



POLICY: CKCF/DONOR/AFFILIATE INITIATED EVENT/FUNDRAISING POLICIES AND PROCEDURES

Purpose

These policies and procedures have been developed to help assure a successful outcome for individuals, groups and CKCF as events and fundraising activities are coordinated whether for general promotion or asset development. These policies and procedures are paramount to maintaining public confidence in our organizational operations and compliance with all federal, state, and local legal requirements for our standing as a not for profit, 501 (c) (3) organization. Further, these policies and procedures promote the organization's compliance with National Standards for Community Foundations. CKCF recognizes that promotional events and fundraising activities for individual funds can bring value, however as the legal entity for these funds under management we must be involved when public fundraising occurs so we can ensure the policy, practices and procedures of this policy document are carried out.

When individuals or fundraising groups conduct fundraising activities and solicitations on behalf of component funds at CKCF, they must keep in mind that such fundraising is being done on behalf of the Central Kansas Community Foundation. These policies and procedures outline the requirements for any event or fundraising activity benefiting a component fund(s) of CKCF.

Community Foundation Defined: A tax-exempt, nonprofit, autonomous, publicly supported, nonsectarian philanthropic institution with a long-term goal of building permanent, named component funds established by many separate donors to carry out their charitable interests and for the broad-based charitable interest of and for the benefit of residents of a defined geographic area.

Component Fund Defined: An individual fund considered by the Internal Revenue Service (IRS) to be part of the exempt assets of a foundation. The foundation's governing board must have total control over all assets of a component fund.

The primary purpose of these procedures is to protect fundraising groups from unintended tax consequences, and to ensure that the Central Kansas Community Foundation (CKCF) including all affiliates is not exposed to potential penalties or unnecessary liability.

Passive Fundraising – Friend Raising

Passive fundraising usually results in direct, tax-deductible donations to the fund. This activity still must meet some legal requirements.

Donors and fundraising groups may promote a fund through various forms of “passive” marketing in the name of a fund through, for example, brochures, posters, informational sessions, or a request for donations through an appeal letter to friends and associates. These passive approaches are also known as a Friend Raiser. Promoting your good works and planting seeds about who we are and what we do. Often these are Grant Award Ceremony Events.

In response to any of the above passive marketing efforts, a donor may make a gift directly to the fund. In this case, a check should be made payable directly to the Central Kansas Community Foundation (CKCF) or in the name of the Affiliate Foundation, with the name of the fund to benefit noted in the memo line and then such check should be sent directly to the Foundation. Checks written in the name of the fund may also be deposited.

Non-cash gifts may be accepted but must be presented to the Foundation per the current Gift Acceptance Policy guidelines for consideration before acceptance.

Donors contributing at a gift value of \$250 and more will receive gift acknowledgement letters from CKCF for Newton and all affiliate communities indicating that their gifts are tax deductible.

Fund representatives have access to the details of all gifts to the fund in Donor Central software and they are encouraged to provide thank you notes to all contributors no matter the size of the gift.

CKCF must approve, in advance of printing or production, all written or spoken event or activity materials related to solicitations promoting a fund including, but not limited to, the following: letterhead, brochures/posters, newspaper and magazine advertising, press releases, website and social media content, and radio and television announcements. All such materials must meet the following requirements:

1. If an affiliate is involved, materials must clearly show the affiliate relationship to Central Kansas Community Foundation. (i.e. Goessel Community Foundation, an affiliate of Central Kansas Community Foundation)
2. Best when identifying a specific fund by name for which the fundraising is being conducted, it should list the fund as a component fund of CKCF. (i.e. Carriage Factory Gallery Endowment Fund is a component fund of Central Kansas Community Foundation).
3. Specify the event organizers or host, maybe it is a city or a not-for-profit or it is one of our affiliate foundations. The host and or co-host relationship should be clear and be presented in approved materials accurately as this impact liability and other requirements related to soliciting donation or a component fund.

Active Fundraising

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

A. Independent Event or Fundraising by a Tax-Exempt Organization

B. Independent Event or Fundraising by an Individual or Non Tax-Exempt Organization

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

A. Independent Events or Fundraising by a Tax-Exempt Organization

An organization with its own charitable status and solicitation license may sponsor a fundraising event or solicitation promoting its organization and deposit the net proceeds into a fund that has been established for its benefit at CKCF and its affiliates. 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.

Independent Fundraising would be totally managed by the organization and ultimately only one check would be sent to CKCF for deposit to the fund benefiting from the fundraising effort.

If publicly stating that the proceeds will benefit and be deposited into a fund at CKCF, all printed and spoken material must clearly state that the fund is “a component fund of the Central Kansas Community Foundation.”

If CKCF manages an Organization Fund, aka Agency Fund, the contributions may only come directly to the fund from the Organization to maintain the status of an Organizational Fund. If CKCF manages a Designated Fund for the organization, it is best for the organization to still send proceeds to CKCF after deposit at said organization, however with a designated fund status a donor could send a contribution direct to the fund and CKCF gift acceptance protocols would be activated. Gifts directed to CKCF for deposit to benefit the fund would be tax deductible.

B. Independent Events or Fundraising by an Individual or Non Tax-Exempt Organization

Special events or fundraising activities may be conducted by an individual, a group of people, or an organization without the endorsement or involvement of CKCF. Generally, the person or group that plans and executes the fundraiser (i.e., golf scramble, dinner, donations for 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 Applicable to NonTax-Deductible Fundraising and Special Events:

1. An individual or group that plans and executes a special event or fundraising event may state that the net proceeds will benefit the general purpose of the fund, but there should be no reference to CKCF in printed materials or communications of any kind. (i.e. Your gift is going to support a grassroots initiative for the XYZ Community.)

2. The individual or group may not use CKCF's Tax-Exempt number in connection with the event. Contributions made as a result of the event/solicitation **will not** qualify as tax-deductible charitable gifts to CKCF. It is strongly encouraged this be noted on materials developed by an individual or a group so those participants clearly understand their contributions are not tax deductible. (i.e. Your gift is going to support a grassroots initiative for XYZ Community. Your contribution is not tax deductible.)

3. Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. Events or activities that include opportunity drawings 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. Please note that, as a general rule, there is no charitable deduction for items purchased at auction or for opportunity drawing tickets.

4. Events and fundraising activities often require certificates of insurance or signed contracts. When the events are sponsored independently of CKCF, the name of the Foundation or the fund must NOT appear on any contract or agreement. Volunteers may NOT sign contracts obligating the Central Kansas Community Foundation, any affiliates or the fund.

5. Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) make their payments to the organizing individual or group, not to the Central Kansas Community Foundation, any affiliates or the fund.

The organizers may record the contributors' names and addresses and may provide a courtesy "thank you" acknowledgement. The "thank you" acknowledgement MUST NOT include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility or to the contribution being made to the Central Kansas Community Foundation or to the fund.

6. The individual or group that plans the event shall pay expenses, collect contributions and sends the net proceeds of the fundraiser to the Central Kansas Community Foundation for the benefit of the specific fund. CKCF records the gift as coming from unnamed third-party donors. No tax deduction receipt is eligible.

Note on Tax Deductibility: Contributions to a fundraiser are only tax deductible when they are received and acknowledged directly by a qualified nonprofit organization. Depending on the event, tax deductibility may or may not be a motivating reason for donors to participate. We have often found that donors who participate in fundraising events are not doing so to receive a tax deduction. Donors often believe in the purpose of the fundraiser and will make a contribution regardless of the tax benefits to themselves.

C. Component Events or Fundraising by an Individual, Committee, Affiliate or Non Tax-Exempt Organization

When individuals or fundraising groups conduct events or fundraising activities and solicitations on behalf of component funds at CKCF, they must keep in mind that, for tax purposes, such fundraising is being done on behalf of the Central Kansas Community Foundation. A number of significant tax and accounting issues will arise. These types of promotional events or fundraising activities involve more extensive guidelines and fees to cover tasks that are beyond the normal responsibilities of CKCF. The following guidelines give a more complete description of what is permissible and the responsibilities of those involved.

Guidelines Applicable to Special Events and Tax-Deductible Fundraising:

1. All events and fundraising activities must be approved in advance by CKCF.
2. Before undertaking public events or fundraising activities, an individual or fundraising group must define the purpose for each program, event, or other effort to raise awareness or money for a specific fund or funds.
3. An "Event/Fundraising Application Form" must be submitted preferably 90 days prior to the proposed event. To ensure approval submit no later than 20 business days before a group expects to promote the event.
4. At minimum, the "Event/Fundraising Application Form" will include a description of the event or fundraising activities, a budget for the event, the amount of money that is anticipated to be raised, the names of those authorized to incur expenses, names of those who might benefit from the event personally or through a business connection, and other information required by law. A Checklist is incorporated in the Application to help guide relevant information but it is important to remember this is a guide and some activities may fall outside of what we know to even ask so please be thorough in disclosing plans for the event.
5. Component Event and Fundraising activities may rely on legal and liability protection from CKCF. The individual or group will receive information from CKCF as to what is covered for their event through the CKCF policy after the Application Form is received. If there are considerations for coverage outside of the standing policy, the CKCF agent will explore policy options and premiums for consideration.
6. Approval of the event from the CKCF Executive Director must occur before any advertising or promotion begins. Once approval is obtained, all event or fundraising guidelines must be followed. Additional administrative fees may be charged if extra administrative services will be required of CKCF.

7. All use of the Central Kansas Community Foundation and affiliates names and logo's, in advertising and promotion must be approved in advance by CKCF. At least 20 business days should be allowed; if review is required by CKCF's legal or financial advisors, an additional 20 business days should be allowed. All written or spoken event and fundraising materials should make clear, where applicable, that funds are being raised "on behalf of" rather than "by the Central Kansas Community Foundation" for the XYZ Fund. (i.e. The Halstead Community Foundation, an affiliate of CKCF, is raising funds on behalf of the Halstead Community Impact Fund, a component fund.) The purpose of the event or fundraising event must be clearly stated on all materials, ads, media releases, etc. and must follow the compliance requirements. The individual or fundraising group must also supply a final copy of all printed materials, scripts, videos, etc. that are used to publicize the event to be put in the electronic event folder for that year of activities. (Note: A ticket price is tax deductible minus the value of goods and services received. For example, a dinner ticket of \$20, the value of dinner is \$10, only \$10 is tax deductible).

Note on Unapproved Fundraising Events:

There will be occasion when an event or activity is not permitted after the Event Application Form is reviewed. A full explanation of this will be provided to the submitting party. Please know CKCF is supportive of raising funds yet also is aware of their responsibility for not only return on investment but also the risk and safety of our donors, organizers, staff and potential participants.

1. The following events/activities are only some examples of what will **NOT** be approved:

- a. Casino nights
- b. Bounce Houses
- c. Event involving animals
- d. Drones involved activities
- e. Sales – We do not sell items
- f. Fundraising for donor advised funds
- g. Fundraising which utilizes the services of a professional organizer or solicitor for the entire event; this does not refer to hiring a professional auctioneer for example.
- h. Other – that which is not recommended by insurance carrier and/or requires too costly of insurance coverage.

*Please request our annual exclusion document for an extensive list of activities and events that are not covered by the CKCF policy.

2. Upon review and evaluation of the "Event/Fundraising Application Form," CKCF may reject the application, but it would accept the net proceeds of the event as a contribution as described in Section B of these policies and procedures. CKCF would not endorse the event, be involved in the planning or production of the event, or allow its name to be used in any way with the

fundraising activities. Again, important note – contributors would not receive tax deductibility for any contributions for this type of event.

D. The individual or fundraising group will be responsible for:

- a) Appointing an Event/Fundraising Chairperson who will serve as the point of contact with CKCF staff;
- b) Providing a complete “**Event/Fundraising Application Form**” for consideration by the Executive Director preferably 90 days prior to the proposed event and no later than 20 business days before promotion of event is planned;
- c) Discuss with CKCF staff liability insurance coverage requirements, if any activities fall outside of the regular CKCF coverage and premium the individual or group shall request approval from CKCF to acquire proposal from CKCF insurance agent for consideration. Individual or group shall be responsible for any additional costs for coverage (if any);
- d) Providing CKCF staff with information pertaining to the event, such as ticket prices and the value of goods and services donors/participants are to receive, so that the required quid pro quo disclosures can be made; the **Event/Fundraising Donation Spreadsheet** will be provided and it is to be used for submission to CKCF;
- e) Obtaining approval from the CKCF Executive Director if new event activities are later identified and if the expenses of the event change by more than 5%;
- f) Working with vendors, media, and/or volunteers to promote the event with written and spoken materials that have been approved by the CKCF Executive Director;
- g) Contributions collected with appropriate tracking and accounting of advanced acquisition provided to CKCF in a format agreed upon with staff. Dinner tickets, auctions, round of golf have different recording practices, the **Event/Fundraising Donation Spreadsheet and the Donation Deposit Record Form** will be provided and it is to be used for submission to CKCF;
- h) Providing CKCF will all event proceeds within one week following the event;
- i) The approval of invoices associated with the event and forwarding of these invoices to CKCF staff within three weeks of the event;
- j) Paying any expenses not approved as part of the event budget;
- k) Assisting CKCF staff with information needed for filing required reports of any kind, such as licensing or tax payments;
- l) Petty Cash is not provided by CKCF, it is advised that a cash bag be acquired and a committee member provide petty cash, sign in company of another member the cash put in the bag. At the end of the event payback the contributor with notes by a member and the party being reimbursed. Remaining cash shall be logged on appropriate spreadsheet, **Donation Deposit Record Form**, for deposit;

m) Prize money is **NOT** encouraged. A plan needs developed and approved prior to event for what the prize(s) is and who is eligible to receive. Prize money waiver option must be included. If Individuals accept winning, the Committee must provide completed **W- 9's** along with a **Distribution Recommendation Form**;

n) Accepting responsibility for any financial losses of the event for those instances where the funds do not exceed the expenses of the event;

o) Compliance with federal, state and local laws;

p) Cash receipts are not to be used to pay event expenses, gross deposits and expenditures should be submitted; and

q) All proceeds, checks and cash, must be delivered to CKCF during normal business hours along with an accounting of all monies received within one week of the fundraising event. In some cases, CKCF may provide staff at the event to receive donations.

E. CKCF staff will be responsible for:

a) The review and approval of all written and spoken event and fundraising materials to assure compliance with federal, state and local legal and standards requirements;

b) Determining if additional liability insurance needs to be provided by the individual or fundraising group naming CKCF as an additional insured;

c) The review and signing of contracts required for the event;

d) Filing legal licenses as required by law (i.e. ABC);

e) The review and approval of tickets produced, as it is necessary that the ticket indicate the tax deductible portion of the ticket purchase (quid pro quo disclosure);

f) Availability of copier for smaller production runs (less 100 copies) with costs being charged back to local affiliate operating fund or reimbursement by individual or group coordinating the event;

g) Providing space for individuals and fundraising group members to assemble materials/mailings for the event during normal business hours;

h) The management of such money and property as it should be deposited into the component fund from donors, other contributors and sources. CKCF will provide blank **Event/Fundraising Donation Spreadsheets** for tracking revenues received, allowing CKCF to post contributions once appropriately completed **Donation Deposit Record Form** for all cash and checks has been received by CKCF;

- i) The application of income to charitable uses, all in accord with the governing documents of the Central Kansas Community Foundation;
- j) The timely payment, 7-10 business days, of invoices associated with the fundraising event after receipt of the **Distribution Recommendation Forms**, W-9's as apply to payables and back up receipts for purchases. This all must coincide with approval by the Event/Fundraising chairperson/committee and confirmation that the expense was included in the approved event budget; and
- k) Providing appropriate acknowledgments to donors in compliance with IRS guidelines and regulations.

F. Exceptions to responsibilities listed in D and E above may be made if mutually agreed upon by the CKCF Executive Director, CKCF Board Chair, and Fundraising Chairperson.

Please request the **Event/Fundraising Application Form** so that you can submit application for your event to CKCF. The details in this document are critical and should reflect content in the policy above as well as other specific questions about the intention of the activities of your event.