

Policy on Fundraising for Component Funds
The Community Foundation of Grant County, Indiana, Inc.
(the "Foundation")

When fundraising groups conduct fundraising activities and solicitations, on behalf of component funds at the Foundation, it must be kept in mind that for tax purposes such fundraising is being done on behalf of the Foundation. A number of significant tax and accounting issues will arise. For example, it is important that these activities be conducted under the observation and fiscal guidance of the Foundation to ensure that donors to the fund are entitled to the appropriate tax deductions, to protect fundraising groups from unintended tax consequences to themselves, and to determine that the Foundation is not exposed to penalties for failing to make proper solicitation disclosures. These requirements are designed to protect donors and the fundraising groups, as well as the Foundation.

Foundation Approval of Events and Use of Foundation Name

1. Before undertaking public fundraising events, the fundraising group must identify and describe to the Foundation each program, event or other effort to raise money for the fund.
2. The fundraising group should obtain advance approval from the Foundation's *Executive Director*.
3. The fundraising group will then proceed according to the Foundation's guidelines.
4. All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation.
5. All fundraising materials should make clear, where applicable, that funds are being raised *on behalf of* rather than *by* the Foundation.
6. An administrative fee may be charged if extra administrative services will need to be expended by the Foundation.

Responsibilities of the Foundation

1. The management of such money and property as it may accept into the component fund from donors, other contributors and sources shall comply with the Foundation's governing documents and the agreement between the component fund and the Foundation.
2. The application of fund income and principal to charitable uses, shall comply with the Foundation's governing documents and the agreement between the fund and the Foundation.
3. Appropriate acknowledgements to donors shall be timely provided.
4. All other contractual obligations set out in the agreement between the fund and the Foundation shall be observed by the Foundation.
5. *The Foundation shall not assist with solicitation efforts for donations or provide volunteers for local events..*

Responsibilities of Fundraising Group

1. Fundraising groups shall be solely responsible for all public fundraising events that benefit the Foundation in compliance with the Foundation's policies and matters related to them.
2. Pre- approval of all fundraising activities.
3. Payment of all costs and expenses.
4. Compliance with applicable laws, rulings, regulations and policies.
5. Reporting and other requirements of every kind such as licensing, tax or fee payment, and liability insurance covering the Foundation.
6. All other responsibilities set out in the agreement between the fund and the Foundation.

Payment of Expenses

1. The fundraising group shall be responsible for all expenses and shall maintain appropriate financial controls and records related to fundraising events that benefit the Foundation.
2. How, and when, and by whom expenses will be paid (either by the fundraising group or by the Foundation) must be determined prior to the event.
3. Copies of invoices and receipts shall be provided to the Foundation for record keeping purposes.
4. The Foundation's standard form entitled "Recommendation for Distribution of Funds" must be completed by the fundraising group prior to any distributions or payments by Foundation.

Designation of Checks and Receipt of Cash

1. Checks related to the event shall be made payable to the component fund of the Foundation.
2. All gross cash receipts shall be deposited and shall not be used by the fundraising group to pay expenses. All expenses shall be remitted by way of checks written by the Foundation.
3. All proceeds, checks, and cash shall be delivered to the Foundation along with an accounting of all monies received within five business days after the conclusion of the fundraising event.

Tax Requirements and Acknowledgements

1. The IRS has imposed strict requirements that impact fundraising. If the steps outlined below are not taken, donors may be denied a tax deduction; the fundraising group may find themselves unexpectedly subjected to tax on the funds they raise; and either the Foundation or the fundraising group may be subjected to penalty.
2. Donors who contribute \$250 or more are entitled to receive a written acknowledgement from the Foundation in order to claim a tax deduction for the contribution. The Foundation shall provide the appropriate acknowledgement to the donors but will require specific detailed information in order to do so. Specifically, the fundraising group shall provide the

Foundation with a completed Fund Donation form, a copy of which shall be provided by the Foundation.

3. Contributions of services, while appreciated, are not generally deductible.
4. 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 may only deduct the excess of the ticket price over the fair market value of the dinner. This limitation on the deduction, known as “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.
5. The Foundation may assist the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. The Foundation, at its sole option, may provide assistance to the fundraising group prior to the solicitation activity and will require information pertaining to the event, including but not limited to ticket prices, and the values of the goods or services donors shall receive. *The fundraising group shall ensure that the required quid pro quo disclosures are made.*
6. Rummage Sale purchases are not tax-deductible.
7. Auctions – Legal counsel for the Foundation shall review, on a case-by-case basis, any proposed ideas for an auction. At that time, tax deductibility of items shall be determined.
8. Matching Programs – During a matching program at the Foundation, only that portion of fundraising event proceeds net of expenses will be matched.

Liability Insurance and Liability for Losses

1. The fundraising group shall contact the Foundation prior to a fundraising event to assess the need to secure liability insurance for the group and for the Foundation. The need for insurance and the amount of coverage must be reviewed and approved by the Foundation.
2. The fundraising group shall be responsible for all losses resulting from events. The Foundation shall not be responsible for such losses. The Foundation may require the fundraising group to purchase a letter of credit or provide a written guarantee.

If you have any questions concerning the above guidelines, please contact the Community Foundation of Grant County, Indiana, Inc., at 765-662-0065 before any fundraising activities are undertaken.

Board Ratified 9/21/06

Clarification 6/17/10

Revised 2/17/11

Agreement to Comply with Policy on Fundraising for Component Funds

We have read and agree to comply with The Community Foundation of Grant County, Indiana, Inc.'s (the "Foundation") policy on Fundraising for Component Funds. We understand that the Foundation reserves the right to refuse any assets or funds that have been raised in violation of these guidelines, and may terminate funds that fail to comply with the Foundation's policies and governing documents. The undersigned hereby acknowledge(s) that the Foundation and its employees have not and will not be actively involved in the conduct of fundraising activities.

Name(s):-----

Component Fund:-----

Date:-----