

HOSTING A GOLF TOURNAMENT?

Participants in golf tournaments often receive benefits with their registration. These are called advantages. Below are a number of commonly used advantages, and an example of how to issue a donation receipt.

GOLF CARTS

Determine the value of the advantage by using the fair market value of the rental (divide by two if the cart is shared by two people).

FOOD AND BEVERAGES

Use the fair market value of the meal charged by the restaurant or caterer, excluding tips.

Determine this value only after the final catering bill is paid.

GREEN FEES

Use the fair market value of green fees normally charged by the golf club.

CLUB MEMBERS

If participants are members of the host club, the green and golf cart fees are generally not advantages if they are included in their membership plans.

NOTE

Green fees, golf cart rentals and meals must always be subtracted from the registration fee to determine the value of the donation receipt.

TOKENS OF APPRECIATION

Tokens of appreciation, such as water bottles or T-shirts, can be given to participants without being considered an advantage if their total value does not exceed a certain limit (the de minimis rule). Think of them collectively as one big “thank you” for participating.

Note: Tokens of appreciation that are cash or near-cash gifts, such as gift cards and certificates, vouchers and coupons, are always an advantage to the donor.

DOOR PRIZES

Determine the fair market value of each door prize and divide the total value by the number of tickets sold to the tournament.

EXAMPLE:

PUTTING IT INTO PRACTICE

Your charity is hosting a golf tournament to raise funds for its charitable activities. It is charging a \$300 registration fee. The following advantages are given to participants:

- A round of golf with green fees worth \$100
- A golf cart worth \$40 shared by two participants (\$20 per person)
- A meal worth \$50
- A polo shirt worth \$25

THE DE MINIMIS RULE

If the total value of the tokens of appreciation and door prizes exceeds \$75 or 10% of the registration fee, whichever is less, they are considered part of the advantage and must be subtracted from the donation receipt.

HOLE-IN-ONE PRIZE

A hole-in-one prize is not considered an advantage, as the chance of winning is very small.

HOW DO YOU CALCULATE THE VALUE OF EACH RECEIPT?

Your charity can give a \$130 donation receipt to each participant.

At \$25, the polo shirt is less than 10% of the registration fee and doesn't need to be subtracted.

\$300 registration fee
- \$100 round of golf
- \$20 golf cart fee
- \$50 meal

\$130 donation receipt