
- Chairman and staff adviser recruit committee members
- Prepare agenda for committee meeting with chairman
- Hold first committee meeting
- Chairman adds prospects to master invitation list
- Committee adds prospects to master invitation list
- Identify and recruit honoree or special guest if applicable
- Continue developing master invitation list
- Committee members select prospects to solicit
- Committee mails personal letters to prospects
- Regular progress reports sent to committee members
- Members select and solicit gift-in-kind donations

General

- Prepare event timetable
- Identify optimum location
- Research potential dates for conflicts
- Prepare preliminary master invitation list
- Prepare prospective gift-in-kind prospect list
- Identify potential sponsor benefits
- Prepare “save the date” notice
- Determine deadline for advertising artwork to be submitted
- Prepare draft invitation
- Mail “save the date” notice (60-90 days out)
- Conduct initial meeting with location
- Invitations mailed (no more than 30 days out)
- Prepare checklist for items and people you need at the event
- Telephone all sponsors who have not submitted artwork
- Reconfirm special guests and arrangements

Relationships

- Develop post-event evaluation survey
- Distribute and collect evaluation survey near end of event
- Collect participant contact information during event
- Make several personalized contacts with participants during the year
- Send handwritten thank-you notes two days after
- Add sponsors to newsletter mailing database
- Send sponsors an annual report
- Invite sponsors to visit a program event or camp

- Gather sponsors in focus groups to ask advice and connect to mission
- Send written acknowledgements to donors (\$250+)
- Send written acknowledgements to gift-in-kind donors

Stay on Track

To encourage accountability, make sure information is shared by scheduling regular meetings and progress report communications. Committee members know they will be expected to report on their progress. You want your volunteers to have a clear understanding at all times of where the event stands relative to the timeline, and a commitment to get the job done.

SPONSORS

Benefits

It's a good idea to have a wide range of levels so small and large businesses can find a level that suits their needs and budget. Increase the prominence and number of benefits based on the dollar amount of each sponsor level. Keep in mind that you may have to be flexible and customize levels for some sponsors to meet their marketing needs. The following benefits were recently utilized by a local council:

Platinum—\$25,000

- Eight special-edition lithographs personally autographed by Joseph Csatri
- Eight V.I.P. tickets to the Art Show Reception and Gala, including preferred valet parking
- Eight V.I.P. admission tickets for a public exhibit including docent escort
- Company logo on front cover of art show catalog
- Full- page ad in art show catalog—8.5 x 11 (vertical)
- Company logo or your own customized PowerPoint slide projected during the event
- Named recognition during gala program
- Recognition on council website homepage for one year
- Recognition in council newsletter

Gold—\$15,000

- Six Special edition lithographs personally autographed by Joseph Csatri
- Six V.I.P. tickets to the art show reception and gala, including preferred valet parking
- Six V.I.P. admission tickets for public exhibit including docent escort
- Full-page ad in art show catalogue—8.5 x 11 (vertical)
- Named recognition during gala program
- Recognition on council website for one year
- Recognition in council newsletter

Silver—\$5,000

- Four special edition lithographs personally autographed by Joseph Csaturi
- Four V.I.P. tickets to the art show reception and gala
- Four V.I.P. admission tickets for public exhibit including docent escort
- Half-page ad in the art show catalogue— 8.5 x 5.5 (horizontal)
- Recognition on council event webpage for one year
- Recognition in council newsletter

Bronze—\$2,500

- Two special-edition lithographs personally autographed by Joseph Csaturi
- Two V.I.P. tickets to the art show reception and gala
- Two V.I.P. admission tickets for public exhibit including docent escort
- Quarter-page ad in the art show catalogue—5.5 x 2.25 (vertical)
- Recognition in council newsletter

Friend—\$500

- Two tickets to the art show reception and gala
- Two V.I.P. admission tickets for public exhibit
- Business card ad in the art show catalogue— 2 x 3.5 (horizontal)

Note to council: Whether an income-producing activity is an unrelated trade or business activity depends on all the facts and circumstances. For more information, see IRS Publication 598, Tax on Unrelated Business Income of Exempt Organizations

Maintain Contact

Make sure sponsors see that you value their support. Once a commitment has been made, send them a thank-you letter that recaps the benefits of the level they've chosen. After you receive their check, send another thank-you. Anytime you think a sponsor has a concern about something, give them a call. If a sponsor calls you, make a point to return the call within 24 hours. If you'll be out of the office for a few days, make sure your voice message directs sponsors to a live person.

After The Event

Sponsor Relationships

Do not wait until the event rolls around next year to contact them.

- Send handwritten thank-you notes to sponsors within two days after the event. Let them know how successful the event was, how much money was raised and the final attendance, and how their support will make a difference.
- Put together packets that showcase their publicity. Include copies of all the ads they appeared in, photos of their banners at the event, photos of people using their products at the event, etc. |
- Add them to your newsletter mailing list.
- Send them a copy of your annual report.
- Invite them to summer camp for lunch or other program events to see boys in action.
- Gather sponsors in focus groups to ask advice and connect to mission.
- Send them a quick note if you see their company given a positive mention in the newspaper.
- Have board member(s) call sponsors to thank them for their support.

Follow up with your new contacts

Determine how you will follow up with new donors, contacts, or volunteers who came to the event. Your attention to details concerning follow-up can make new Friends of Scouting and raise more money for your programs in the future.

- Collect participant contact information at the event including snail mail and email addresses and enter the information into your database
- Send periodic updates about your council and the work it's accomplishing
- Personalize correspondence soon after to greatly assist your relationship-building effort
- Send a photo of them taken during the event if you can

Evaluation

Post-event evaluation and analysis is critical; it will help you and your committee make sound decisions with regard to the future, and identify what can be done more effectively. To gain as full a picture as possible, ask participants, sponsors, the committee, and volunteers to complete a survey or comment sheet.

Develop your survey to get the answers to the following questions:

- Did everything go as planned?
- Were our objectives achieved?
- Were our volunteers, participants, and sponsors happy and satisfied?
- What could we have done differently?
- What lessons did we learn for next time?

Legal Requirements

Federal Law

Internal Revenue Code Section 170(f)(8) stipulates that in order for a donor to claim a charitable deduction for federal income tax purposes for gifts of \$250 or more, that donor *must* have a contemporaneous written acknowledgment from the council. (Canceled checks are not sufficient documentation to support a charitable tax deduction.)

The written acknowledgment *must* include the following:

- The amount of cash contributed, or;
- A description (but not the value) of any noncash property contributed, and;
- A statement as to whether the council provided any goods or services (for example, dinners, event tickets, publications, celebrity autographs, discounts, coffee mugs, etc.) in exchange for all or part of the cash or property contributed. If so, a description and good-faith estimate of the value of goods and services provided must be included.

(If no goods or services were provided in exchange for the donor's contribution, that fact should be explicitly stated on the acknowledgment or receipt. For a donor to receive a "no goods or services" statement the council must be notified in advance that they do not plan to attend.)

Councils must provide written disclosures about the solicitation or receipt of *quid pro quo* contributions that exceed \$75. A *quid pro quo* contribution is one that is made partly as a donation and partly in exchange for goods and services.

This disclosure must inform the donor that only that portion of the contribution that is *in excess* of the fair market value of the goods or services provided by the council is deductible for federal income tax purposes. In addition, the council must provide the donor with a good-faith estimate of the value of such goods or services.

For example, if you held a fundraising dinner, determined the cost or value of each dinner served to be \$25, and requested a \$100 donation to attend the event, only the \$75 that is *in excess* of the \$25 fair market value of the dinner is considered charitable for federal income tax purposes.

The law stipulates that contributors must be informed of this breakdown, either on the printed materials used to promote or solicit funds for a particular event, or through a letter of acknowledgment, or on an official receipt afterward. Failure to do so could subject the council to significant financial penalties and could jeopardize contributors' tax deductions. The council should incorporate this language on both promotional materials and on written acknowledgments.

If the goods or services provided by the council are of *de minimis* value (i.e., of token value: bookmarks, calendars, nonsubscription and noncommercial publications, key chains, coffee mugs, posters, T-shirts, etc.), the solicitation material or written acknowledgment or receipt must include the following statement:

“Under Internal Revenue Service Guidelines, the estimated value [of the goods and services provided to the donor] is not substantial; therefore, the full amount of your payment is a deductible contribution.”

State Laws

Some states require fundraising entities to print disclaimers on all solicitations, written confirmations, receipts or reminders of a contribution. It is the responsibility of the council to comply with all tax exempt requirements and relevant laws, including applicable state laws.

Accounting

General

- There are different reporting requirements for financial statement and tax purposes.
- Income from special events can be part “exchange transaction” and part contribution.
- Separately detailing costs that are directly attributable to the benefit received by the event attendee or participant (i.e., food and drink, gift items) and costs associated with promoting and conducting the event are important for functional expense reporting.
- Income is calculated based on the retail value of the benefit received by the event attendee or participant—different than gross proceeds.
- Amounts received in excess of the income (gross proceeds less income calculated) are considered contributions and should not be included in special events income.
- If the benefit received has a nominal or insubstantial value, then the entire amount received is considered a contribution.

Auctions

- The council is responsible for making a good faith estimate of the fair market value of goods or services (value that is within a typical range is acceptable).
- A deduction is available to the donor of an item, but it is limited to the donor's tax basis in the property.
- A deduction is available for the purchaser only for the portion of the bid that exceeds the fair market value of goods or services received.

Sponsorships

- Sponsorships are defined as donations that aid in the production of fundraising or other special events. Such donations include cash donations, donations of goods, donations of services, and suppliers' discounts on goods and services.
- Messages on donor boards, logos on event memorabilia, dispensing of products, PSAs on TV and/or radio, appreciation in printed materials, etc., are not considered advertising. The charitable deduction is allowed in this case and is equal to the amount of the sponsorship fee less the value of the services or goods received (i.e., tickets, meals, gift items, etc.).

- If a contract is signed between a business and the council for advertising purposes and messages indicate qualitative or comparative language, price information or inducement to buy, sell or rent a product, the fee is not tax deductible.

In-Kind Gifts

- Acknowledgement of the donation of property or services is not required to include cash values. The property or service must be described, however. Evaluation of the donation is the responsibility of the donor.
- If the value of the in-kind gift exceeds \$5,000, the donor must obtain a qualified appraisal and the donor must submit an appraisal summary with the tax return claiming the deduction.
- If an in-kind gift involves a “quid pro quo” contribution, the value of the goods or services received by the donor must be acknowledged by the council and stated to the donor.

Volunteer Expenses Deduction

- The IRS now requires written substantiation for deduction of volunteer expenses of \$250 or more.
- Unreimbursed expenses incurred while performing volunteer duties, totaling \$250 or more per event, cannot be deducted on income taxes unless the volunteer has both a receipt and a written substantiation from the council.
- If unreimbursed expenses for an individual event are less than \$250, then only receipts are required and the council does not need to provide substantiation.
- The written acknowledgement from the council, if needed, must contain a description of the services that were provided, whether or not the council provided any goods or services in return. If the council provided any goods or services, a description and good faith estimate of the fair market value of those goods and services should be included.

Drawings

- People who purchase tickets for a drawing may not claim a tax deduction for the ticket price, even if they do not win the drawing. The purchase price is not considered a tax-deductible donation because the buyer is receiving value in the form of the chance to win in exchange for the money.
- In addition, you must review your state statutes. In some states raffles are a form of gambling and therefore illegal. However, drawings may not be considered raffles if people are able to enter at no charge if requested.

For further information, please contact the Finance Impact Department.



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