



# Charitable Athletic Events—How to Stay On Course

From the Office of Minnesota Attorney General Lori Swanson

Charitable athletic events—like walkathons, races, and mud runs—may allow donors to both help a good cause and have the gratification of competing at an athletic event. But not all events are the same. Some events have high overhead, leaving little for charity. At least one mud run in Minnesota gave no money to the charity it promised to help.

Doing your homework before participating in a charitable athletic event helps to ensure that your participation actually benefits a worthy cause.

## History of Charitable Athletic Events

So how did charitable athletic events get their start? One of the earliest events was a 1969 hunger walk. The few hundred people who participated in the walkathon raised \$25,000 and raised awareness about world hunger. Since then, such events have become a mainstay of many charities' solicitation activities.

## Things to Know

Nationwide—and in Minnesota—issues have occurred with some charitable races and athletic events. Things to pay attention to include:

### Low Percentage of Donations to Charity.

Athletic events can involve high costs and overhead. Organizers have to spend money to advertise and promote the events, reserve their locations, staff the courses, and for insurance, among other things. Participants may be given t-shirts, jackets, tote bags, or medals, all of which cost money. These costs reduce the amount of race fees and donations that go to a charitable purpose.

### For-Profit Events that Appear to Be Non-Profit Events.

Charities sometimes use for-profit organizers to run an event. The for-profit vendor may prominently use the charity's name to promote the event, but only give a small amount of money to charity. Participants may

believe that they are “sweating it out” for a nonprofit race when, in reality, most of the money stays with the for-profit organizer.

### Scammers that Provide No Support to Charities.

The Minnesota Attorney General's Office recently filed a lawsuit against a Minnesota man who organized “mud runs” throughout the country. He told participants that their race fees would benefit a cancer charity for young adults. Many runners participated because they had family members with cancer. The promoter took their race fees but gave nothing to the cancer charity.

## Do Your Homework

Check out the event to make sure your money and your “sweat equity” will help a good cause in the way you intend. Before participating, you should ask who is holding the event and how the event claims to benefit charity.

### How the Event Benefits Charity.

There are several scenarios by which a charitable athletic event could potentially benefit charity, each with different issues:

Some charities hold events to raise money to further their own charitable programs. While these charities have an incentive to hold down costs, you should still verify what percentage of your contribution is being used to hold the race, versus going toward the charity's mission.

Some charities hold events to raise money to donate to other charities. In this situation, you should find out the name of the other charity and how much money the event organizer has committed to donate. You should also verify the organizing charity's track record by finding out how much it has donated to other charities in the past.

Some charities hire for-profit “professional fundraisers” to run their events. If a professional fundraiser is

organizing the event, it takes a “cut” of your donation for itself. You should ask what this cut is because some professional fundraisers keep the majority of the donations they collect.

### **Ways to Research Charitable Athletic Events.**

There are ways donors can find out more about a charity that is holding a race or other event.

An organization called GuideStar makes charities’ federal tax returns—called IRS “Form 990”—available for free on its website, [www.guidestar.org](http://www.guidestar.org). Form 990 discloses how much a charity receives in donations, how much it spends on overhead and other expenses, and whether or not it uses for-profit professional fundraisers to solicit donations.

You may also wish to check if the following organization has rated the charity holding the athletic event:

#### **Minnesota Charities Review Council**

2334 University Avenue West, Suite 150

St. Paul, MN 55114

651-224-7030 or 800-733-4483

[www.smartgivers.org](http://www.smartgivers.org)

### **Contact the Minnesota Attorney General’s Office.**

The Attorney General’s Office can answer questions and send you copies of the documents charities and professional fundraisers must file about their finances. You may contact the Attorney General’s Office to ask questions about a charitable athletic event as follows:

#### **Office of Minnesota Attorney General Lori Swanson**

445 Minnesota Street, Suite 1400

St. Paul, MN 55101

651-296-3353 or 800-657-3787

TTY: 651-297-7206 or TTY: 800-366-4812

[www.ag.stat.mn.us](http://www.ag.stat.mn.us)