



DONOR INITIATED FUNDRAISING POLICY

INTRODUCTION

Thank you for your interest in raising money for a fund established within the Northern Indiana Community Foundation, Inc. (the "Community Foundation"). As the Community Foundation is not staffed to operate public fundraising efforts or events for the many component funds of the Community Foundation, your interest is commendable. 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 outlined in this policy it is important for community minded individuals to understand the guidelines established in this document. The Community Foundation appreciates your interest and motivation in raising money for worthy causes and we look forward to working with you.

This policy outlines FOUR options for fundraising for a component fund at the Community Foundation and provides guidelines for each option. When fundraising groups conduct fundraising activities and solicitations on behalf of the foundation's component funds, you must keep in mind that for tax purposes such fundraising is being done on the Community Foundation's behalf. This raises a number of significant tax and accounting issues. For example, activities must be conducted under the Community Foundation's observation and fiscal guidance to ensure that donors to the fund are entitled to the appropriate tax deductions, to protect the fundraising groups from unintended tax consequences to themselves, and to determine that the foundation is not exposed to penalties for failing to make required solicitation disclosures. We appreciate your cooperation in complying with the important requirements established in these guidelines. We reserve the right to refuse any assets that have been raised in violation of this policy.

FOUNDATION APPROVAL OF EVENTS

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 first submit a Fundraising Application Form to the Community Foundation at least 30 days prior to each event for approval. If the application is approved the guidelines provided under Option 4. Proceeds from an event for which donors are offered a tax deduction must be carefully observed.

Any individual or nonprofit group NOT desiring to offer tax deductions to donors may fundraise without submitting an application for approval; however, they must follow the guidelines below under Option 3. Proceeds from an event for which donors are not offered a tax deduction. Notify the Community Foundation of your plans at least 30 days prior to your event. We want to be aware of your fundraising event in case of inquiries from the public. You must acknowledge you have read and will abide by our Donor Initiated Fundraising Policy.

All uses of the Community Foundation's name in advertising and promotion must be approved in advance by the foundation. All fundraising materials should make clear, where applicable, that funds are being raised on *behalf of* rather than *by* the foundation. This includes (but is not limited to) any written or spoken materials, letterhead, brochures, signs, website content, radio and television announcements related to solicitations to promote a fund.

The use of the Community Foundation's name or logo without prior written approval from the Community Foundation constitutes a violation of the Community Foundation's property rights for which the Community Foundation is entitled to seek legal redress including (but not limited to) attorney fees and expenses incurred to protect its rights.

GUIDELINES

These guidelines cover the fundraising options available to individuals and non-profit groups:

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

Option 1. Direct tax-deductible gifts to a fund within the Community Foundation

You may promote a fund through various forms of passive marketing including brochures, posters, information sessions or a request of money through an appeal letter to friends and associates. (Be sure to have all promotional materials pre-approved and in writing by the Community Foundation.)

The following guidelines pertain to this fundraising option:

- 1. Community Foundation Identification.** If requested, an electronic logo will be provided for use on all approved printed materials. All materials must clearly state the fund's name as the "*Name of Fund, a component fund of the Northern Indiana Community Foundation, Inc.*" and all fundraising materials must overtly state that funds are being raised on behalf of rather than by the Community Foundation.
- 2. Community Foundation Support.** The Community Foundation staff is not generally able to provide assistance in the production of these materials nor can we handle on-going administration of websites or pay for materials or postage.
- 3. Paid Solicitors.** You may not pay a for-profit fundraiser to solicit donations for a component fund of the Community Foundation.
- 4. Direct Gifts.** In response to your marketing efforts a donor may make a gift directly to the fund. In that case, he/she should make the checks payable to the Northern Indiana Community Foundation with the benefiting fund name noted on the memo line and send it directly to the Community Foundation. Gifts of stocks or bonds may also be made directly to the Community Foundation with indication of the fund to benefit. Donors will receive a gift acknowledgement letter from the Community Foundation indicating the gift is tax deductible as permitted by law.

5. *Online Gifts.* You are welcome to promote the Community Foundation's online giving platform as a convenient method for donors to give to a component fund. 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 gift on their credit card statements. The Community Foundation will provide acknowledgement letters for the gift. The Community Foundation's online giving provider, not the Community Foundation, will provide the tax deduction letter. Please be aware that online gifts carry an external processing fee which will be charged to the fund.

6. *Notification of Gifts.* If requested, fund founders or other interested parties (such as family members of the individual memorialized by a fund) may be notified upon receipt of 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.

Option 2. Event or solicitation sponsored by a nonprofit 501(c) (3) organization with proceeds to benefit a fund at the Community Foundation.

You may make a gift of the 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.

The following guidelines pertain to this fundraising option:

1. *Gift Acknowledgment and Stated Purpose of Fundraiser.* 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. The organization will issue its own acknowledgment letters to donors. If you are 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 Northern Indiana Community Foundation, Inc.*"

2. *Legal Compliance.* Organizations should ensure their compliance with all applicable IRS and Indiana state laws and regulations regarding solicitation, acknowledgment and tax deductibility of gifts.

3. *Online Giving.* You are welcome to promote the Community Foundation's online giving platform as a convenient method for gifts to an agency fund. 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 gift on credit card statements. The Community Foundation will provide acknowledgment letters for these gifts. The Community Foundation's online giving provider, not the Community Foundation, will provide the tax deduction letter. Please be aware that online gifts carry an external processing fee which will be charged to the fund.

4. *Planned Giving.* Similarly, you are welcome to encourage donors to consider planned gifts to the component fund in the Community Foundation that benefits your agency. You may utilize the Community Foundation's services to arrange these gifts. The Community Foundation will notify benefiting agencies (with donor permission) when it is aware such gifts have been arranged.

5. *Notification of Gifts.* With donors' permission, agencies are typically notified upon receipt of any major gifts directly to the funds that benefit them. Modest donations, however, will not generally be individually reported to you. The fund statement for an agency fund periodically provided by the

Community Foundation will reflect total fund growth through contributions.

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.

Fundraising events staged independently of the Community Foundation but for the benefit of one of its component funds offer these benefits and responsibilities:

1. Simplest method for conducting fundraising events.
2. Cannot use the Community Foundation identity, except to reference that net proceeds will be donated to the component fund.
3. Gifts are not tax deductible.
4. 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 not need to approve the fundraiser, records will not need to be turned into our office, and the Community Foundation will not need to approve all promotional and printed material in connection with the fundraiser.

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 from the public. Furthermore, please acknowledge you have read and will abide by this Donor Initiated Fundraising Policy.

Under this option, fundraising may be conducted by an individual, group or by an organization seeking 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 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 guidelines pertain to this fundraising option:

1. Stated Purpose of Fundraiser. An individual or group that plans and executes a fundraising event may state that the net proceeds will benefit the general purpose of the fund, i.e. the arts or hunger relief, but may not use the Community Foundation's logo or imply in any way that the Community Foundation sponsors the event. If publicly stating the net proceeds will be deposited into a fund at the Foundation, all printed and spoken material must clearly state that: "The net proceeds of this event will be contributed to the Name of Fund a component fund of the Northern Indiana Community Foundation, Inc."

2. Tax Deduction. 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 and Government Regulations. Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. 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.

4. Contracts and Agreements. Fundraising events often require certificates of insurance or signed contracts. When events are sponsored independently of the Community Foundation the name of the Community Foundation or the fund must not appear on any contract or agreement.

5. Checks Payable to Organizers. Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) should make their payments to the organizing individual or group, not to the Community Foundation or the fund.

6. Gift Acknowledgment. The organizers may record the contributors' names and addresses and provide a courtesy acknowledgement. The acknowledgement letter *may not* include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility. Letters may state: "The net proceeds of this event will benefit the *Name of Fund*, a component fund of the Northern Indiana Community Foundation, Inc."

7. 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 the Community Foundation is prohibited by law from reimbursing the planner(s) for expenses, therefore, the planner(s) must deduct expenses before sending the net proceeds to the Community Foundation.

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 Fundraising Application Form to the Community Foundation at least 30 days prior to each event for approval. If the application is approved these guidelines must be followed.

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 principal and income to charitable uses, all in accord with the foundation's governing documents
- Providing appropriate acknowledgements to donors
- Please note that an administrative fee may be charged if extra administrative services will need to

be expended 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
- Reporting and other requirements of every kind such as licensing, tax payment and liability insurance covering the foundation

The following guidelines pertain to this fundraising option:

1. ***Payment of Expenses.*** The fundraising group will be responsible for all expenses and will maintain appropriate financial controls and records related to fundraising events. Expenses may be incurred only in accordance with the event budget that the foundation has approved. Prior to the event we will discuss with you whether the expenses will be paid by the foundation or by the group. Regardless of who pays the expenses, you must provide copies of invoices and receipts to the foundation so that we may fulfill our record keeping and reporting responsibilities. Keep in mind that if the fund in question is a donor advised fund, the foundation cannot provide reimbursement of expenses to the fund's donors, advisors, and related persons.
2. ***Designation of Checks and Receipt of Cash.*** Checks related to the event must be made payable to the Community Foundation with the component fund noted on the memo line.) All proceeds, checks and cash must be delivered to the Community Foundation along with an accounting of all monies received within one week after the fundraising event. 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.
3. ***Tax Requirements and Gift Acknowledgment.*** Strict IRS requirements and state charitable solicitation laws impact any fundraising. If the steps outlined below are not taken, donors will be denied a tax deduction, members of the fundraising group might unexpectedly find themselves subject to tax on the funds they raise, and either the Community Foundation or the fundraising group might be subjected to penalties.

Donors who contribute \$250 or more will need a written acknowledgement from the Community Foundation in order to claim a charitable deduction for the gift. The Community Foundation prefers to acknowledge all gifts with a deduction value, even if it is not legally required. The Foundation will provide the appropriate acknowledgement to donors only if it receives certain detailed information. Specifically, the fundraising group must provide the foundation with:

1. The donor's complete name and address.
2. The date and amount of the contribution.
3. Whether the contribution was in cash or property.
4. If property, a description of the type of property and a good faith estimate of its fair market value.
5. A detailed description of any goods and services provided in exchange for the contribution.

Contributions of services while appreciated, generally are not deductible.

4. ***Special Considerations for Tax Deductibility.*** If the fundraising group provides goods or services in exchange for a donation, certain disclosures are required. 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 event ticket is a typical method for making this disclosure.

The foundation will work with the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the foundation will have to work with the group prior to the solicitation activity and will need information pertaining to the event such as ticket prices and the value of the goods or services the donors will receive. *The fundraising group needs to see that the required quid pro quo disclosures are made.*

- **Raffle tickets** are not deductible. This must be stated clearly on the face of distributed tickets.
- **Rummage sale purchases** are not deductible.
- **Auctions**—Foundation staff will review proposed ideas for auctions on a case-by-case basis and may seek the assistance of its legal counsel in doing so.

5. ***Liability Insurance and Liability for Losses.*** The fundraising group will contact the Community 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 by the event. The Community Foundation will not be held responsible for such losses. The Foundation may require the fundraising group to purchase a letter of credit or provide a written personal guarantee.

Approved by the Northern Indiana Community Foundation, Inc. Board of Directors April 20, 2016.

Northern Indiana Community Foundation, Inc.

Fundraising Application for a Component Fund

Must be submitted at least 30 days prior to a proposed event to obtain approval for public fundraising done on behalf of a component fund of the Community Foundation

Fund to benefit from proposed fundraiser _____

EVENT INFORMATION

Title _____

Date _____

Location _____

Description: Include a detailed description of activities of the event, number of participants expected, and the groups experience in this type of fundraising and why the activity is sure to be a success.

Fundraising Goal \$ _____ (Net amount of money to be deposited to the fund.)

Contact person: This person will serve as the main source of communication between the Community Foundation and the fundraising group

Name: _____

Email: _____

Address: _____

Phone (home): _____

(work): _____

Best place and time to be contacted:

Budget: Attach an estimated budget including projected gross revenue from identified sources and projected expenses with vendor name (A sample budget follows).

Administrative duties contracted with the Community Foundation.

I (We) agree to use all disclosures as instructed by the Community Foundation, to review all printed and promotional material with the Community Foundation staff before distribution, to submit detailed donor records along with all fundraiser proceeds and invoices, and to comply with other guidelines from the Community Foundation's Donor-Initiated Fundraising Policy, including liability for losses.

Signature_____ Date_____

Signature_____ Date_____

Name (if different than contact person) _____

**Northern Indiana Community Foundation, Inc.
Fundraising Application for a Component Fund**

Estimated Budget

Fund to benefit from fundraiser _____

Title of Event _____

Date of Event _____

Submitted by _____ Date Submitted _____

Total Estimated Gross Revenue \$ _____

Please show how you arrived at this number. For example:

| | | |
|-------------------------|---------|--------------------|
| 100 golfers @ | \$100 | \$10,000 |
| 100 raffle tickets @ | \$1 | \$100 |
| 10 sponsors @ | \$1,000 | \$10,000 |
| Miscellaneous donations | | \$250 |
| | | |
| TOTAL | | \$20,350.00 |

Total Estimated Expenses \$ _____

Please provide cost of item and vendor. Include donated items: For example:

| Expense Item | Vendor | Cost |
|-------------------------------|---------------------|--------------------|
| 100 rounds of golf @ \$62.50 | Community Golf Club | \$6,250 |
| 75 dinners @ \$50.00 | Community Golf Club | \$3,750 |
| Brochure Printing | Copy Center | \$500 |
| Postage | | \$35 |
| Door Prizes | Donated | \$0 |
| 5 awards for top teams | | \$500 |
| Foundation administrative fee | | \$500 |
| TOTAL | | \$11,535.00 |

Fundraising Goal (Gross Revenue minus Expenses) \$ _____

Northern Indiana Community Foundation, Inc.
Notification of Nondeductible Fundraising for a Component Fund

Name of Fund to benefit from planned fundraiser: _____

Sponsors:

Please list the name of the group, or if an informal group, the names of key planners of the fundraiser:

EVENT INFORMATION

Title: _____

Date: _____

Location: _____

Description: Please describe the nature of your event, including the types of activities involved and the number of people you hope to attract.

What is your net fundraising goal? \$ _____

I (We) have received the Community Foundation's Donor-Initiated Fundraising Policy, and intend to abide by its guidelines for a Nondeductible Fundraiser.

Signature: _____

Printed name: _____

Position: _____

Date: _____

You may fax this form to 574-224-3709
or mail to: Northern Indiana Community Foundation, Inc.
P.O. Box 807, Rochester, IN 46975

Thank you for your interest in building an endowment within the Community Foundation.