



Tips on Dinners, Galas and Balls

There is nothing like a social occasion such as a dinner or a party, to get people motivated to buy tickets for a good cause. Charities of all causes and sizes have hosted such events to raise funds. From fried chicken dinners held by local volunteer firefighters to black-tie galas held by nonprofit hospitals and educational institutions, meals can help bring in the money. The Alliance offers the following advice to consider.

1. Remember the deductibility rules. IRS Publication 526 explains that, for a charity event such as a banquet or ball, you can deduct only the amount that is more than the fair-market-value of the benefits you receive. For example, if you pay \$100 for a ticket to a charity fund raising dinner at a hotel, and the usual price for a similar meal at the hotel is \$25, then only \$75 of the ticket would be deductible. In most instances, the charity will disclose the amount of the purchase that is deductible on the event invitation.

2. Some events may be on the expensive side. At a black-tie event, between the caviar, the wine and the entertainment, the charity's expenses can add up quickly. In response, some organizations will note, however, that certain events are not intended to raise huge sums of immediate cash, but to network with business executives and wealthier donors in order to serve as an introduction to a larger gift request in

follow-up communications and meetings. The event may be seeking to plant the seed for a future gift.

3. In other instances, a charity may be seeking to get publicity for its cause. A gala celebration that includes a chance to meet a famous entertainer or popular figure can help sell tickets as well as bring media attention.

4. Some organizations are concerned about the public perception of a fancy gala even if they yield significant financial benefits to the organization. This is especially true during tough economic times. The result—some charities hold “virtual fund-raising dinners.” On the Internet, the charity sends photos, elaborate menus, and make-believe activity descriptions to participants, but still asks everyone to pay for “tickets.” Without the expense of a real dinner engagement, the charity gets to keep more of the money raised to carry out its good works.

5. Donors always have the option of making a direct donation to the charity instead of participating in a fund raising dinner or similar event. Of course, the Alliance reminds donors to not be swayed by the popularity of a gala. Do not assume this popularity means the charity is well managed. Check out national charities with the BBB Wise Giving Alliance or contact a local Better Business Bureau if the charity host is a local organization.