

Auctions and Events

Prior to planning a live or silent auction or an event, please contact AJ McCausland or Skip Swearingen. Robyn Bongartz and Clarice Maseberg in Financial Operations are the contacts for the University.

Event Tickets

Event tickets and auction bids can be subject to sales tax. The University is set up to pay sales tax to the state.

When an event has tickets please advise on registration forms, emails, etc. how much of the event ticket is tax deductible. This is the amount over the per person cost for the event, or the benefit that the patron receives. It is advisable to keep a spreadsheet of event ticket purchases with donor name and address that breaks down the benefit vs. charitable/tax deductible portions.

All event ticket receipts should be deposited in a state fund and then an ICD can be completed to move the charitable portion to the Foundation. Please forward the spreadsheet to AJ McCausland.

Auctions

Tickets to an auction follow the same protocol as event tickets.

In addition, there are important factors in planning an auction.

For any gift-in-kind of auction items be sure to submit a completed Gift-In-Kind Acceptance Form to Susan Barrett. The value of a Gift-In-Kind for an auction item is determined by the donor's cost basis for the item rather than the fair market value.

Sales tax should not be paid on items purchased to auction; the winning bidder is the end consumer and they will pay the sales tax based on the winning bid amount.

Post the fair market value with silent auction items. If there is a program or other publication that includes the items, post the fair market value there as well. There is no charitable gift on a winning bid unless the amount paid exceeds the fair market value.

There are two methods to calculate and collect sales tax on winning bids.

- 1) Add sales tax to the winning bid amount. Ex. If the winning bid is \$100 then sales tax would be calculated as $\$100 \times (1 + .075^*)$ and the winning bidder would pay \$107.50. \$7.50 would be due to the state for sales tax collected. This approach requires calculation and collection at the time of the event. * 7.5% is the current sales tax rate in Sedgwick County.
- 2) Calculate sales tax from the total amount paid. Ex. if the winning bid is \$100 the adjusted item value is calculated as follows... $\$100/1.075 = \93.02 . Multiply the adj. item value by the sales tax rate... $\$93.02 \times 0.075 = \6.98 (or subtract the adj. item value from the winning bid amount). \$6.98 is due to the state for sales tax collected.

Auctions and Events, cont'd.

Calculating the charitable gift amount

- 1) If sales tax is added to the winning bid, the winning bid (without sales tax) minus the fair market value equals the charitable gift amount. If the fair market value is more than the winning bid then there is no charitable gift. Ex. \$100 winning bid on \$75 fair market value equals \$25 charitable gift.
- 2) If sales tax is calculated out of the winning bid then the adjusted item value minus the fair market value equals the charitable gift amount. Ex. \$100 winning bid minus calculated sales tax equals \$93.02 adjusted item value. \$93.02 minus \$75 fair market value equals \$18.02 charitable gift.