

## **Donor Initiated Fundraising Policy**

### **INTRODUCTION**

The Hendricks County Community Foundation, Inc. ("HCCF") exists to improve quality of life within our community. We do this, in part, through grantmaking from the component funds of HCCF. HCCF appreciates the efforts of various individuals and groups in the community to raise money for the benefit of funds held by HCCF.

The guidelines in this policy are intended to support those efforts with respect to certain policies of HCCF 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.

It is critical to understand that when someone conducts fundraising activities or solicits contributions to benefit a component fund of HCCF, they are **acting on behalf of HCCF**. HCCF, its logo, name of the fund(s), and other HCCF information may be represented with prior approval by HCCF to the public in these fundraising solicitations. Also, HCCF will provide contributors a receipt or written acknowledgement to claim a charitable deduction. Accordingly, HCCF has a primary interest in making sure these fundraising activities are conducted in ways that are legal and reflect positively on HCCF.

For these reasons, it is critical that all donor-initiated fundraising be coordinated with HCCF. Communication is key. Before undertaking any public fundraising efforts, individuals and groups should discuss their plans with HCCF. This gives us the opportunity to make suggestions that may enhance the success of your effort, answer questions that may arise from the public, and allows us to properly administer proceeds and gifts. **You must contact us before undertaking any donor-initiated fundraising.**

All uses of HCCF's name in advertising and promotional materials must be approved in advance by HCCF in writing. Where applicable, all fundraising materials should make clear that funds are being raised on behalf of, rather than by HCCF.

"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 any HCCF 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 HCCF policies. HCCF 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 or want to confirm you have the current version, please contact HCCF at 317.268.6240.

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

## **GENERAL RESPONSIBILITIES**

The responsibilities of HCCF will be to:

- manage such money and property that it may accept into its component funds from donors, or other contributors and sources;
- apply the donations for charitable uses, in accordance with the governing documents of the fund, HCCF and all regulations and laws; and
- provide appropriate acknowledgments or receipts to donors.

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

- obtaining written authorization from HCCF to engage in fundraising activities under HCCF 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 with other requirements of the activity or event in question, such as registrations, licensing, tax-related obligations, and insurance coverage as appropriate.

## **DONOR INITIATED FUNDRAISING OPTIONS**

The four following options are the only options available to individuals and non-profit groups for donor-initiated fundraising.

**Option 1.** Solicitation of non-event, direct, tax-deductible gifts to a fund at HCCF.

**Option 2.** Fundraising sponsored by a nonprofit 501(c)(3) organization

**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

## **GENERAL GUIDELINES FOR ALL OPTIONS**

**A. Community Foundation Identification.** All materials must clearly state the Fund's name as the "*Name of Fund*, a Fund of the Hendricks County Community Foundation, Inc." Fundraising materials must clearly state that funds are being raised on behalf of rather than by HCCF. When requested, an electronic logo may be provided for use on all approved printed materials.

**B. Community Foundation Support.** HCCF 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, or pay for expenses such as materials or postage.

**C. Paid Solicitors.** You may not, under any circumstances, pay a for-profit commercial fundraiser to solicit donations for a fund of HCCF. This is a violation of the ethical standards of HCCF.

**D. Direct Gifts.** In general, solicitations should encourage a donor to make a gift directly to a fund. In that case, the donor should make the check payable to “HCCF – *Name of Fund*” and send it directly to HCCF. Alternatively, checks may be made payable to the “Hendricks County Community Foundation” with the benefiting fund name noted on the memo line. Gifts of stocks or bonds may also be made directly to HCCF with indication of the fund to benefit. See HCCF’s *Gift Acceptance Policy* for details.

**E. Online Gifts.** You are welcome to promote HCCF’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 HCCF on their credit card statements. Direct merchant service fees incurred by HCCF as part of each donation will be deducted from donations.

**F. Gift Acknowledgement.** Except as otherwise noted below, donors will receive a gift acknowledgement letter or receipt from HCCF indicating the gift is tax deductible as permitted by law.

**G. 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 HCCF staff approval. Please check with HCCF about conditions governing the fund in question. Event organizers will be responsible for any and all losses incurred by activities or events. HCCF will not be held responsible for any such losses.

**H. 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 and reporting may be required. No such activities will be allowed by HCCF unless there is documented compliance and state approval. Please note that raffle and other tickets for charity gaming of chance are not tax deductible, and this must be stated clearly on the face of distributed tickets.

## DETAILED OPTIONS FOR FUNDRAISING

### ***Option 1: Solicitations for direct tax-deductible gifts to a fund of HCCF***

You may promote a fund through various forms of marketing including brochures, posters, or information sessions, or a direct monetary request through an appeal letter or other means. All promotional materials must be pre-approved by HCCF staff and copies are required for our records. 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 HCCF for the benefit of that organization. Follows general guidelines above, **with the following exceptions:** the organization will issue its own gift acknowledgment letters or receipts 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.

### ***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 HCCF 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 any contribution, HCCF will not issue a gift acknowledgement to individual contributors, and a charitable deduction for participating in the event should not be claimed. A receipt for the net amount received is sent to the organizing person or group. *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 HCCF in writing regarding your plans at least 30 days prior to your event.**
2. Cannot use HCCF's name, logo, or identity in any way, except to reference that net proceeds will be donated to the component fund.
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 HCCF's tax exempt number for sales tax purposes in relation to the event.
5. Gifts are not tax deductible.
6. Expenses of the fundraising are paid from the proceeds prior to contribution to the fund.

### ***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 HCCF offers donors a charitable tax deduction. Any individual or nonprofit group desiring to hold a fundraising event for a component fund of HCCF that offers tax deductions to donors **must contact HCCF at least 90 days prior to each event** for approval.

Follows general guidelines above, with the following specific guidelines:

1. Organizers are responsible for all expenses and administration, including obtaining and paying for any necessary insurance, permits, licenses, approvals or any other details.
2. Copies of all invoices and receipts must be provided to HCCF.
3. All proceeds, checks and cash must be delivered to HCCF along with an accounting of all monies received, within one week after the fundraising event. An appointment should be set with HCCF staff to make this delivery.

4. 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. Again, cash receipts are to be deposited intact.
5. Organizers will need to provide HCCF with specific information related to each donor, including: complete name and address, the date and the amount of each contribution and a detailed description of any goods and services provided in exchange for the contribution.

#### **SPECIAL CONSIDERATIONS FOR TAX DEDUCTIBILITY**

For all options, please be aware that:

- *Contributions of services*, while helpful, are generally not deductible.
- *Quid pro quo*. If goods or services are provided in exchange for a donation, certain disclosures are required in the solicitation and on gift receipts. 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 registration or ticket to the event is a typical method for making this disclosure. HCCF must work with the organizers 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 value of any financial quid pro quo must be disclosed on gift receipts if above a **de minimis** or token value. The organizers must confirm required quid pro quo disclosures are made at the time of solicitation.
- *Rummage Sale purchases* are not tax-deductible.
- *Auctions*. HCCF is not responsible for valuing charitable deductions for items purchased by donors at an auction or similar event, even if the price paid is more than the fair market value of the purchased item. It is recommended that donors consult with their tax advisor on such issues.

#### **ADDITIONAL INFORMATION**

Please contact the Hendricks County Community Foundation for additional information or to discuss donor-initiated fundraising. Thank you for your interest.