

**Community Foundation of the Great River Bend**  
**Policy Regarding Public Fundraising for Component Funds of the Foundation**  
Approved on Wednesday, June 14, 2000

Thank you for your confidence in the Community Foundation of the Great River Bend by establishing a Fund with us. The Community Foundation is pleased to work with you in helping develop your Fund. The chief responsibility of the development office of the Foundation is to raise endowment through acquisition of major and planned gifts. The Foundation, unfortunately, does not have the staff to operate public fundraising events for its component funds.

In establishing a Fund at the Community Foundation there may be times when you would like to organize a fundraiser to raise dollars toward this Fund. The Community Foundation of the Great River Bend most often receives the net income from a fundraiser and does not acknowledge the individual contributors of the dollars. However, there may be times when individual contributors to a fundraiser would want to receive a charitable deduction. This policy statement has been developed by the Community Foundation to help guide those of you planning fundraising events and solicitations (we will call you Fundraising Groups).

**Responsibilities of Fundraising Group**

The Fundraising Group will retain responsibility for all public fundraising events and matters related to them including:

- Planning and executing fund raising events
- Payment of all costs and expenses;
- Compliance with laws; and
- Reporting and other requirements such as licensing, tax payment, and liability insurance covering the Foundation.

**Responsibilities of the Community Foundation of the Great River Bend**

The responsibility of the Foundation will be for:

- Management of such money and property as it may accept into the component fund from Donors, other contributors and sources;
- Application of income and principal to charitable uses, all in accord with the governing documents of the Foundation;
- Providing appropriate acknowledgments to Donors; and
- Reporting on fund activity to the Fundraising Group.

**Foundation Approval of Events and Solicitation Materials**

Before undertaking public fundraising events, the Fundraising Group will seek approval in advance from the Foundation. The Fundraising Group can then proceed according to the Foundation's guidelines. All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation. An administrative fee may be charged if extra administrative services need to be expended by the Foundation.

In accordance with FAS 136, it is recommended that all fundraising materials clearly establish donor intent to make a contribution and acknowledge the variance power of the community foundation. Accordingly, fundraising material should:

- **Inform the prospective donor that your agency fund is a fund of the Community Foundation.** *Sample Language: "The <<Designated Fund Name>> is an endowment fund in the Community Foundation of the Great River Bend. You gift will be invested and the investment returns will be distributed to < <NPO> > in accordance with the Community Foundation of the Great River Bend's Policies.*
- **Inform the donor that the Community Foundation has a variance power and provide an explanation of what that means.** *Sample Language.- "The Community Foundation of the Great River Bend has the authority to redirect the returns of <<Designated Fund Name>> if <<NPO>> ceases to exist or if distribution to <<NPO>> otherwise becomes unnecessary, impossible or inconsistent with the needs of the community "*
- **Provide donor response cards that clearly inform the donor of the items above.** *Sample donor response card.-*

<p><b>Yes!</b> I want to contribute to &lt;&lt;Designated Fund Name&gt;&gt;.</p> <p>Enclosed is my gift of:</p> <p style="text-align: center;"> <input type="checkbox"/> \$50                      <input type="checkbox"/> \$75                      <input type="checkbox"/> Other                      \$         </p> <p style="margin-left: 40px;">           Donor Name:            Donor Address:         </p> <p style="margin-top: 20px;"><b><i>Thank you!</i></b></p> <p>&lt;&lt;Designated Fund Name&gt;&gt; is an endowment fund of the Community Foundation of the Great River Bend. The Community Foundation of the Great River Bend has the authority to redirect the returns of the fund if distributions to &lt;&lt;NPO&gt;&gt; cease to exist or become inconsistent with the needs of the community.</p>	<p style="text-align: center;"><b><i>Space for</i></b></p> <p style="text-align: center;"><b><i>including an</i></b></p> <p style="text-align: center;"><b><i>inspirational</i></b></p> <p style="text-align: center;"><b><i>message or</i></b></p> <p style="text-align: center;"><b><i>mission</i></b></p> <p style="text-align: center;"><b><i>statement.</i></b></p>
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**Payment of Expenses**

The Fundraising Group will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. The Fundraising Group will establish a budget prior to any event and give it to the Foundation. How expenses will be paid (either by the Fundraising Group or the Community Foundation) must be discussed prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the Community Foundation for our records.

## **Designation of Checks when Donors want Receipts and Receipt of Cash When the Foundation Will Pay Expenses**

Checks related to the event must be made payable to the component Fund of the Foundation. Cash receipts are to be deposited intact. That is, cash receipts are not to be used to pay expenses, and then the net cash amount deposited. All proceeds, checks and cash, must be delivered to the Foundation along with an accounting of all monies received within one week after the fundraising event.

## **Tax Requirements and Acknowledgements**

The IRS has strict requirements which impact fundraising. If the steps outlined below are not taken, Donors may be denied an income tax deduction; the Fundraising Group might find itself unexpectedly subjected to tax on the funds they raise; and either the Community Foundation or the Fundraising Group might be subjected to penalties.

Donors who contribute \$250 or more will need a written acknowledgment from the Community Foundation in order to claim a tax deduction for the contribution. The Community Foundation will provide the appropriate acknowledgment to the Donors, but will need certain information in order to do so. Specifically, the Fundraising Group will need to provide the Community Foundation with:

- 1) The Donor's complete name and address;
- 2) The date and amount of the contribution;
- 3) Whether the contribution was in cash or property;
- 4) If property, a description of the type of property and a good faith estimate of the fair market value; and
- 5) A description and the value of any goods and services provided in exchange for the contribution.

Contributions of services, while appreciated, are not generally deductible.

If the Fundraising Group provides goods or services in exchange for a donation, certain disclosures are required to be made upon solicitation. For example, if the group is sponsoring a dinner, the donor can only deduct the excess of the ticket price above the fair market value of the dinner. This limitation on the deduction, known as a "quid pro quo disclosure", must be disclosed at the time of solicitation. Disclosure on the ticket to the event is a typical method for making this disclosure.

The Community Foundation will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the Community Foundation will have to work with the group prior to the solicitation activity, and will need information pertaining to the event such as the ticket prices, and the values of the goods or services donors are to receive. *The Fundraising Group needs to see that the required quid pro quo disclosures are made.*

**Raffle Tickets** are not tax-deductible. This must be stated clearly on the face of the distributed tickets.

**Rummage Sale** purchases are not tax-deductible.

**Auctions** - Legal counsel for the Foundation shall review, on a case-by-case basis, any proposed ideas for an auction. At that time, tax deductibility of items will be determined.

**Liability Insurance and Liability for Losses**

The Fundraising Group will contact the Foundation prior to having a fundraising event to assess the need to secure liability insurance. Coverage must be reviewed and approved by the Foundation.

The Fundraising Group will be responsible for all losses incurred by events. The Foundation will not be held responsible for such losses. The Foundation may require the Fundraising Group to provide assurances of financial responsibility prior to event sponsorship.

When Fundraising Groups conduct fundraising activities and solicitations on behalf of component funds at the Community Foundation, you must keep in mind that for tax purposes such fundraising is being done on behalf of the Community Foundation. A number of significant tax and accounting issues will arise. For example, it is important that these activities be conducted under the observation and fiscal guidance of the Foundation to ensure that Donors to the fund are entitled to the appropriate tax deductions, to protect the Fundraising Groups from unintended tax consequences to themselves, and to determine that the Community Foundation is not exposed to penalties for failing to make proper solicitation disclosures.

These requirements are designed to protect Donors and the Fundraising Groups fundraising for a component Fund at the Community Foundation. We appreciate your cooperation in fulfilling these requirements.

*Thank you!*