



COMMUNITY FOUNDATION FOR THE ALLEGHENIES

Community Foundation for the Alleghenies

Donor-Initiated Fundraising Policy and Guidelines

(Effective October 2017)

Thank you for establishing a fund with the Community Foundation. We value your confidence and strive to provide you with the best possible service. Core to the Community Foundation mission is promoting charitable giving. While we provide the charitable tools and fund administration to promote giving, the Community Foundation does not have the capacity to operate fundraising events for its component funds.

In establishing a Fund at the Community Foundation, we recognize there may be times when you would like to organize a fundraising opportunity to benefit your fund. The IRS has developed strict requirements that impact any fundraising. We have developed this policy to ensure that your fundraising efforts (1) comply with the IRS and other governmental regulations, (2) ensure that donors receive the appropriate acknowledgement, and (3) protect the integrity of the Community Foundation's nonprofit status and brand identity. This policy, which applies to all current and future Funds, is very important, and we are happy to assist you in assuring your fundraising complies with the guidelines stated herein.

Fundraising Options (see below for details)

Fundraising can occur in a variety of forms. These guidelines cover, but are not limited to, the following fundraising scenarios:

- 1) Independent fundraising by an individual or group [not 501(c)(3)] conducted on behalf of a Fund where the event revenue and expenses are processed by the Community Foundation and the potential for tax deductions for the donor exist**
- 2) Independent fundraising by an individual or group [not a 501(c)(3)] for which donors are not offered a tax deduction**
- 3) Independent fundraising event or solicitation by a 501(c)(3) organization with proceeds to benefit a Fund at the Community Foundation**
- 4) Direct, tax deductible gifts to a Fund at the Community Foundation**

The following guidelines have been developed to help guide those planning fundraising events and solicitations (referred to as Fundraising Groups) and correlate to with the options as outlined above.

- 1) Independent fundraising by an individual or group [not 501(c)(3)] conducted on behalf of a Fund where the event revenue and expenses are processed by the Community Foundation and the potential for tax deductions for the donor exist**

When Fundraising Groups conduct fundraising activities and solicitations on behalf of a Fund at the Community Foundation, fundraising is being done **on behalf of** the Community Foundation, and a number of significant tax and accounting issues arise. For example, it is important that these activities be conducted under the observation and fiscal guidance of the Community 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 ensure that the Community Foundation is not exposed to penalties for failing to make proper solicitation disclosures. (See page 9 for Quick Reference Checklist Guide)

Before undertaking fundraising events, the Fundraising Groups should submit a *Fundraising Event Summary* to the Community Foundation (attached and available to complete electronically and can be completed within minutes). This summary provides several key pieces of information necessary for the Community Foundation to confirm the potential for tax deductions, ensure the event properly promotes the Fund and Foundation, and provides needed details for the Community Foundation to assist promoting the event. All fundraising material should make clear, where applicable, that funds are being raised ***on behalf of*** the Community Foundation rather than *by* the Community Foundation.

The responsibility of the Community Foundation will be:

- 1) maintain charitable solicitation status in Pennsylvania and secure in additional states where fundraising activities will occur;
- 2) provide solicitation language to event organizers so this may be conveyed via their print material to promote and solicit participation in fundraising events;
- 2) management of such money and property as it may accept into the Fund from donors, other contributors and sources;
- 3) payment of all submitted costs and expenses to vendors to the extent funds have been raised;
- 4) distribution of net income and principal to charitable uses, all in accordance with the fund agreement or governing documents of the Community Foundation;
- 5) assistance with application to secure special occasion permit for event involving the sale of alcohol; and
- 6) provide appropriate acknowledgements and tax receipts to donors.

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

- 1) submission of the *Fundraising Event Summary* form to the Community Foundation for awareness and review;
- 2) inclusion of the following solicitation language on event flyers or invitations to meet compliance with PA Dept. of State Business & Charities:
“CFA is a 501(c)(3) nonprofit organization and contributions are tax deductible to the fullest extent permitted by law. CFA registration and financial information are available from PA Dept. of State by calling 1-800-732-0999. Registration does not imply endorsement.”
- 3) verification with event venue of the need for liability insurance coverage;
- 4) responsibility to pursue proper license if the event involves games of chance (<http://www.psp.pa.gov/lce/pages/small-games-of-chance.aspx>)
- 5) responsibility to inform Community Foundation if alcohol will be served (for insurance purposes) and if there will be sales of alcohol so a special occasion permit can be pursued (<http://www.lcb.pa.gov>)
- 6) responsible for adhering to all city ordinances and securing appropriate city permits particularly related to events in public locations;
- 7) responsible for ensuring events involving sale of food to public meet state government food handling requirements;
- 8) responsible for premise verifications related to handicap accessibility; parking requirements; and venue liability requirements;
- 9) responsible to disclose tax deductible portion of participate fee on invitations or print material when the cost to participate is \$75 or more;
- 10) projection (estimate) of value of goods and services received by participating in event;
- 11) ensuring all fundraising expenses are submitted to the Community Foundation for payment;
- 12) maintaining appropriate financial controls and records related to fundraising expenses;
- 13) adherence to all relevant local, state and federal laws.

Payment of Expenses

The Community Foundation, under certain circumstances, will process fundraising expenses. The Community Foundation will not pay any expenses in advance of collecting equivalent receipts, and will only cover expenses to the extent that event income exceeds those expenses. It is preferred to process expenses payable directly to the vendor. In cases where event expenses are paid directly by the Fundraising Group to vendors, reimbursement is only possible if the original invoice and a receipt confirming payment are submitted and approved by the fund representative. The Community Foundation is not exempt from paying PA sales tax (a separate distinction from being a charitable tax exempt organization). *Note – donor advised funds are not eligible for expense reimbursement of any kind.*

Designation of Checks and Receipt of Cash

Incoming checks related to the event must be made payable to the Fund Name or to the Community Foundation for the Alleghenies with the Fund Name noted in the memo area. Cash receipts should be sent to the Community Foundation intact and any cash received should not be used to pay expenses by the Fundraising Group. All proceeds, checks and cash must be delivered to the Community Foundation, along with an accounting of all monies within one week of the event. Example formats for submitting this accounting are attached and can be adapted to the Fundraising Groups specific needs depending on the type of event. This sample format ensures complete information to generate gift acknowledgements and tax receipts for event participants.

Tax Requirements and Acknowledgments

The Community Foundation, will provide acknowledgment to all donors when the following information is provided:

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

If the fundraising event results in the participant receiving any goods or services in exchange for the donation to participate, they may only deduct the excess of the ticket price above the fair market value of the goods and services provided. For example, if the cost to participate is \$50.00 and the participant receives a dinner or gift valued at \$25.00, the tax deductible portion would be \$25.00. The Community Foundation would provide an acknowledgment letter confirming the full amount of the contribution and specify the portion that would qualify as a tax deductible gift.

The Community Foundation will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. In order to do this, 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 price and the value of the goods or services the donors are to receive. The Fundraising Group is responsible to provide the required quid pro quo disclosure information to the Community Foundation.

Liability Insurance and Liability for Losses

The Fundraising Group is responsible to determine if a certificate of insurance is needed for the event activity or event venue. The Community Foundation can assist in securing a certificate of insurance through its carrier. If the event organizer pursues liability insurance independently, the Community Foundation should be listed as an insured with a minimum of \$1 million coverage. The Community Foundation will not be held liable for losses incurred by events.

2) Independent fundraising by an individual or group [not a 501(c)(3)] for which donors are not offered a tax deduction

You may make a gift to the Fund from the proceeds of an event/solicitation for which donors were not offered a charitable tax deduction.

Fundraising may be conducted by an individual, a group of people, or an organization for the benefit of a Fund at the Community Foundation. Generally, the person or group that plans and executes the fundraiser makes one lump sum donation (net of expenses) to the Fund. Unless the event is sponsored by a qualified charitable organization which accepts and acknowledges the contributions, the donor may not take a charitable tax deduction for the contribution. The Community Foundation will not acknowledge the individual contributors.

Guidelines applicable to non-tax-deductible fundraising:

- 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.
- The individual or group may not use the Community Foundation's charitable tax exempt number in connection with the event. Individual contributions made as a result of an event/solicitation will not qualify as a tax deductible charitable gift to the Community Foundation. Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. 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.
- Fundraising events often require certificates of insurance or signed contracts. When events are sponsored independently of the Community Foundation, the name of the Community Foundation or the Fund name must not appear on any contract or agreement.
- Individual participants in the event (ticket purchases, sponsors, golf players, etc.) make their payments to the organizing individual or group, not to the Community Foundation or the Fund. The organizers may provide the contributors or participants a courtesy acknowledgment. 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.
- Event organizers will pay all expense and send the net proceeds of the fundraiser to the Community Foundation for the benefit of the Fund. The check may be made payable to the Fund Name or to the Community Foundation for the Alleghenies with the Fund Name noted in the memo area. The Community Foundation will record the gift as coming from unnamed third-party donors. Please note that the Community Foundation is prohibited by law from reimbursing the event organizers for its expenses, therefore, the group must deduct its expenses before sending the net proceeds to the Community Foundation

3) Independent fundraising event or solicitation by a 501(c)(3) organization with proceeds to benefit a Fund at the Community Foundation

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

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 Funds at the Community Foundation. The organization will issue its own acknowledgment letters to donors because the organization has its own charitable tax-exempt status and accepted the gift from the donor. In cases where gifts are sent directly to the Community Foundation, the Community Foundation will send a gift acknowledgement indicating the gift is tax deductible, minus any quid pro quo benefit to the donor.

Organizations should ensure they are in compliance with all applicable IRS (www.irs.gov) and State of Pennsylvania laws and regulations regarding solicitation, acknowledgement, and tax deductibility of gifts (www.dos.pa.gov/).

4) Direct, tax deductible gifts to a Fund at the Community Foundation

You may promote your Fund through various forms of passive marketing including brochures, website, information sessions or a request of money through an appeal letter.

In response to those marketing efforts, a donor may make a gift directly to the Fund. In that case, the donor should make the check payable to the Fund Name or to the Community Foundation for the Alleghenies with the Fund Name noted in the memo area. The Community Foundation can also accept gifts of cash, online credit card donations, securities and complex gifts. The donor will receive a gift acknowledgement letter from the Community Foundation indicating that the gift is tax deductible.