



Donor-Initiated Fundraising Procedure

When Groups Raise Money
for Funds Administered at the
Community Foundation of Grant County, Indiana, Inc.

505 West Third Street, Marion, Indiana 46952
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Introduction

Thank you for your interest in raising money for a fund established within the Community Foundation of Grant County, Indiana, Inc. (the “CF”). The Foundation appreciates your interest and motivation in raising money for worthy causes, and we look forward to working with you. As the CF is not staffed to operate public fundraising efforts or events for the many funds of the CF, your interest is commendable.

Please keep the CF informed about your plans *as they develop*. We want to be aware of your fundraising event in case of inquiries from the public. We count on you to read and abide by this *Donor-Initiated Fundraising Procedure*.

“Solicitations” refers to any time people are asked by spoken, written, published, or by electronic means to contribute to a fund.

“Events” include such activities as receptions, dinners and parties, walks, runs, golf outings, or any competitive activities, sports or entertainment events, or auctions and similar “fundraisers.”

Many of these volunteer efforts and events rely upon the use of the CF’s tax-exempt status to offer contributors a charitable tax deduction for their support. For this and other reasons, it is important for community-minded individuals to understand the provisions explained in this document. In the best interests of donors, fundraising groups, and the CF:

- Avoid unintended tax consequences and penalties by ensuring that fundraising efforts comply with IRS and other governmental regulations;
- Ensure that donors receive the appropriate recognition and receipts; and
- Protect the brand identity of the CF, including its logo.

There are some types of activities to which the CF 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 good taste. The CF, in its sole discretion, will determine the appropriateness of its participation on a case-by-case basis.

An electronic CF logo can 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 Community Foundation of Grant County, Indiana, Inc.”* All fundraising materials must overtly state that funds are being raised *on behalf of* rather than *by* the CF.

All promotional materials must be approved by the CF prior to any event.

No paid solicitors. Normally, you may not pay a for-profit fundraiser to solicit donations for a component fund of the Community Foundation of Grant County. If you are considering this course, share the contract and plans with the CF *before* making any agreement.

There are four options for fundraising for a component fund at the CF:

- Option 1: Solicitation of direct tax-deductible gifts to a fund at the CF
- Option 2: Fundraising sponsored by a nonprofit organization [501(c)(3)]
- 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

Individuals and groups, even if unincorporated or not registered with the IRS, may promote a fund through various forms of *passive marketing* (not events) including brochures, posters, information sessions, or a request of money through an appeal letter to friends and associates.

No Cash Collections. Cash register canisters and “passing the hat (or plate)” are expressly prohibited. Such unsupervised, unauditable, anonymous cash collections do not reflect the significance of the cause of the donor’s decision to support it, or provide a basis for follow-up.

In response to your marketing efforts, a donor may make a gift directly to the fund. In that case, s/he should make the check payable to the “Community Foundation” with the memo indicating the name of the fund. These individual gifts (including cash gifts that are fully documented) can be collected by the promoting group and forwarded intact, or donors can send them directly to 505 West Third Street, Marion, Indiana 46952. Donors will receive a gift acknowledgement letter from the CF indicating that the gift is tax deductible as permitted by law.

- Gifts may be made in memory of a departed loved one or in appreciation of a significant birthday, anniversary, graduation, wedding, or other occasion or achievement.
- Donors can make a safe online debit or credit card donation through the CF’s website at <http://www.comfdn.org/marketplace/>
- Gifts of stock or bonds may also be made directly to the CF with indication of the fund to benefit by requesting a helpful form from the CF office.

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

The CF prefers to acknowledge all gifts, even if it is not legally required. The CF will provide the appropriate acknowledgment to the donors, but will require certain detailed information in order to do so. Specifically, the organizers must provide the CF with donor information using the **Fund Donation Form**:

1. The donor’s complete name and address;
2. The date and the amount of the contributions;
3. A detailed description and value of any goods and services provided in exchange for the contribution (usually none).

Expenses will not be paid from the fund for Option 1.

Option 2: Event or solicitation sponsored by a nonprofit organization that has 501(c)(3) status, with proceeds to benefit a fund at the Community Foundation of Grant County

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 CF, or another component fund with a purpose the organization wants to support, consistent with its own mission.

- The organization will issue its own acknowledgment letters to donors.
- If the organization is publicly stating the proceeds will be deposited into a fund at the CF, all printed and spoken material must clearly state the fund's name as the *"Name of Fund, a component fund of the Community Foundation of Grant County."*
- Organizations must ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgment, and tax deductibility of gifts.
- The organization may send a single check to the CF for the net proceeds of the event, with no listing of donors.
- Expenses will not be paid from the fund for Option 2.

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 CF from the proceeds of an event for which donors are not offered a charitable tax deduction. Fundraising events staged independently of the CF but for the benefit of one of its component funds offer these benefits and responsibilities:

- Simplest method for conducting fundraising events.
- Cannot use the CF identity, except to reference that net proceeds will be donated to the component fund.
- Gifts are not tax deductible.
- 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 CF. The CF will still need to approve the fundraiser, but will not usually need the records to be turned in to our office. ***The CF will approve all promotional and printed material in connection with the fundraiser prior to the event.***

Please notify the CF 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, using the **Non-deductible Fundraising Notification Application** provided below.

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 CF will not acknowledge the individual contributors of the dollars and no one will receive a charitable deduction for participating in the event. A non-tax-deductible 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 are required for fundraising Option 3:

1. **Stated Purpose of Fundraiser.** When an individual or group plans a fundraising event, all printed and spoken material must clearly state *“The net proceeds of this event will be contributed to the Name of Fund, a component fund of the Community Foundation of Grant County.”*
2. **Tax Deduction.** The individual or group may not use the CF’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 CF. No donor may take a tax deduction for this contribution.
3. **Insurance, Government Regulations, Contracts, and Agreements.** Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. or signed contracts. 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.

Fundraising events often require certificates of insurance. Even when events are sponsored independently of the CF, the Community Foundation of Grant County, Indiana, Inc. should be listed as an “additional insured.” Other than this requirement, neither the CF nor the fund name may appear on any contract or agreement. The event insurance certificate must be turned into the CF prior to the event.

4. Donations Payable to Organizers. Individual participants in the event (ticket purchases, sponsors, golf players, etc.) should make their payments to the organizing individual or group, not to the CF or the fund.
5. Gift Acknowledgment. The organizers may record the contributors’ names and addresses and provide a courtesy acknowledgment. The acknowledgment letter may not include any language stating that the letter serves as a receipt for IRS purposes or imply that the payment enjoys tax deductibility. Receipts may state *“The net proceeds of this event will benefit the Name of Fund, a component fund of the Community Foundation of Grant County.”*
6. Payment of Expenses. The organizers pay all expenses and send the net proceeds of the fundraiser to the CF for addition to the fund. The CF records the gift as coming from unnamed, third party donors. Please note that CF is prohibited by law from reimbursing the planner/organizer(s) for expenses. Therefore, the planner/organizer(s) must deduct expenses before sending the net proceeds to the CF. Expenses will not be paid from the fund for Option 3.
7. Advance Notice of Event. If event organizers do not inform the CF’s Executive Director or Chief Financial Officer of the fundraising event 30 days prior to the event, choose a fundraising option, and complete the necessary paperwork, the group defaults to “Option 3,” and expenses will not be paid out of the fund.

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 CF offers donors a charitable tax deduction.

Any individual or nonprofit group desiring to hold fundraising events for a component fund of the CF and offer tax deductions to donors through the CF must submit a **Deductible Fundraising Application** to the CF at least 90 days prior to each event for approval. *The CF will approve all promotional and printed material in connection with the fundraiser prior to the event.*

If an event is approved, the responsibilities of the CF 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 CF; and
- Providing appropriate acknowledgments to donors.

Please note that an administrative fee will be charged if extra administrative services are required by the CF.

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 CF.

The following are required for fundraising Option 4:

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 CF with the 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 CF) must be discussed and approved by the CF prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the CF for our record-keeping. If it is agreed that the CF will pay expenses from the fund, the **Check Request from a Fund Form** should be used for any expenses, and invoices must accompany all check requests. No expenses will be paid without invoices. If the component fund to benefit from the fundraiser is a donor-advised fund, no expenses may be reimbursed by the CF.
2. Liability Insurance and Liability for Losses. The event organizers and the CF shall assess the need to secure liability insurance for the group and for the CF when a fundraising application is submitted. Insurance coverage must be reviewed and approved by the CF, and a copy of the insurance certificate must be turned into the CF prior to the event. 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 CF's insurance agent. If liability is not satisfactorily addressed, such events will not be approved.

3. Losses. Event organizers will be responsible for all losses incurred by events. The CF will not be held responsible for such losses. The CF may require the event organizers to purchase a letter of credit or provide a written personal guarantee.
4. Checks Payable to the CF for the Component Fund. Checks related to the event must be made payable to the Community Foundation, with the component fund noted on the memo line.
5. Receipt of Cash. All proceeds, checks, and cash must be delivered to the CF along with an accounting of all money received within one week after the fundraising event using the **Fund Donation Form**. 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.
6. Donor Acknowledgments. Receipts for tax deductibility and acknowledgments will be issued by the CF, as long as the individual donor information is provided on the **Fund Donation Form**:
 - a. The donor's complete name and address;
 - b. The date and the amount of the contribution;
 - c. A detailed description and value of any goods and services provided in exchange for the contribution (usually none).
7. Tax Deduction/Gift Acknowledgment. The IRS has established requirements regarding 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 subject to tax on the funds they raise, and either the CF or the organizers may be subject to penalty.
8. Advance Notice of Event. If event organizers do not inform the CF's Executive Director or Chief Financial Officer of the fundraising event 30 days prior to the event, choose a fundraising option, and complete the necessary paperwork, the group defaults to "Option 3," and donors will not receive tax-deductible receipts, nor will any expenses be paid out of the fund.

Special Considerations for Tax Deductibility

Please be aware that:

- Contributions of services, while appreciated, are generally not deductible.
- Raffle tickets are not tax-deductible. This must be stated clearly on the face of distributed tickets.
- Rummage sale purchases are not tax-deductible.
- Tax deductibility of auction items is not automatic, and must be determined in advance.
- 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 CF must work with the group prior to the solicitation activity, and will need information pertaining to the event, such as the ticket prices and values of goods or services donors are to receive. The organizers must confirm that that required quid pro quo disclosures are made at the time of solicitation.

If organizers do not work with the CF to determine the value of goods or services, all donations to benefit the fund will be considered non-tax-deductible donations.

- If event organizers do not inform the CF’s Executive Director or Chief Financial Officer of the fundraising event 30 days prior to the event, choose a fundraising option, and complete the necessary paperwork, the group defaults to “Option 3,” and donors will not receive tax-deductible receipts, nor will any expenses be paid out of the fund.



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