

Kosciusko County Community Foundation, Inc.

Management Policy on **Donor Initiated Fundraising**

INTRODUCTION

Thank you for your interest in raising money for a fund established within the Kosciusko County Community Foundation, Inc. (the "Community Foundation"). As the Community Foundation is not staffed to operate public fundraising efforts or events for the many component funds of the Foundation, your interest is commendable. Many of these volunteer efforts and events rely upon the use of the Foundation's tax-exempt status to offer contributors a charitable tax deduction for their support. For this and other reasons outlined in this policy it is important for community minded individuals to understand the guidelines established in this document. The Community Foundation appreciates your interest and motivation in raising money for worthy causes and we look forward to working with you.

This policy outlines FOUR options for fundraising for a component fund at the Community Foundation and provides guidelines for each option. When an individual or group fundraises for a component fund such fundraising (for tax purposes) **is being done on behalf of the Community Foundation**. A number of significant tax, accounting and public relations issues may arise.

The policy below has been developed to protect donors, fundraising groups and the Community Foundation by:

1. Ensuring that donors' fundraising efforts comply with IRS and other governmental regulations thereby protecting fundraising groups and the Community Foundation from unintended tax consequences and penalties;
2. Ensuring that donors receive the appropriate acknowledgement; and
3. Protecting the brand identity of the Community Foundation including its logo.

We appreciate your cooperation in complying with the important requirements established in these guidelines. We reserve the right to refuse any assets that have been raised in violation of this policy.

"Solicitations" in this policy refers to any time people are asked verbally, in writing or by electronic means to contribute to a fund. The term "fundraising events" includes but is not limited to receptions, dinners and parties; sports or entertainment events; raffles and/or auctions and other similar activities.

The Community Foundation reserves the right to amend, revise or change this Policy at any time or from time to time without notice at its sole discretion. If you have any questions about the Policy or want to confirm you have the latest revisions, please contact the Community Foundation at 574-267-1901.

REQUIRED PRE-APPROVAL FOR FUNDRAISING

Fundraising for a component fund of the Community Foundation must be approved prior to the Foundation's receipt of contributions to the fund.

Pre-Approval of Fundraising Events

Any individual or nonprofit group desiring to hold fundraising events for a component fund of the Community Foundation AND offer tax deductions to donors through the Community Foundation, must first submit a Deductible Fundraising Application Form to the Community Foundation at least 90 days prior to each event for approval. If the application is approved the guidelines provided under Option 4- Proceeds from an event for which donors are offered a tax deduction must be carefully observed.

Contact the Community Foundation office at 102 E. Market Street or phone 574-267-1901 to request a copy of the Deductible Fundraising Application Form.

The Community Foundation is a donor service provider, grantmaker, catalyst and convener serving a range of charitable needs and interests in our area. In light of those roles, there are some types of activities to which the Community Foundation will not lend its name or that of any of its funds. These might include events involving controversial speakers or events with activities considered outside the standards of tastefulness. The Community Foundation, in its sole discretion, will determine the appropriateness of its sponsorship on a case-by-case basis.

Upon approval of an event, the applicant will proceed according to the Foundation's guidelines below.

(Applications for events or activities projected to net less than \$5,000 and less than 50% of gross proceeds are not likely to be approved under the guidelines of Option 4 such applicants will be encouraged to fundraise using the guidelines provided in Option 3. Proceeds from an event for which donors are not offered a tax deduction.)

Any individual or nonprofit group NOT desiring to offer tax deductions to donors may fundraise without submitting an application for approval; however, they must follow the guidelines below under Option 3. Proceeds from an event for which donors are not offered a tax deduction. Notify the Community Foundation of your plans at least 30 days prior to your event. We want to be aware of your fundraising event in case of inquiries from the public. You must acknowledge you have read and will abide by our Donor Initiated Fundraising Policy. A Nondeductible Fundraising Notification Form is available upon request.

Pre-Approval of Fund Solicitation

Any individual or nonprofit group desiring to fundraise for a component fund of the Community Foundation must get written approval for any promotional materials that mention the Community Foundation or one of its component funds. The Community Foundation must approve all materials in advance of printing or production. This includes (but is not limited to) any written or spoken materials, letterhead, brochures, signs, website content, radio and television

announcements related to solicitations to promote a fund.

The use of the Foundation's name or logo without prior written approval from the Community Foundation constitutes a violation of the Community Foundation's property rights for which the Community Foundation is entitled to seek legal redress including (but not limited to) attorney fees and expenses incurred to protect its rights.

Fundraising by 501(c)(3) Public Charities

As described below in *Option 2 Fundraising sponsored by a nonprofit 501(c)(3) organization*, a nonprofit 501(c)(3) agency raising funds through solicitation, events or other means for a component fund that benefits the agency does not normally need to request approval for its events or solicitations. This is true as long as the agency is handling all charitable gift acknowledgments and serving as its own agent in raising funds. You are encouraged to contact the Community Foundation if you would like clarification of your status. We would encourage any organization to notify us of your planned event.

GUIDELINES

These guidelines cover the fundraising options available to individuals and non-profit groups:

- Option 1.** Solicitation of direct tax-deductible gifts to a fund at the Community Foundation
- Option 2.** Fundraising sponsored by a nonprofit 501(c)(3) organization
- Option 3.** Proceeds from an event for which donors are not offered a tax deduction
- Option 4.** Proceeds from an event for which donors are offered a tax deduction

Option 1. Direct tax-deductible gifts to a fund within the Community Foundation

You may promote a fund through various forms of passive marketing including brochures, posters, information sessions or a request of money through an appeal letter to friends and associates. (Be sure to have all promotional materials pre-approved and in writing by the Community Foundation.)

The following guidelines pertain to this fundraising option:

- 1. Community Foundation Identification.** If requested, an electronic logo will be provided for use on all approved printed materials. All materials must clearly state the fund's name as the "*Name of Fund, a component fund of the Kosciusko County Community Foundation, Inc.*" and all fundraising materials must overtly state that funds are being raised on behalf of rather than *by* the Foundation.
- 2. Community Foundation Support.** The Community Foundation staff is not generally able to provide assistance in the production of these materials nor can we handle on-going administration of websites or pay for materials or postage.
- 3. Paid Solicitors.** You may not pay a for-profit fundraiser to solicit donations for a

component fund of the Community Foundation.

4. Direct Gifts. In response to your marketing efforts a donor may make a gift directly to the fund. In that case, he/she should make the check payable to KCCF – “*Name of Fund*” and send it directly to the Community Foundation. (Alternatively, checks may be made payable to the Kosciusko County Community Foundation with the benefiting fund name noted on the memo line.) Gifts of stocks or bonds may also be made directly to the Foundation with indication of the fund to benefit. Donors will receive a gift acknowledgement letter from the Community Foundation indicating the gift is tax deductible as permitted by law.

5. Online Gifts. You are welcome to promote the Community Foundation's online giving platform as a convenient method for donors to give to a component fund. If you do so, please note in your solicitation materials that donors who choose to give this way will see the charge attributed to the Community Foundation gift on their credit card statements. The Community Foundation will provide acknowledgement letters for the gift. The Foundation's online giving provider, not the Foundation, will provide the tax deduction letter. Please be aware that online gifts carry an external processing fee which will be charged to the fund.

6. Notification of Gifts. If requested, fund founders or other interested parties (such as family members of the individual memorialized by a fund) may be notified upon receipt of direct and online gifts. The Community Foundation generally will report to you the names and addresses of donors and donation totals but not individual gift amounts.

Option 2. Event or solicitation sponsored by a nonprofit 501(c)(3) organization with proceeds to benefit a fund at the Community Foundation.

You may make a gift of the proceeds from an event or solicitation sponsored by a 501(c)(3) organization that has a fund at the Community Foundation for the benefit of that organization.

The following guidelines pertain to this fundraising option:

1. Gift Acknowledgment and Stated Purpose of Fundraiser. Organizations with their own 501(c)(3) status may sponsor a fundraising event or solicitation promoting their organization and deposit the net proceeds into the organization's fund at the Community Foundation. The organization will issue its own acknowledgment letters to donors. If you are publicly stating the proceeds will be deposited into a fund at the Community Foundation, all printed and spoken material must clearly state the fund's name as the “*Name of Fund, a component fund of the Kosciusko County Community Foundation, Inc.*”

2. Legal Compliance. Organizations should ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgment and tax deductibility of gifts.

3. Online Giving. You are welcome to promote the Community Foundation's online giving platform as a convenient method for gifts to an agency fund. If you do so, please

note in your solicitation materials that donors who choose to give this way will see the charge attributed to the Community Foundation gift on credit card statements. The Community Foundation will provide acknowledgment letters for these gifts. The Foundation's online giving provider, not the foundation, will provide the tax deduction letter. Please be aware that online gifts carry an external processing fee which will be charged to the fund.

4. *Planned Giving.* Similarly, you are welcome to encourage donors to consider planned gifts to the component fund in the Community Foundation that benefits your agency. You may utilize the Community Foundation's services to arrange these gifts. The Community Foundation will notify benefiting agencies (with donor permission) when it is aware such gifts have been arranged.

5. *Notification of Gifts.* With donors' permission, agencies are typically notified upon receipt of any major gifts directly to the funds that benefit them. Modest donations, however, will not generally be individually reported to you. The fund statement for an agency fund periodically provided by the Community Foundation will reflect total fund growth through contributions.

Option 3. Proceeds from an event for which donors are not offered a tax deduction

You may make a gift to a component fund of the Community Foundation from the proceeds of an event for which donors are not offered a charitable tax deduction.

Fundraising events staged independently of the Community Foundation but for the benefit of one of its component funds offer these benefits and responsibilities:

1. Simplest method for conducting fundraising events.
2. Cannot use the Community Foundation identity, except to reference that net proceeds will be donated to the component fund.
3. Gifts are not tax deductible.
4. Expenses of the fundraising are paid from the proceeds prior to contribution to the fund.

This is the simplest way of conducting event-based fundraising to benefit a component fund of the Community Foundation. The Community Foundation will not need to approve the fundraiser, records will not need to be turned into our office, and the Foundation will not need to approve all promotional and printed material in connection with the fundraiser.

Please notify the Community Foundation regarding your plans at least 30 days prior to your event so we are aware of your fundraising event in case of inquiries from the public. Furthermore, please acknowledge you have read and will abide by this Donor-Initiated Fundraising Policy. A Nondeductible Fundraising Notification Form is provided below and additional copies are available upon request.

Under this option, fundraising may be conducted by an individual, group or by an organization seeking to benefit a fund. Generally, the person or group that plans and executes the fundraiser

makes one lump sum donation (net of expenses) to the fund. A donor may not take a charitable tax deduction for the contribution. The Community Foundation will not acknowledge the individual contributors of the dollars and no one will receive a charitable deduction for participating in the event. A receipt for the net amount received is sent to the organizing person or group.

Contributions to a fundraiser are only tax deductible when they are received and acknowledged directly by a qualified nonprofit organization.

The following guidelines pertain to this fundraising option:

1. Stated Purpose of Fundraiser. An individual or group that plans and executes a fundraising event may state that the net proceeds will benefit the general purpose of the fund, i.e. the arts or hunger relief, but may not use the Community Foundation's logo or imply in any way that the Foundation sponsors the event. If publicly stating the net proceeds will be deposited into a fund at the Foundation, all printed and spoken material must clearly state that: "The net proceeds of this event will be contributed to the Name of Fund a component fund of the Kosciusko County Community Foundation, Inc."

2. Tax Deduction. The individual or group may not use the Foundation's tax exempt number in connection with the event. Contributions made as a result of a fundraising event will not qualify as a tax deductible charitable gift to the Foundation. No donor may take a tax deduction for this contribution.

3. Insurance and Government Regulations. Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. Please note that events or activities that include raffles or other games of chance are regulated by state and local governments and must be specifically reviewed and authorized by the appropriate branch of government before proceeding.

4. Contracts and Agreements. Fundraising events often require certificates of insurance or signed contracts. When events are sponsored independently of the Foundation the name of the Foundation or the fund must not appear on any contract or agreement.

5. Checks Payable to Organizers. Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) should make their payments to the organizing individual or group, not to the Community Foundation or the fund.

6. Gift Acknowledgment. The organizers may record the contributors' names and addresses and provide a courtesy acknowledgement. The acknowledgement letter may not include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility. Letters may state: "The net proceeds of this event will benefit the *Name of Fund*, a component fund of the Kosciusko County Community Foundation, Inc."

7. Payment of Expenses. The organizers pay all expenses and send the net proceeds of

the fundraiser to the Community Foundation for addition to the fund. The Foundation records the gift as coming from unnamed third-party donors. Please note the Community Foundation is prohibited by law from reimbursing the planner(s) for expenses, therefore, the planner(s) must deduct expenses before sending the net proceeds to the Community Foundation.

Option 4. Proceeds from an event for which donors are offered a tax deduction

You may make a gift to the fund from the proceeds of an event for which the Community Foundation offers donors a charitable tax deduction.

Any individual or nonprofit group desiring to hold fundraising events for a component fund of the Community Foundation AND offer tax deductions to donors through the Community Foundation, must submit a Deductible Fundraising Application Form to the Community Foundation at least 90 days prior to each event for approval. If the application is approved these guidelines must be followed.

Contact the office at 574-267-1901 to request a copy of the Deductible Fundraising Application Form.

It is important to clearly understand and delineate the responsibilities of the Community Foundation and the fundraising organizers under this option.

If an event is approved, the responsibilities of the Community Foundation will be for:

- the management of such money and property as it may accept into the component fund from Donors, other contributors and sources;
- the application of income and principal to charitable uses, all in accordance with the governing documents of the Foundation; and providing appropriate acknowledgments to Donors. Please note that an administrative fee may be charged if extra administrative services will need to be expended by the Foundation.

The organizers of the fundraiser will retain responsibility for all approved public fundraising events and matters related to them including:

- Payment of all costs and expenses;
- Compliance with laws; and
- Reporting and other requirements of every kind such as licensing, tax payment and liability insurance covering the Foundation.

The following guidelines pertain to this fundraising option:

1. *Payment of Expenses.* The fundraising organizers will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. The fundraising organizers will submit a budget to the Foundation with their application for an event (at least 90 days in advance of the event). How expenses will be

paid (either by the fundraising organizers or by the Community Foundation) must be discussed and approved by the Community Foundation prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the Community Foundation for our record keeping. If the component fund to benefit from the fundraiser is a donor-advised fund, no expenses may be reimbursed by the Community Foundation.

2. Checks Payable to Component Fund. Checks related to the event must be made payable to the component fund of the Foundation. (Alternatively, they may be made payable to the Community Foundation with the component fund noted on the memo line.)

3. Receipt of Cash. 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. 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. Again, cash receipts are to be deposited intact.

4. Tax Deduction / Gift Acknowledgment. The IRS has imposed strict requirements impacting any fundraising. If the steps outlined below are not strictly observed Donors will be denied a tax deduction, the fundraiser organizers might find themselves unexpectedly subjected to tax on the funds they raise and either the Community Foundation or the organizers might be subjected to penalty.

Donors who contribute \$250 or more must receive a written acknowledgment from the Community Foundation in order to claim a tax deduction for the contribution. Receipts are also required for contributions of \$75 or more for instances in which the donor receives goods or services of more than nominal value (see *quid pro quo* under #5 below). The Community Foundation prefers to acknowledge all gifts with a deduction value, even if it is not legally required.

The Community Foundation will provide the appropriate acknowledgment to the Donors but will require certain detailed information in order to do so. Specifically, the organizers will need to provide the Foundation with:

- 1 The Donor's complete name and address;
- 2 The date and the amount of the contributions;
- 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 detailed description of any goods and services provided in exchange for the contribution.

- 5. Special Considerations for Tax Deductibility.** Please be aware that:
- *Contributions of services*, while appreciated, are generally not deductible.
 - *Quid pro quo*. If the fundraiser organizers provide 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 must 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 organizers must confirm that the required quid pro quo disclosures are made at the time of solicitation.

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

6. *Liability Insurance and Liability for Losses.* The event organizers and the Community Foundation shall assess the need to secure liability insurance for the group and for the Foundation when a fundraising application is submitted. Insurance coverage must be reviewed and approved by the Foundation. Activities that present unusual risks (water or other sporting activities; events that feature alcohol, excursions to exotic locations and transportation) may be reviewed by the Foundation's insurance agent. If liability is not satisfactorily addressed, such events will not be approved.

Event organizers will be responsible for all losses incurred by events. The Foundation will not be held responsible for such losses. The Foundation may require the event organizers to purchase a letter of credit or provide a written personal guarantee.

Kosciusko County Community Foundation, Inc.
Application for Deductible Fundraising for a Component Fund

Must be submitted at least 90 days prior to a proposed event to obtain approval for public fundraising done on behalf of a component fund of the Community Foundation

Fund to benefit from proposed fundraiser _____

EVENT INFORMATION

Title _____
Date _____
Location _____

Description: Include a detailed description of activities of the event, number of participants expected, and the groups experience in this type of fundraising and why the activity is sure to be a success.

Fundraising Goal \$ _____ (Net amount of money to be deposited to the fund.)

Contact person: This person will serve as the main source of communication between the Community Foundation and the fundraising group

Name: _____ Email: _____
Address: _____ Phone (home): _____
_____ (work): _____

Best place and time to be contacted:

Have these individuals or this group organized previous fundraising events? If the answer is yes, please give date, place and a brief explanation.

Do any of the above named individuals expect to gain monetarily from conducting the event? Do any of these persons have connections to a business that will benefit from the proposed event? If so, explain.

Budget: Attach an estimated budget for the fundraiser to this application (A sample budget follows). Projected gross revenue from identified sources and projected expenses with vendor name will need to be included. Note: Unauthorized expenditures will be the responsibility of the fundraising organizers. If sponsorships are included in the income projections, please attach a list of prospects with anticipated level of sponsorship and goal date for confirmation of sponsorships.

Administrative duties contracted with the Community Foundation.

I (We) agree to use all disclosures as instructed by the Community Foundation, to review all printed and promotional material with the Community Foundation staff before distribution, to submit detailed donor records along with all fundraiser proceeds and invoices, and to comply with other guidelines from the Community Foundation's Donor-Initiated Fundraising Policy, including liability for losses.

Signature_____ Date_____

Signature_____ Date_____

Name (if different than contact person)_____

Kosciusko County Community Foundation, Inc.
Application for Deductible Fundraising for a Component Fund

Estimated Budget

Fund to benefit from fundraiser _____

Title of Event _____

Date of Event _____

Submitted by _____ Date Submitted _____

Total Estimated Gross Revenue \$ _____

Please show how you arrived at this number. For example:

100 dinners @ \$100	\$10,000
5 sponsors @ \$1,000	5,000
Misc. donations	250
Total.....	\$15,250

Total Estimated Expenses \$ _____

Please provide cost of item and vendor. For example:

100 dinners @ 35.00 (Golden Oaks)	\$3,500
Brochure Printing (Copy Center)	500
Postage	34
Advertising (Forum)_	300
Door Prizes (donated)	-0-
5 awards (Pagoda)	500
Administrative fee (X%)	XX
Total.....	\$5,444

Fundraising Goal (Revenue minus Expenses) \$ _____

Kosciusko County Community Foundation, Inc.
Notification of Nondeductible Fundraising for a Component Fund

Please notify us at least 30 days prior to your event if the net proceeds are intended to benefit a component fund of the Community Foundation

Date submitted: _____

Name of Fund to benefit from planned fundraiser: _____

Sponsors:

Please list the name of the group, or if an informal group, the names of key planners of the fundraiser:

EVENT INFORMATION

Title: _____

Date: _____

Location: _____

Description: Please describe the nature of your event, including the types of activities involved and the number of people you hope to attract.

What is your net fundraising goal? \$_____

I (We) have received the Community Foundation's Donor-Initiated Fundraising Policy, and intend to abide by its guidelines for a Nondeductible Fundraiser.

Signature: _____

Printed name: _____

Position: _____

Date: _____

You may fax this form to 574-268-9780
or mail to: Kosciusko County Community Foundation, Inc.
102 E. Market St. Warsaw, IN 46580

Thank you for your interest in building an endowment within the Community Foundation.