



## **PUBLIC FUNDRAISING FOR COMPONENT FUNDS POLICY STATEMENT**

Thank you for placing your confidence in the Community Foundation of Washington County (CFWC) by establishing a Fund with us. The CFWC is pleased to work with you to develop your Fund.

Please know that the main responsibility of the CFWC's staff is to provide services to donors that will result in acquisition of major and planned gifts. However, some individual donors or organizations may wish to organize fundraising events, direct mail campaigns, and/or other types of solicitations to raise money for a particular Fund. This policy is designed to provide guidance under those circumstances. In this document, we will call you Fundraising Group.

When Fundraising Groups conduct fundraising activities and solicitations on behalf of component funds at the CFWC, keep in mind that, for tax and liability purposes, such fundraising is being done on behalf of the Community Foundation of Washington County. Tax and accounting issues may arise; therefore, it is important that fundraising activities be conducted under the observation and fiscal guidance of the CFWC. This will protect the Fundraising Groups from unintended tax consequences to themselves, and will ensure that the CFWC is not exposed to penalties for failing to make proper solicitation disclosures.

### **Foundation Approval of Events**

Before undertaking public fundraising events, the Fundraising Group will define in advance to the CFWC each program, event or other effort to raise money for the Fund. The Fundraising Group should submit a proposal and attain advance approval from the CFWC. The Fundraising Group will then proceed according to the CFWC's guidelines. All uses of the CFWC's name in advertising and promotion must be approved in advance by the CFWC. All fundraising materials should make it clear, where applicable, that funds are being raised on behalf of rather than by CFWC. An administrative fee may be charged if extra administrative services will need to be expended by the Community Foundation of Washington County.

### **Responsibility of the CFWC**

- the management of gifts (cash, stock, property, etc.) accepted into the component fund from donors, other contributors and sources
- the application of income and principal to charitable uses, all in accord with the governing documents of the Foundation
- providing appropriate acknowledgments to donors

### **Responsibilities of Fundraising Group**

- payment of all costs and expenses related to their fund;
- compliance with laws; and
- reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering the CFWC.

In addition, the Fundraising Group is not permitted to enter contracts or otherwise obligate the CFWC to any activity.

**Fundraising by donors who have Donor Advised Funds require:**

- The CFWC cannot pay expenses to a donor from a donor advised fund.
- The CFWC is prohibited to reimburse a donor for expenses incurred by the donor.

**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 for submission to the Foundation prior to all events. How expenses will be paid (either by the Fundraising Group or by CFWC) must be discussed prior to the event. Regardless of who pays for expenses, invoices and/or original receipts must be provided to the CFWC for our record keeping.

**Designation of Checks and Receipt of Cash**

Checks related to the event can be made payable to the Component Fund of the Community Foundation of Washington County (if your bank allows this); then the total proceeds delivered to the CFWC (for example, if you are selling T-Shirts for a fundraiser, the recipient of the T-Shirt can make a check out to the Fundraising Group and the total proceeds will be delivered to the CFWC). Cash receipts are to be deposited intact.

All proceeds, checks and cash, must be received by the CFWC along with an accounting of all monies received within one week after the fundraising event.

**Tax Requirements and Acknowledgements**

The IRS has imposed strict requirements which impact any fundraising. If the steps outlined below are not taken, Donors may be denied a tax deduction; the Fund-raising Group might find themselves unexpectedly subjected to tax on the funds they raise; and / or the CFWC or the Fundraising Group might be subjected to a penalty.

Donors who contribute \$250 or more will need a written acknowledgement from the CFWC in order to claim a tax deduction for the contribution. CFWC will provide the appropriate acknowledgement to Donors, but will require certain detailed information in order to do so. Specifically, the fundraising Group will need to provide CFWC with:

- 1) The Donor's complete name and address
- 2) If cash, the date and amount of the contribution
- 3) The description of the contribution (i.e. cash, stock, property, etc.)
- 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

Contribution 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," and must be disclosed at the time of solicitation. Disclosure on the ticket of the event is a typical method for making this disclosure.

The CFWC will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the CFWC 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 values of the goods or services donors are to receive. *The Fundraising Group needs to make sure that the required quid pro quo disclosures are made.*

**Raffle tickets** are not tax-deductible. This must be stated clearly on the face of distributed tickets. The CFWC does not allow raffle ticket fundraisers under their umbrella. However, if this type of fundraising is done by a third party with the proceeds going to the non-profit, this would be considered a charitable donation.

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

**Auctions** – Legal counsel for the CFWC 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 CFWC prior to having a fundraising event to assess the need to secure liability insurance for the Fundraising Group and for the CFWC. Insurance coverage must be reviewed and approved by the CFWC. If it is determined that insurance is to be purchased, the CFWC must be named as an additional insured.

The Fundraising Group will be responsible for all losses incurred by events. The CFWC will not be held responsible for such losses. The CFWC may require the Fundraising Group to purchase a letter of credit or provide a written personal guaranty.

By its execution hereof, the undersigned acknowledges receipt of this Policy Statement and agrees that it will save, indemnify and hold harmless the Community Foundation of Washington County, Inc., its employees, agents and directors from any and all damages or injuries, attorney’s fees, expenses and costs of court.

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Community Foundation of Washington County  
Representative

\_\_\_\_\_  
Date

*Note on Tax Deductibility*

*Contributions to a fundraiser are only tax deductible when they are received and acknowledged directly by a qualified nonprofit organization. Depending on the event, tax deductibility may or may not be a motivating reason for donors to participate. We have often found that donors who participate in fundraising events are not doing so to receive a tax deduction. Donors often believe in the purpose of the fundraiser and will make a contribution regardless of the tax benefits to themselves.*