

	Donor-Initiated Fundraising	
	Approved: July 24, 2013	

Introduction

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

Please keep the Foundation 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, or any competitive activities, sports or entertainment events; raffles or other charitable gaming or auctions and similar “fundraisers.”

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, it is important for community-minded individuals to understand the provisions explained in this document. In the best interest of donors, fundraising groups and the Foundation:

- 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 Foundation, including its logo.

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

An electronic Foundation 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 Wells County Foundation, Inc.” All fundraising materials must overtly state that funds are being raised **on behalf of** rather than **by** the Foundation.

No Paid Solicitors. Normally, you may not pay a for-profit fundraiser to solicit donations for a component fund of the Foundation. If you are considering this course, share the contract and plans with the Foundation before making any agreement.

There are FOUR options for fundraising for a component fund at the Foundation.

Option 1: Solicitation of direct tax-deductible gifts to a fund at the Foundation

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 Wells County Foundation, Inc.

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. **Be sure all promotional materials are pre-approved by the Foundation.**

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 or 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 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, or Donors can send them directly to 360 N. Main Street, Suite C, Bluffton, IN 46714. Donors will receive a gift acknowledgement letter from the Foundation indicating that the gift is tax deductible as permitted by law.

- a. 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.

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 gifts. The Foundation generally will report to you the names and addresses of donors and donation totals but not individual gift amounts.

- b. Gifts of stocks or bonds may also be made directly to the Foundation with indication of the fund to benefit.

Donors who contribute \$250 or more must receive a written acknowledgment from the 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. The Foundation prefers to acknowledge **all** gifts, even if it is not legally required.

The 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:

- a. The donor's complete name and address;
- b. The date and the amount of the contributions;
- c. A detailed description of any goods and services provided in exchange for the contribution (usually none);
- d. Whether the contribution was in cash or property;
- e. If property, a description of the type of property and a good faith estimate of the fair market value.

Option 2: Event or solicitation sponsored by a nonprofit organization that has 501(c)(3) status, with proceeds to benefit a fund at The Wells County Foundation, Inc.

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

- a. The organization will issue its own acknowledgment letters to donors.
- b. If you are publicly stating the proceeds will be deposited into a fund at the Foundation, all printed and spoken material must clearly state the fund's name as the *"Name of Fund, a component fund of The Wells County Foundation, Inc."*
- c. Organizations must ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgment, and tax deductibility of gifts.
- d. The organization may send a single check to the Foundation for the net proceeds of the event, with no listing of donors.

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 Foundation from the proceeds of an event for which donors are not offered a charitable tax deduction. Fundraising events staged independently of the 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 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 Foundation. The Foundation will still need to approve the fundraiser, but will not usually need the records to be turned in to our office. **The Foundation will need to approve all promotional and printed material in connection with the fundraiser.**

Please notify the 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. 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 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 requirements pertain to this fundraising option:

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 Wells County 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, 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 Foundation, The Wells County Foundation, Inc. should be listed as an "additional named insured." Other than this requirement, neither the Foundation nor the fund name may appear on any contract or agreement.

4. 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 Foundation or the fund.
5. 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 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 Wells County Foundation, Inc.*"
6. Payment of Expenses. The organizers pay all expenses and send the net proceeds of the fundraiser to the Foundation for addition to the fund. The Foundation records the gift as coming from unnamed third-party donors. Please note the 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 Foundation offers donors a charitable tax deduction.

Any individual or nonprofit group desiring to hold fundraising events for a component fund of the Foundation AND offer tax deductions to Donors through the community foundation, must submit a ***Deductible Fundraising Application Form*** to the Foundation at least 90 days prior to each event for approval.

If an event is approved, the responsibilities of the 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 requirements 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 Foundation prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the 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 foundation.**
2. Liability Insurance and Liability for Losses. The event organizers and the 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.
3. Losses. 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.
4. Checks Payable to The Wells County Foundation, Inc., for the Component Fund. Checks related to the event must be made payable to the Foundation, with the component fund noted on the memo line.
5. 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.
6. 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 subjected to tax on the funds they raise and either the Foundation or the organizers might be subjected to penalty.
7. Donor Acknowledgements including receipts for tax deductibility, will be issued by the Foundation as described in Option One, as long as the individual Donor information is provided.

Please be aware that:

Special Considerations for Tax Deductibility

- 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.
- Auctions. Tax deductibility of 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 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.

TO: The Wells County Foundation, Inc.

Application for Deductible Fundraising for a Component Fund

Please submit at least 90 days prior to a proposed event to obtain approval for public fundraising done on behalf of a component fund of The Wells County Foundation, Inc. Applications may be submitted via email (wellscountyfound@wellscountyfound.org), by fax (260-824-3981), mail (360 N. Main Street, Suite C, Bluffton, IN 46714) or deliver the hard copy.

FROM:

If incorporated, give Federal ID # and IRS 501(c)(3) status.

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

- Name
- Position or Role in the fundraising group
- Email
- Address
- Phones where The Wells County Foundation, Inc. can use to reach you: Home, Mobile, Work Best place and time to be contacted

The Wells County Foundation, Inc. Fund to benefit from proposed fundraiser:

Event Information

- Title
- Date
- Location

Detailed description of activities of the event, number of participants expected, and the groups experience in this type of fundraising. Why is the activity likely to be a success?

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 group members 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: Include an estimated budget for the fundraiser. You can revise the following sample, or attach your own budget document. Include likely vendor name for projected expenses. If sponsorships are included in the income projections, please list the prospects with anticipated level of sponsorship and goal date for confirmation of sponsorships.

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
Favors (donated)	0
5 awards (Pagoda)	<u>500</u>
Total	\$5,444

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 <u>250</u>	
Total	\$15,250

Fundraising Goal: (Revenue minus Expenses) **\$ _____**

Administrative assistance requested of the Foundation:

Agreement: I (We) agree to use the fundraising procedures established by The Wells County Foundation, Inc. to review all printed and promotional material with the Foundation staff before production, to submit detailed Donor records along with all fundraiser proceeds and invoices, and to comply with other requirements, including liability for losses.

Names, Titles, Date, and Signature of Organization Leadership

**TO: The Wells County
Foundation, Inc.**

Notification of Nondeductible Fundraising for a Component Fund

Thank you for your interest in building an endowment or special fund within The Wells County Foundation, Inc. Please notify us at least 30 days prior to your event if the net proceeds are intended to benefit a component fund of the Foundation.

Applications may be submitted via email (wellscountyfound@wellscountyfound.org), by fax (260-824-3981), by mail (360 North Main Street, Suite C, Bluffton, IN 46714) or deliver the hard copy.

**FROM: Group or Organization Name and Purpose
If incorporated, give Federal ID # and IRS 501(c)(3) status.**

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

- Name
- Position or Role in the fundraising group
- Email
- Address
- Phones TCF can use to reach you: Home, Mobile, Work
- Best place and time to be contacted

**The Wells County Foundation, Inc. Fund to
benefit from proposed fundraiser:**

Event Information

- Title
- Date
- Location
- Detailed description of activities of the event, number of participants expected, and the groups experience in this type of fundraising. Why is the activity likely to be a success?

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 group members 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.

Agreement: I (We) have received The Wells County Foundation, Inc.'s Donor-Initiated Fundraising procedures, and will abide by its requirements for a Nondeductible Fundraiser.

Names, Titles, Date, and Signature of Organization Leadership