



Best Practices for Donating or Selling Beer to a Nonprofit

What craft breweries should consider before participating in beer festivals

With an increasing number of beer festivals and events occurring each year there is a corresponding demand for breweries to donate beer. The California Craft Brewers Association (CCBA) developed the following questions to help breweries to consider their rights as business owners and carefully deciding whether to donate their beer to a cause, receive compensation for their product and ensure the nonprofit entity holding the proper temporary license from the California Alcohol Beverage Control is complying with ABC regulations around the hosting and management of the event.

For a list of regulations about hosting, participating or managing a nonprofit event, please email abc@californiacraftbeer.com.

QUESTION ONE: Is this Nonprofit Eligible for a Donation?

Breweries may only make donations to *federally registered 501(c) organizations*. Some nonprofits are only registered as a nonprofit with the state, which is insufficient for purposes of the Alcoholic Beverage Control Act, so make sure that any organization that you contemplate working with is federally registered. Breweries may donate beer or cash to these organizations, most often for an event.

QUESTION TWO: Can Our Brewery Afford the Request Being Made?

There are a variety of ways in which a brewery may make charitable contributions. A brewery could suspend its license, act as a host facility for an event and donate beer to no cost to the nonprofit, or a brewery may sell beer at a discount to the nonprofit to cover its own costs manufacturing the beer. Either way, the brewery is not required to sell, donate or discount its beer and should make the decision based on its own business structure, priorities and marketing strategies.

The ability to donate may also depend on when the event is going to be held – will it fall in your busy season? Have you already committed to other events in that same timeframe? No matter the request, always remember that you have the right and power to respectfully decline.

QUESTION THREE: Is this Nonprofit True to My Brand?

From a practical standpoint, breweries should participate with nonprofits and events that are true to the brewery's values and brand. Donations and event participation effectively link the nonprofit and your business, so be careful of the organizations with which you align your brewery. There are a variety of nonprofits and events to choose from – find one that stays true

to your brewery and target demographic. Are you a dog-friendly brewery? Perhaps an animal rights nonprofit or event that benefits a local shelter is the best fit. Are you an environmentally focused brewery? Maybe a nonprofit that promotes biking to work or sustainability will work best.

QUESTION FOUR: Is the Nonprofit in Compliance with California ABC Laws and Regulations?

You may also want to consider how well versed a nonprofit is with ABC laws and compliance matters. Has this nonprofit hosted beer festivals or events before? Will they know what it is they can and cannot do, and just as importantly, will they understand what you as a brewery can and cannot do? Some nonprofits have experience with such events and may be easier to work with. This is especially true if your brewery is relatively new to such events. If both the brewery and the nonprofit are undertaking an event for the first time, some education will need to be obtained on the legalities of throwing these events. A nonprofit newer to beer events may be better off working with a brewery that has participated in these events many times before and can learn from the experience.

Over the last few years, the industry has seen a dramatic increase in the number of events being held by or in association with a nonprofit – however, many are not compliant with applicable laws. Of especial popularity are events that use a for-profit company, such as an event management company or promoter, to organize and run nonprofit events. Use of a third-party event organizer is legal but only within certain limitations. For example, a for-profit company is strictly prohibited from paying a beer manufacturer for beer sold to a non-profit event. All beer sold or donated to the nonprofit must only be received and accepted by the nonprofit.

QUESTION FIVE: What Are We Willing to Donate?

Once you have determined which nonprofit and event that you would like to (and can legally) work with, it is time to establish what you can and *are willing* to donate.

A California Brewery Can...	A California Brewery Can Not...
Legally, a brewery may donate beer and cash to nonprofit (typically for an event).	Breweries are not allowed to donate merchandise, gift cards, etc. – only cash and beer may be donated.
A brewery may sell beer to a qualifying nonprofit – at full price or a discount, at the brewery’s discretion.	Beer may not be sold or given to a third party for the benefit of a nonprofit (such as an event management company or promoter).
A brewery may act as a host brewery for properly licensed events.	A brewery may not run the entire event on behalf of a nonprofit, such as accepting donations on the nonprofit’s behalf for use at an event.

CHECKLIST

Questions to Ask Before Participating in a Nonprofit Event:

- Does the nonprofit qualify legally? Are they a federally registered 501(c)?
- What does this nonprofit/event benefit?
- How does that beneficiary align with my brewery?
- Will this nonprofit/event align with the core values of my existing customer base?
- Alternatively, does this nonprofit/event align with the core values of a desired customer base?
- What is being requested? Donations, discounts, marketing efforts, a host facility, etc.
- Can we afford the request?
- Can my brewery afford to take a loss on the transaction if need be?
- When is the event? How does this align with my schedule?
- Has your brewery worked with nonprofit events in the past?
- Has the nonprofit worked with beer events in the past?
- How ABC savvy is the nonprofit?
- Will we need to consult third parties to ensure that the event is compliant?
- If so, who will cover that cost?
- Will a promoter or event management company be involved?

The California Craft Brewers Association (CCBA) offers free ABC trade practice consultation as a member benefit. Please email additional questions about participating, hosting or managing a nonprofit beer festival or event to abc@californiacraftbeer.com.