



Donor-Initiated Fundraising Policy and Guidelines

Effective date of this Policy: February 18, 2016

Rationale:

The Community Foundation of Southern Indiana (the "Foundation" or "CFSI") exists to improve quality of life within our community. We do this, in part, through grantmaking from the many component funds that make up the Community Foundation's assets. The Foundation appreciates the many efforts of various individuals and groups in the community to raise money for the benefit of funds held at the Community Foundation ("donor-initiated fundraising").

The guidelines in this policy are intended to support those efforts with respect to certain policies of the Foundation and/or the legal requirements that must be observed. Our goal is to help assure success while avoiding unintended tax consequences, adverse public perception, and legal liability.

The policy below has been developed to protect donors, fundraising groups, and the Foundation by:

1. Ensuring the donors' fundraising efforts are in compliance with the IRS and other governmental regulations thereby protecting fundraising groups and the Foundation from unintended tax consequences and penalties;
2. Ensuring the donors receive the appropriate acknowledgement for their donation(s);
3. Protecting the brand of the Foundation (including the logo).

It is critical to understand that when an individual or group conducts fundraising activities or solicits contributions to benefit a component fund of the Foundation, they are **acting on behalf of the Community Foundation**. 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 gift. Accordingly, CFSI has a primary interest in making sure these activities are conducted in such ways that are legal and reflect positively on our organization.

Coordination with CFSI:

For these reasons, it is critical that all donor-initiated fundraising be coordinated with CFSI. Communication is key.

- 1) **Advance Notice Required:** Before undertaking any public fundraising efforts, individuals and groups should discuss their plans with the Community Foundation. This gives us the opportunity to make suggestions that may enhance the success of your effort, helps our office answer questions that may arise from the public and allows us to properly administer proceeds and gifts that come directly to us. **You must contact us before undertaking any donor-initiated fundraising.**
- 2) **Publicity:** The Community Foundation name and logo, and the fund's relationship to CFSI, must be listed in all marketing and promotional materials where the fund is advertised; including social media sites. All uses of the Community Foundation's name in advertising and promotional materials must be approved in advance by CFSI in writing. Where applicable, all fundraising materials should make clear that funds are being raised on behalf of, rather than by, the Community Foundation.

"Fundraising" and "solicitations" in this policy refer to any time people are asked verbally, in writing or by electronic or other means to contribute to a Fund. The term "fundraising events" includes but is not limited to receptions, dinners and parties; sports or entertainment events; raffles and/or auctions and other similar activities.

We appreciate your cooperation in complying with the important requirements established in these policy guidelines. We reserve the right to refuse any assets that have been raised in violation of CFSI policies. The Community Foundation reserves the right to amend, revise or change this Policy at any time or from time to time without notice at its sole discretion. If you have any questions about the Policy, want to confirm you have the current version, or need additional information, please contact Kenton Wooden at the Foundation at (812) 948-4662 or email at kwooden@cfsouthernindiana.com.

The approval or denial of the Community Foundation's involvement in a donor-initiated fundraising event is solely for purposes of compliance with CFSI's Donor-Initiated Fundraising Policy. CFSI's approval or denial of a donor-initiated fundraising event does not make CFSI liable for any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor-initiated fundraising event. CFSI expressly denies any liability from any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor-initiated fundraising event.

Donor-Initiated Fundraising Guidelines

General Responsibilities

The responsibilities of the Community Foundation will be to:

- manage such money and property as it may accept into the component fund from donors, or other contributors and sources;
- apply the income and principal for charitable uses, in accordance with the governing documents of the fund, CFSI policy and all regulations and laws; and
- provide appropriate acknowledgments to donors for tax-exempt donations.

The individuals or group conducting fundraising will retain responsibility for all public fundraising and matters related to them including:

- obtaining written authorization from CFSI to engage in fundraising activities under CFSI policies;
- paying all costs and expenses associated with the event or activity;
- maintaining an accurate and complete accounting of income and expenses, including ticket sales and cash gifts;
- complying with applicable laws and regulations; and
- conforming and/or reporting with other requirements of the activity or event in question, such as registrations, licensing, tax-related obligations, and insurance considerations.

DONOR-INITIATED FUNDRAISING OPTIONS

The three following options are the only options available to individuals and non-profit groups for donor-initiated fundraising. Additional information specific to each option begins on page 4. As a general rule the Foundation does not participate in "quid pro quo" donor-initiated fundraising efforts (i.e. providing a tax deduction where a donor's contribution is partly receipt of goods or services, such as a dinner or golf outing, and partly charitable).

Option 1. Solicitation of non-event, direct, tax-deductible gifts to a fund at the Community Foundation

Option 2. Fundraising sponsored by a nonprofit 501(c)(3) organization other than the Community Foundation to benefit a fund at the Community Foundation

Option 3. Proceeds from an event for which donors are not offered a tax deduction

General Guidelines For All Fundraising Options

A. Community Foundation Identification. All materials must clearly state the Fund's name as the "*Name of Fund*, a Fund/Program/Partner of the Community Foundation of Southern Indiana." Fundraising materials must clearly state that funds are being raised on behalf of rather than by the Community Foundation. Any materials that include the Foundation name or logo must be approved by the Foundation in advance. When requested, an electronic logo will be provided for use on all approved printed and promotional materials. The relationship must also be clearly stated in social media, online, and printed materials.

B. Community Foundation Support. The Community Foundation staff is not able to provide administrative assistance related to fundraising efforts or in the production of solicitation materials, nor can we handle ongoing administration of solicitation efforts, help manage events, assist with or produce mailing lists or labels, or pay for expenses such as materials or postage.

C. Paid Solicitors. You may not, under any circumstances, pay a for-profit commercial fundraiser or individual fundraiser to solicit donations for a Fund of the Community Foundation. This is a violation of the ethical standards of CFSI.

D. Direct Gifts. In general, solicitations should encourage a donor to make a gift directly to the Fund. In that case, the donor should make the check payable to "CFSI – *Name of Fund*." Alternatively, checks may be made payable to the Community Foundation of Southern Indiana with the benefiting fund name noted on the memo line. Gifts of stocks or bonds may also be made directly to the Foundation with indication of the Fund to benefit and the Foundation should be contacted before any transfer is attempted. See CFSI's *Gift Acceptance Policy* for details.

We recommend that you ask contributors to send their checks, made payable to CFSI for your fund, to you first. Then, the organizer should collect the checks and then forward the batch of checks to the Foundation. This way, the organizing group is able to retain name and address information for all contributions so they can directly thank the donor(s) for the gift(s).

E. Online Gifts. You are welcome to promote the Community Foundation's online giving platform as a convenient giving method for donors. If you do so, please note in your solicitation materials that donors who choose to give this way will see the charge attributed to the Community Foundation of Southern Indiana on their credit card statements. Direct merchant service fees incurred by CFSI as part of each donation will be deducted from donations.

F. Grant Applications. The Foundation does not provide any outcomes reporting to funding organizations; fund organizers should partner with another non-profit organization for any grant proposal purposes. The Foundation should not be named in a grant application or other funding request documentation, and does not sign any such application or proposal.

G. Gift Acknowledgement. Except as otherwise noted below, donors will receive a gift acknowledgement letter from the Community Foundation indicating the gift is tax deductible as permitted by law, and that no goods or services were received in return for the donation.

H. Expenses. With very few exceptions, all expenses related to the activity or event will be the responsibility of organizers. In all cases, however, the fundraising group will be expected to maintain appropriate financial controls and records related to fundraising events. Direct expenses related to fundraising (e.g. outside printing costs) may be charged to the component Fund in question with prior CFSI staff approval. Please check with CFSI about conditions governing the Fund in question. Event organizers will be responsible for any and all losses incurred by activities or events. The Community Foundation will not be held responsible for any such losses.

I. Charitable Gaming. All raffles and similar games of chance are subject to Indiana's Department of Revenue Charitable Gaming Regulations and a Charity Gaming License may be required. No such activities will be allowed by CFSI on behalf of Fund unless there is documented compliance and state approval provided in advance. Please note that raffle tickets are not tax deductible, and this must be stated clearly on the face of distributed tickets.

J. Liability Insurance and Liability for Losses. The fundraising group will contact the Foundation prior to the event to assess the need to secure liability insurance covering members of the group and covering the Foundation. Insurance coverage must be reviewed and approved by the Foundation.

The fundraising group will be responsible for all losses incurred from the event. The Foundation will not be responsible for such losses. The Foundation may require the fundraising group to purchase a letter of credit or provide a written personal guarantee.

DETAILED OPTIONS FOR FUNDRAISING

Option 1: Solicitations for direct tax-deductible gifts to a Fund of the Community Foundation

You may promote a Fund through various forms of marketing including brochures, posters, social media, information sessions, or a direct monetary request through an appeal letter or other means. All promotional materials must be pre-approved by Community Foundation staff and copies are required for our records. The Foundation will not promote such solicitation or be directly involved in its planning or execution in any way. Follows general guidelines above.

Option 2: Event or solicitation sponsored by a nonprofit 501(c)(3) organization with proceeds to benefit a Fund of the Community Foundation

You may make a gift of proceeds from an event or solicitation sponsored by a 501(c)(3) organization that has a Fund at the Community Foundation for the benefit of that organization. Follows general guidelines above, **with the following exceptions:** the organization will issue its own gift acknowledgment letters to donors, and should ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgment and tax deductibility of gifts. The Foundation's obligation in this situation is to provide the organization with an acknowledgement of the total amount of proceeds received.

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 donors are not offered a charitable tax deduction. Generally, the person or group that plans and executes the fundraiser makes one lump sum donation (net of expenses) to the Fund. Donors **may not take a charitable tax deduction** for the cost of their participation in the event (i.e., admission costs, table purchase, golf fees, etc.), the Community Foundation will not issue a gift acknowledgement to individual contributors, and a charitable deduction for participating in the event will not be received. A receipt for the net amount received is sent to the organizing person or group. However, organizers are encouraged to provide a receptacle at the event for outright, direct contributions of checks made payable to CFSI for the Fund, for which no goods or services were received – checks collected in this manner would be fully deductible to the extent provided by law and acknowledged appropriately by the Foundation. *Please note, any events or activities projected to net less than \$5,000 and less than 50% of gross proceeds will be required to use this option.*

Follows general guidelines, with following specific guidelines:

1. **Notify the Community Foundation in writing regarding your plans at least 60 days prior to your event. Please allow the Foundation 30 days to review. If the event is approved, the fundraising group will proceed in accordance with the Foundation's guidelines. Notification of your plans should include a narrative with:**
 - **Description:** Describe the event or other effort to raise money for the fund. Briefly outline the fundraising goal, the activities of the event, your experience in conducting this type of campaign or event and why the activity is sure to be a success.
 - **Contact person:** This person will serve as the main source of communication between the foundation and the fundraising group. Please supply the contact person's name, address, phone number, and e-mail address. This will help facilitate the approval and acknowledgement processes.
 - **Budget:** Attach an estimated budget for the fundraiser that includes projected revenue and a detailed list of projected expenses.
2. Organizers cannot use the Community Foundation identity in any way, except to reference that net proceeds will be donated to the component Fund, or to instruct the appropriate way to designate checks at the receptacle for outright donations.
3. Organizers are responsible for all expenses and administration, including obtaining and paying for any necessary insurance, permits, licenses, approvals or any other details.
4. Organizers may not use CFSI's tax exempt number for sales tax purposes in relation to the event.
5. Gifts are not tax deductible (other than through the receptacle for outright donations). Expenses of the fundraising are paid from the proceeds prior to contribution to the fund.

Many activities associated with fundraising events are not considered tax deductible. It is the responsibility of the organizer to know what is and is not tax deductible and to list those activities in accordance with IRS requirements and all state charitable solicitation laws. If fundraising groups are not familiar with these laws, donors could be denied a tax deduction and members of the fundraising group

might unexpectedly find themselves subject to tax on the funds they raise and the Foundation or fundraising group may be subjected to penalties. The fundraising group will be responsible for all penalties.

The Foundation reserves the right to asses an additional fee for processing multiple checks from an event.

The Foundation understands that the need for exceptions arises from time to time. In the event that an exception to this policy is requested, the Foundation will consider such requests on a case by case basis. The Foundation reserves the right to assess an additional administrative fee for situations that arise which may not be listed in this policy.

Approved by the Board of Directors on February 18, 2016



By: Gary T. Banet, Secretary