



Donor Initiated Fundraising Policies and Procedures
for Charitable Funds Within the Community Foundation of Howard County, Inc.

BOARD APPROVED: March 18, 2015

PURPOSE

The Community Foundation of Howard County (“the Foundation”) appreciates your interest in raising money for a charitable component fund of the Foundation. The purpose of these policies and procedures is to ensure that donors are correctly informed of the tax deductions they are eligible for, to protect fundraising groups from unintended tax consequences, and to ensure that the Foundation is not exposed to potential penalties or unnecessary liability. These policies and procedures also promote the organization’s compliance with National Standards for Community Foundations.

The Foundation is limited in its available resources to assist directly with fundraising activities undertaken for the benefit of its funds; however, the Foundation supports the commitment of its donors to and enthusiasm for these activities and outlines the following procedure for the proper and efficient management of such efforts.

When fundraising activities or solicitations use the Foundation name or the name of one of its component funds, the activity is considered **“under the auspices of the Foundation.”** In such cases, the IRS views the Foundation as legally responsible for the fundraiser, regardless of who is implementing the activity, since the Foundation legally “owns” the fund. Therefore, the Foundation, as well as the donor, may face serious penalties and liabilities if careful procedures are not followed.

PASSIVE FUNDRAISING

Passive fundraising usually results in direct, tax-deductible donations to the fund. Donors and fundraising groups may promote a fund through, for example, brochures, posters, informational sessions, or a request for donations through an appeal letter to friends and associates. Passive fundraising activities generally do not require completion of the attached proposal form provided that materials state that funds are being raised on “behalf of” rather than “by” the (insert FUND NAME), a component fund of the Community Foundation of Howard County.

In these cases, the Foundation requests written or email notification at least 10 business days prior to the release of such solicitation(s) or event(s). Included with the notification, should be a copy of any related materials for the Foundation’s review and approval. All written materials related to passive fundraising must clearly state the Fund is “a component fund of the Community Foundation of Howard County.”

ACTIVE FUNDRAISING

Active fundraising involves additional legal requirements. Generally, active fundraising events will fall into one of three categories:

- Independent Fundraising by an Individual or a Non-Tax Exempt Organization
- Independent Fundraising by a Tax Exempt Organization
- Component Fundraising by an Individual or Non-Tax Exempt Organization

A. *Independent Fundraising by an Individual or a Non-Tax Exempt Organization*

Fundraising may be conducted by an individual, a group of people, or an organization without the endorsement or involvement of the Community Foundation. Generally, the person or group that plans and executes the fundraiser (i.e., golf tournament, dinner, sales of products or services) makes one lump-sum donation to the component fund. Because the event is not sponsored by a 501(c)(3) nonprofit organization, **donors are not entitled to a charitable tax deduction for their gifts.**

Guidelines for Non-Tax Deductible Fundraising as follows:

1. The organizing person or group becomes the sponsor of the activity and they understand and are willing to accept the legal responsibility and liability associated with the activity.
2. Other than to state that the net proceeds from an activity benefit the fund, including a description of the general purpose of the fund, materials associated with fundraising activities independent of the Foundation should not use the Foundation name, logo, tax-exempt number, or legal name of the fund in connection with the activity.
3. The planning group pays all expenses directly and sends the net proceeds from the fundraiser to the Community Foundation of Howard County.
4. The Foundation records the net proceeds as a single gift coming from the organization or group sponsoring the activity and does not issue tax receipts to individual donors or participants in the activity.
5. The Foundation would only acknowledge the organization as the donor of the gift, in the amount of the net proceeds from the activity.

B. *Independent Fundraising by a Tax Exempt Organization*

An organization with its own charitable status and solicitation license may sponsor a fundraising event or any solicitation promoting its organization and deposit the net proceeds into a fund that has been established for its benefit at the Community Foundation. The organization issues its own acknowledgement letters, and donors receive a charitable tax deduction for their gifts because the sponsoring organization

has its own 501(c)(3) status. If publicly stating that the proceeds will be deposited into a fund of the Community Foundation, all printed material must clearly state that the fund is “a component fund of the Community Foundation of Howard County.

C. Component Fundraising by an Individual or Non-Tax Exempt Organization

When individuals or fundraising groups wish to conduct fundraising activities and solicitations on behalf of component funds at the Community Foundation, they must keep in mind that, for tax purposes, such fundraising is being done on behalf of the Community Foundation and a number of significant tax and accounting issues will arise.

In these cases, the Foundation will consider an activity or event under its auspices only if a Fundraising Proposal Form (Attachment A) is received at least 60 days in advance of the event. The Foundation will make every effort to review your proposal and respond as quickly as possible, but please be aware that some activities may conflict with other activities already planned by the Foundation or others, require further discussion by the Foundation Board, or require a longer lead time than projected. Therefore, please call our Development Officer at 410-730-7840 to discuss your idea as far in advance as possible, even if you have not completely developed your plan.

There are some types of activities to which the 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 Foundation, in its sole discretion, will determine the appropriateness of lending its name to an activity or event on a case-by-case basis.

After considering the request, the Foundation will provide the individuals or fundraising groups with a written decision.



Guidelines for Component Fundraising ***Under the Auspices of the Community Foundation of Howard County***

- a. **Fundraising Activity Proposal Form.** Before undertaking any fundraising activity or producing any materials which contain the Foundation’s name, please obtain the Foundation’s approval. The attached Fundraising Proposal Form (Attachment A) will help us determine if the activity or event is within the Foundation’s guidelines, and is feasible within its existing calendar of activities and development goals. The Proposal Form should be submitted to the Foundation’s office as far in advance as possible, but no less than 60 days. The Foundation reserves the right to deny an application for any fundraising activity or event conducted on its behalf at its sole discretion.

- b. **Project Budget.** Please submit a project budget that includes the expected revenue and sources of income, such as sponsorships, ticket sales, etc., as well as projected expenses. Please provide projected expense detail, along with the names and contact information for the vendors you plan on using so we may offer suggestions for cost savings or economies of scale, if appropriate.

- c. **Major Sponsors.** Please identify in advance any businesses, organizations or individuals you plan to solicit for sponsorship so that we can coordinate our efforts and ensure that “the right hand knows what the left hand is doing” before soliciting any prospects in the name of the Foundation or one of its component funds.

- d. **Marketing and Publicity.** Please remember materials should state that the funds are being raised **on behalf of** rather than **by**, the Community Foundation of Howard County. All fundraising solicitations and all publicity material should be reviewed and approved by the Foundation before they are produced or used. Please allow at least three weeks for the review and approval process. Generally, the Foundation will not approve the use of any materials which state, suggest, or could reasonably be read to suggest that the Foundation has any responsibility for the payment of any expenses associated with the activity or event unless otherwise agreed to in advance in writing.

- e. **Permits, Licenses and Approvals.** Fundraising organizers must coordinate with the Community Foundation to obtain all required permits, licenses and approvals and to ensure compliance with all laws relating to the event. All contracts, rental agreements and similar documents must be reviewed with Foundation staff (and legal counsel, if necessary). **Only authorized Foundation staff may sign such documents on behalf of the Foundation; volunteers may not sign contracts obligating the Foundation.** Legal expenses and/or costs related to obtaining permits are the responsibility of the fundraising organizers.

- f. **Liability Insurance and Liability for Losses.** The event organizers and the Foundation shall assess the need to secure liability insurance for the group and for the Foundation when a fundraising proposal is submitted. Insurance coverage must be reviewed and approved by the Foundation. Activities that present unusual risks (e.g., water or other sporting activities; events that feature alcohol, excursions to exotic locations and transportation) will be reviewed by the Foundation's insurance agent. If liability is not satisfactorily addressed, such events will not be approved. If the sponsors of the event are not a legal entity able to secure a certificate of insurance, the Foundation may, at its option, make an effort to obtain such certificate of insurance at the sponsors' sole cost and expense.
- g. **Financial Responsibility.** Please be aware that *IRS regulations prohibit the reimbursement of expenses from a legally defined "donor advised fund."* Unless otherwise agreed to in advance in writing, fundraising organizers will be responsible for all expenses and must maintain appropriate financial controls and records related to fundraising events. Individuals or groups who undertake a fundraiser are responsible for all financial losses incurred by the event. The Foundation will not approve the use of any materials which state, suggest, or could reasonably be read to suggest that the Foundation has any responsibility for the payment of any event expenses.
- h. **Submission of Proceeds.** Proceeds from an event may be submitted to the Foundation as frequently as necessary prior to an event, along with an itemized list of gift amounts by donor and detailed donor records including each donor's name and address. All remaining proceeds should be delivered to the Foundation as soon as reasonably possible, along with a full accounting of monies received. A final accounting of all revenue and expenses and copies of all records related to the event should be submitted to the Foundation within 90 days after the conclusion of the event or no later than the end of the fiscal year in which the activity occurred, whichever occurs first.
- i. **Designation of Checks.** Checks related to the event shall be made payable to the "Community Foundation of Howard County" with the component fund name on the memo line if tax deductions are expected. Contributions may be sent to the Foundation directly or checks related to an event on a specific day (e.g., golf outing) may be collected by the project coordinator and delivered to the Foundation, along with an accounting of all monies received, within 90 days after the fundraising event, or no later than the end of the fiscal year in which the activity occurred, whichever occurs first.
- j. **Receipt of Cash.** It is preferred that cash receipts be converted to a check or money order prior to depositing with the Foundation. A full accounting of what cash gifts were converted should be submitted with the deposit to the Foundation, along with an itemized list of gift amounts by donor and detailed donor records including each donor's name and address. Cash received may not to be used to pay expenses prior to depositing with the Foundation.

- i. **Acknowledgements and tax receipts.** Donor acknowledgements including receipts for tax deductibility will be issued by the Foundation, as long as the individual Donor information is provided. Donors who contribute \$250 or more will need a written acknowledgement from the Foundation in order to claim a tax deduction for the contribution. Contributions of cash must have an accompanying note with the name(s) and address(es) of each donor and the amount of their respective gifts or we will not be able to send acknowledgments/tax receipts to the individual donors.

Please be aware of the following prohibitions and circumstances that require special considerations for Tax Deductibility:

- **Auctions.** Tax deductibility of items is not automatic and the fair market value of items must be determined in advance. Only the amount paid in excess of the fair market value of the item is deductible.
- **Contributions of services.** While appreciated this is generally not deductible.
- **Raffle tickets.** Purchases of raffle tickets are not tax-deductible and this must be clearly stated on the face of distributed tickets.
- **Rummage sale.** Purchases are not tax- deductible.
- **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. The organizers must confirm that the required quid pro quo disclosures are made at the time of solicitation. Disclosure on the ticket to the event is a typical method for making this disclosure.



Fundraising Proposal Form

Date of Submission: _____

A. Name of Fundraising Organizer: _____

Individual: ____ Corporation: ____ Non-Profit: ____ Other: ____

B. Designated Contact Person:

Name: _____

Address: _____

Phone Number(s): _____ Cell _____ Home _____ Office _____

Email Address: _____

Will the services of a professional fundraiser or event planner be used? ____ Yes ____ No
If yes, please provide the name and contact information below:

C. Activity/Event Details:

Activity/Event Dates(s): _____

Activity/Event Location: _____

Anticipated number of participants/attendees: _____

Type of Event and/or Description of Activities to be conducted: _____



D. General Liability/Event Insurance:

Name of Carrier: _____

Policy No.: _____

Name and phone number of broker: _____

Will alcoholic beverages be served at this event? Yes No

Is this an athletic event? Yes No If yes, please describe nature of the athletic event including location, duration, route, etc. _____

*If the organizer of the event is not a legal entity able to secure a certificate of insurance, the Foundation may, at its option, make an effort to obtain such certificate of insurance at the organizer's sole cost and expense.

E. Corporate or Individual Event Sponsors:

Will businesses be contacted for event sponsorships or donations? Yes No

If yes, please attach a list of prospects for Foundation review.

F. Media Communications:

All materials that mention the Community Foundation of Howard County need to be approved in advance of printing or production. Do the organizers intend to produce any of the following?

letterhead

website content

brochures

radio or TV announcements

signs

blast emails (e.g. Constant Contact)

Other:



- Please insure that all materials clearly state the Fund’s name as “(Name of Fund), a component fund of The Community Foundation of Howard County” and all fundraising materials specifically state that funds are being raised **on behalf of** rather than **by** the Community Foundation of Howard County.

Please return this form along with a copy of your project budget to the Community Foundation of Howard County for approval:

By E-mail: ALestner@CFHoCo.org
By fax: (410) 997-0621, Attn: Alyson Lestner
By mail: The Community Foundation of Howard County
 Attn: Allyson Lestner, VP of Development
 10630 Little Patuxent Parkway, Suite 315
 Columbia, MD 21044

Approved by: _____ Date: _____
 Community Foundation of Howard County

Not Approved: _____ Date: _____