SPONSORSHIP VS. DONATION

What is the difference between a sponsorship and a charitable donation?

SPONSORSHIP

Sponsorship – Is a cash or in-kind fee paid to an organization or group in return for access to benefits associated with that organization and/or event. The strategy is to build a link in the target audience's mind between the sponsor and a highly valued organization (or event) to win consumers and/or key accounts.

Sponsorship

- Not tax-deductible
- Receives a right, privilege, benefit or advantage for their payment
- Business transaction – mutually-agreed upon rights and benefits
- Underwrites expenses of hosting event

Example: A company pays a charity $20,000 to sponsor an event. The company receives goods and services for their sponsorship.

DONATION

Donation– Is a philanthropic gift from an individual, family or corporation in support of a cause without any benefits. The donor does not expect anything of value in return other than recognition and does not have control over expenditure.

Donation

- Tax-deducible
- No benefits
- Philanthropic
- Supports cause for the greater good

Example: A company donates $20,000 to a charity because it supports its mission and does not receive any benefits for their contribution.

International OCD Foundation