



Where giving and opportunity meet

Policies and Procedures: Donor Fundraising

Community Foundation for the National Capital Region

This policy statement has been developed by The Community Foundation for the National Capital Region and its affiliates, The Montgomery County Community Foundation and The Prince George's Community Foundation as a guide to donor fundraising, including fundraising events and solicitations. In this document, those persons running the event will be referred to as the Fundraising Group.

When Fundraising Groups conduct fundraising activities and solicitations on behalf of component funds at the Community Foundation, for tax and liability purposes, such fundraising is being done on behalf of the Community Foundation. 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 Group from unintended tax consequences to themselves, and to determine that The Community Foundation is not exposed to penalties for failing to make required solicitation disclosures.

Community Foundation Approval of Events

Before undertaking fundraising events, the Fundraising Group will define in advance to the Foundation each program, event or other effort to raise money for the Fund. The Fundraising Group should submit a written proposal (see Attachment A) and get approval from The Community Foundation, otherwise the event is not considered a charitable event and the Community Foundation is under no obligation to acknowledge any receipts from the event as a tax deductible contribution. See Attachment B for a list of the pre-event and post-event information required prior to event approval.

All uses of The Community Foundation's name in advertising and promotion must be approved in advance by the Community Foundation. All fundraising materials should make clear, where applicable, that funds are being raised *on behalf of* the component fund rather than *by* the Community Foundation. An administrative fee may be charged if extra administrative services will need to be expended by the Foundation.

Responsibility of The Community Foundation

The responsibility of The Community Foundation will be for:

- the management of any money and/or property that is contributed to 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; and
- providing appropriate acknowledgments to donors who give over \$250 and do not receive any goods or services in return.
- providing appropriate documentation regarding charitable status including statement of IRS tax determination, sales tax exemption, liability insurance, etc.

Responsibilities of Fundraising Group

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

- ensuring that costs of an event do not exceed 25% of the proceeds;
- ensuring that donors are not reimbursed for any expenses;
- Submitting invoices against the pre-approved budget for the fundraiser;
- compliance with laws; and
- reporting and other requirements of every kind such as licensing, tax payment, and the cost of the liability insurance covering the Community Foundation for the event (minimal \$100 charge from Community Foundation's insurance carrier.)

Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to the component Fund/ CFNCR. Cash receipts should be converted to a check or money order prior to depositing with The Community Foundation. A separate note indicating what cash was converted should be submitted with the deposit.

Tax Requirements and Acknowledgements

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

- 1) The Donor's complete name and address;
- 2) The date and amount of the contribution;
- 3) Whether the contribution was in cash or property;
- 4) If cash, a copy of the receipt given to the contributor for the contribution. This step is not required for gifts made by check.
- 5) 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", must be disclosed at the time of solicitation. Disclosure on the ticket of the event is a typical method for making this disclosure.

The Community Foundation will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. However, 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 prices, and values of the goods or services donors are to receive. *The Fundraising Group is responsible for making sure that the required quid pro quo disclosures are made. Please note: in compliance with HR4 - The Pension Protection Act – no reimbursement of fundraising expenses can be made from a donor advised fund that is authorized to hold a fundraising event.*

Additional Information:

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

Sales (Art, etc.) purchases are not tax-deductible.

Auctions – The Community 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.

Golf Events - The Community Foundation will not support the expenses for any golf related events. Experience has proven they do not meet the cost return ratio provision.



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Fundraising Event Proposal Form

Name of Fundraising Group:

Event Date:

Event Location:

Event type and description of activities to be conducted:

Date and evidence of local jurisdiction approval, if necessary:

Copy of draft solicitation material, including notation of personal benefit value. (please attach)



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Pre-event and Post-Event Reporting Requirements

Pre-Event (Submitted with Attachment A as part of request for approval)

1. Detailed Event Budget, including
 - a. Revenue by source, for example:
 - i. Ticket sales (note cost of individual ticket)
 - ii. Sponsorships
 - iii. In-kind donations
 - iv. Auction
 - b. Direct expense:
 - i. Facility
 - ii. Temporary labor
 - iii. Paid professional fundraiser (include copy of contract)
 - iv. Consultants
 - v. Catering
 - vi. Prizes- cash and/or fair market value of non-cash
 - vii. Other – describe

Post-Event

1. Report actual results against the above budget in column format\
2. Report the total number of tickets sold to the event
3. Transmit all receipts for processing