



This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Maximizing Impact with Cause Marketing: Guidelines for Charitable Sales Promotions

Cause marketing is a popular tool that businesses use to give back to the community. A “charitable sales promotion” is a form of cause marketing that allows businesses to support charitable organizations while promoting their products or services. Examples of this type of strategic alliance include: a pizza restaurant advertises that a portion of its sales on a Tuesday night will benefit a local animal rescue, or a grocer launches a campaign in which a portion of turkey sales for the month of November will be donated to a homeless shelter. Whatever the arrangement may be, in Georgia (and in many other states), if a business represents that the purchase of its goods or services will benefit a charity either in whole or in part, state law requires that the business and charity sign an agreement before beginning the promotion. Under the Georgia Charitable Solicitation Act (the “Act”), the agreement must contain each of these terms:

- 1. The Basics:** The full name and address of the business providing the proceeds, that the charity that will receive the proceeds, and that the agreement is subject to the Act.
- 2. The Campaign:** The start and end date of the promotion, a description of the specific goods or services that will be offered in connection with the promotion, and the general geographic area where the goods and/or services will be offered.
- 3. The Benefit:** The manner in which the charity’s name will be used, the specific benefit the business will tell the public will go the charity (i.e., the actual or estimated dollar amount or percent per unit of goods or services purchased or used), the estimated number of units of goods or services to be sold or used, and if applicable, the maximum dollar amount that will benefit the charitable organization.
- 4. The Proceeds:** The date the business will provide the nonprofit with a final accounting (on a per unit basis) in connection with the campaign, the date the nonprofit will receive the payment, and how nonprofit will receive payment (e.g., check, bank transfer, etc.).

While not required under the Act, it is recommended that the agreement include advance approval by the charity of any promotional materials and limits on the use of the charity’s logo.

Under the Act, the signed agreement must be provided to the Georgia Secretary of State upon request. In addition, the business must maintain the final accounting for the charitable sales promotion for three years after the final accounting date.

Be careful with how you publicize the promotion. The charity should take care not to endorse the business’ product or services as it may trigger [unrelated business income tax](#). Using the examples in the introduction, the animal rescue should refrain from describing the pizza as “delicious’ and the homeless

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shelter should not include a link to the grocery stores' weekly ad. Both charities can, however, include a link to the homepage of the business, along with a neutral statement that a portion of sales will go to the charity. Find more tips about how to publicize these promotions here: [Do's and Don'ts of Corporate Sponsorship](#). You can find additional information about the pros and cons of fundraising with businesses here: [Conducting Fundraising Activities with For-Profits](#).

If a business has offered to conduct a charitable sales promotion that will benefit your charity, reach out to your PBPA attorney for assistance in drafting the necessary agreement.