

Understanding Non-Profit Sponsorships and Donations

Sponsorships:

A sponsorship is a business transaction where financial consideration is given to in return for a measurable benefit, such as advertising, event participation, or signage. It is a way for businesses to gain exposure. A sponsorship is a marketing opportunity and is recorded on the sponsor's books as a marketing expense with an expected ROI to the sponsor. The accepting organization does NOT need to be a 501c3. Sponsorships in general, are not tax deductible as a donation because the sponsor is receiving a benefit from the transaction – however they are deductible as a business expense.

Donations:

Donations are defined as gifts given with no expectation of a measurable benefit to the donor. A donation can be made with restrictions as to its use and the receiving organization has a responsibility to assure that the funds will be used for the intended purpose. It is recorded on the donor's books as a contribution expense and is deductible (with limitations) for tax purposes only if it is made to a 501c3.

For more information on how you can support the DID in our mission to improve downtown Mpls please contact Kathryn Reali, Chief Operating Officer; Kreali@MplsDID.com.