



## Fundraising Procedure

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When Groups Raise Money  
for Funds Administered at the  
Wabash Valley Community Foundation.

## Introduction

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

Please keep the Community Foundation informed about your plans *as they develop*. We want to be aware of your fundraising event, because we will receive 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 electronic means to contribute to a fund.

“Events” include activities such 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 Community 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 interests of donors, fundraising groups and the Community 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 Community Foundation, including its logo.

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

An electronic Community 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 fund of the Wabash Valley Community Foundation.*” All fundraising materials must overtly state that funds are being raised **on behalf of** rather than **by** the Community Foundation. ***All promotional materials must be approved by the Community Foundation prior to any event.***

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

There are four options for fundraising for a fund at the Community Foundation:

- Option 1.** Solicitation of direct tax-deductible gifts to a fund at the Community 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

If you **do not inform** the Community Foundation in advance of your event, you default to Option 1 and no expenses will be paid from the fund. Each option is explained in more detail below.

### **Option 1: Direct Tax-Deductible Gifts to a Fund within the Community Foundation**

Individuals and groups, even if incorporated or not registered with the IRS, may promote a fund through various forms of *passive marketing* (not events) including brochures, posters, information sessions or request of money through an appeal letter to friends and associates. **All promotional materials must be approved by the Community Foundation prior to any event.**

**No Cash Collections.** Cash register canisters and “passing the hat (or plate)” are expressly **prohibited**. Such unsupervised, un-auditable, anonymous cash collections do not reflect the significance of the cause or the donor’s decision to support the cause 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 “Wabash Valley 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 200 South 8<sup>th</sup> Street Terre Haute, Indiana 47807. Donors will receive a gift acknowledgement letter from the Community 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.
- b. Donors can make a safe online debit or credit card donation through the Community Foundation’s website at [wvcf.com/donate](http://wvcf.com/donate).
- c. Gifts of stock or bonds may also be made directly to the Community Foundation with indication of the fund to benefit by completing and returning a form or by requesting Wire Transfer Instruction from the Community Foundation 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 Community Foundation generally will report to you the names and addresses of donors and donation totals, but not individual gift amounts.

The Community Foundation prefers to acknowledge all gifts, even if it is not legally required. The Community Foundation 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 Community Foundation with following donor information:

1. The Donor’s complete name and address;
2. The date and the amount of the contributions; and,
3. A detailed description and value of any goods and services provided in exchange for the contribution (usually none).
4. Whether the contribution was in cash or property.
5. If property, a description of the type of property and a good faith estimate of the fair market value.

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 Wabash Valley Community Foundation**

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 Community 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 the organization is publicly stating the proceeds will be deposited into a fund at the Community Foundation, all printed and spoken material must clearly state the fund's name as the *"Name of Fund, a component fund of the Wabash Valley Community Foundation."*
- c. Organizations must ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgement, and tax deductibility of gifts.
- d. The organization may send a single check to the Community Foundation 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 Community Foundation from the proceeds of an event for which the donors are not offered a charitable tax deduction. Fundraising events staged independently of the Community Foundation but for the benefit of one of its component funds offer these benefits and responsibilities:

- Simplest method for conducting fundraising events.
- Cannot use the Community Foundation 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 Community Foundation. The Community Foundation will still need to approve the fundraiser but will not usually require the records to be turned in to our office. ***The Community Foundation must approve all promotional and printed material in connection with the fundraiser prior to the event.***

Please notify the Community Foundation regarding your plans ***at least 30 days prior*** to your event so we are aware of your fundraising event in case of inquiries for the public, using the **Nondeductible Fundraising Notification Application** provided below and additional copies are available at [wvcf.com/policies](http://wvcf.com/policies).

Under this option, fundraising may be conducted by an individual, group, or by an organization seeing 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 Community Foundation 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 Wabash Valley Community Foundation.”*
2. Tax Deductions. The individual or group may not use the Community 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 Community 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 Community Foundation, the Wabash Valley Community Foundation should be listed as an “additional insured.” Other than this requirement, neither the Community Foundation nor the fund name may appear on any contract or agreement. The event insurance certificate must be turned in 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 Community Foundation or the fund.
5. Gift Acknowledgment. The organizers may record the contributors’ names and addresses and provide a courtesy acknowledgment. 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 Wabash Valley Community Foundation.”*
6. Payment of Expenses. The organizers pay all expenses and send the net proceeds of the fundraiser to the Community Foundation for addition to the fund. The Community Foundation records the gift as coming from unnamed, third party donors. Please note that the Community Foundation 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 Community Foundation. Expenses will not be paid from the fund for Option 3.

#### 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 Community Foundation offers Donors a charitable tax deduction.

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

If an event is approved, the responsibilities of the Community 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 Community Foundation; and
- Providing appropriate acknowledgments to Donors. Please note that an administrative fee will be charged if extra administrative services are required by the Community 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 Community Foundation.

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 Community Foundation with the application for an event (at least 90 days in advance of the event). How expenses will be paid (either by the fund raising organizers or by the Community Foundation) must be discussed and approved by the Community Foundation prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the Community Foundation for our record-keeping. If it is agreed that the Community Foundation will pay expenses from the fund, the **Check Request from a Fund Form** should be used for any expenses, and invoices. **If the component fund to benefit from the fundraiser is a Donor-advised fund, no expenses may be reimbursed by the Community Foundation.**
2. Liability Insurance and Liability for Losses. The event organizers and the Community Foundation shall assess the need to secure liability insurance for the group and for the Community Foundation when a fundraising application is submitted. Insurance coverage must be reviewed and approved by the Community Foundation. A copy of the insurance certificate must be turned into the Community Foundation 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

Community 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 Community Foundation will not be held responsible for such losses. The Community Foundation may require the event organizers to purchase a letter of credit or provide a written personal guarantee.
4. Checks Payable to the Community Foundation for the Component Fund. Check 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 Community Foundation 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. Tax Deduction/Gift Acknowledgements. 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 raises, and either the Community Foundation or the organizers may be subject to penalty.
7. Donor Acknowledgements. Receipts for tax deductibility and acknowledgments will be issued by the Community Foundation, as long as the individual donor information as identified in Option one is provided.
8. Advance Notice of Event. If event organizers do not inform the Community Foundation's Executive Director or Director of Finance 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. As an example, if a charitable dinner is being held, the ticket price is \$100 and the fair market value of the dinner being served is \$30, then the charitable deduction the donor is entitled to receive is \$70.

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 Community 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 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 Community Foundation to determine the value of goods or services, all donations to benefit the fund will be considered non-tax-deductible donations.