



FUNDS THAT FUNDRAISE POLICY

Introduction

Thank you for your interest in raising money for a fund established with the Greater Washington Community Foundation (The Community Foundation). The Community Foundation has developed this policy to help guide the planning process for fundraising events and solicitations to ensure your efforts are successful, comply with the appropriate IRS rules, and follow The Community Foundation's policies and procedures.

When our fundholders conduct fundraising activities, events¹, and solicitations² on behalf of a fund held at The Community Foundation, it raises several significant tax and accounting issues, as well as branding considerations. The requirements that follow are designed to protect donors and groups raising money for a component³ fund at The Community Foundation. We appreciate your cooperation in fulfilling these requirements.

There are some activities The Community Foundation will not sponsor. These might include events involving controversial speakers or events with activities considered not aligned with our brand, values, and/or strategic direction. The Community Foundation, in its sole discretion, will determine the appropriateness of its support on a case-by-case basis.

IMPORTANT NOTICE: You must contact your Donor Services Representative at least 90 days before you plan to begin fundraising for your fund to ensure the below outlined procedures are followed. Failure to follow these policies may result in your fundraising-related expenses not being reimbursed by The Community Foundation.

¹ "Events" include activities such as receptions, dinners, and parties; walks, runs, or any competitive or athletic activities; raffles or other charitable gaming, or auctions and similar "fundraisers."

² "Solicitation" refers to any time people or institutions are asked to contribute to a fund - whether verbally, in print, or online.

³ All funds administered by The Community Foundation are considered a component part of The Community Foundation's overall assets and not a separate trust or corporate entity. The Community Foundation is required to administer the fund in compliance with the provisions of any applicable law or government regulation in order to assure continued compliance with Section 501(c)(3) and section 509(a) of IRS Code.



This policy applies to the three fundraising options available to our fundholders which are as follows:

1. Soliciting direct tax-deductible gifts to your fund;
2. Soliciting contributions for your fund by holding an event for which you would like donors to be offered a charitable income tax deduction; or
3. Soliciting money without offering donors a tax deduction.

Guidelines: In addition to the rules below, there are some guidelines that apply only to Option 3. Please refer to that section of this policy for those guidelines.

Process

- Contact your Donor Services Representative at least 90 days before you intend to begin fundraising.
- While The Community Foundation fundraises for work it is leading, The Community Foundation does not fundraise on behalf of any donor funds to advance a specific purpose.

Agreements and Payments

- Donor Advised Funds cannot be used to pay for fundraising expenses. No reimbursements may be made from these funds to donors, advisors, related parties, or vendors.
- For an additional fee, The Community Foundation can create an online donation form for your fund. Fundholders may not independently establish their own fundraising accounts using The Community Foundation's EIN, bank account info, or name, or the name of your fund. If a fundraising event needs a specialized online tool or service, you will need to work with your Donor Services Representative in advance and may only do so with prior approval.
- Fundholders may not sign contracts themselves. Contracts must be signed by The Community Foundation. Contracts for catering, venues, consultants, etc. are between The Community Foundation and the vendor. Your Donor Services Representative can facilitate contract signatures for you. This applies to situations where the funds are being raised through The Community Foundation (options 1 and 2 above). We will not honor contracts signed between a fundholder and a vendor.
- Paid solicitors: The Community Foundation discourages paying a for-profit fundraiser to fundraise for your fund. If you wish to pay a for-profit fundraiser to solicit donations for your fund, you must get prior written approval from The Community Foundation. The Community Foundation retains the right to decline the request, depending on cost.
- Event organizers are responsible for obtaining and submitting for review, approval, and payment any necessary insurance, permits, licenses, or signed contracts.
- Cash collection: If you plan to use cash register canisters or "pass the hat"



as part of your fundraising, please contact your Donor Services Representative to discuss payment options.

- The Community Foundation will not support the expenses for any golf-related event.

Compliance

- Liability insurance waivers: While The Community Foundation is responsible for obtaining liability insurance waivers, for Options 1 and 2 below, we cannot guarantee that such waivers will be approved if an event's potential risks are deemed to be too high.
- Out-of-region events: The Community Foundation is licensed to solicit in Maryland, Virginia, and Washington, D.C. Fundraising events held in other states may not be permissible, depending upon state charitable solicitation laws. The Community Foundation will not apply for licenses in other states.
- Gift cards: The Community Foundation will not reimburse any expenses related to gift cards as they cannot be tracked.
- Logo: Upon request, The Community Foundation can provide an electronic version of its logo for use on *pre-approved* materials. Please submit materials bearing The Community Foundation's name or logo for approval ahead of release. All materials must clearly state the fund's name as: "Name of Fund, a component fund of the Greater Washington Community Foundation." All fundraising materials must explicitly state that the funds are being raised on *behalf of a component fund* rather than *by* The Community Foundation.
- 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. Charitable gaming license applications must be submitted by a Donor Services Associate on behalf of the fund.

Special Considerations for Tax Deductibility

The IRS has established requirements regarding fundraising. If the steps outlined below are not strictly observed, donors will be denied a tax deduction and the fundraiser organizers may find themselves unexpectedly subject to tax on the funds they raise, and either The Community Foundation or the organizers could be subjected to penalty. Please be aware that:

- If the fundraiser organizers provide goods or services such as meal tickets or auction items in exchange for a donation, certain disclosures are required to be made upon solicitation. For example, you might note: "Your contribution, above the \$XXX fair market value of the event, may be tax deductible." Work with your Donor Services Representative to ensure this language is included in event acknowledgements.
- You must work with your Donor Services Representative prior to soliciting any funds. The Community Foundation will need information



pertaining to the event such as ticket prices and values of goods and services donors are to receive. The organizers must confirm that the required quid pro quo disclosures are being made at the time contributions are solicited.

- Contributions of services, while appreciated, are generally not tax deductible.
- Raffle tickets are not tax deductible. This must be stated clearly on the face of the distributed tickets.
- Rummage sale purchases are not tax-deductible.
- Donor Advised Funds cannot be used to purchase raffle or event tickets.
- The Community Foundation does not send acknowledgment letters for gifts less than \$250.

THREE OPTIONS FOR FUNDRAISING

OPTION 1: Solicit direct tax-deductible gifts to your fund

We welcome gifts to funds held by the Greater Washington Community Foundation. Fundholders often like to solicit gifts in memory of a departed loved one or in appreciation of a significant birthday, anniversary, graduation, wedding, or other milestone or achievement. You may promote the fund by sending an appeal letter or email, by creating and distributing brochures or posters, or by hosting information sessions. All promotional materials must be pre-approved by The Community Foundation if The Community Foundation is named or if The Community Foundation logo is used. Gift transmission instructions can be found [here](#).

OPTION 2: Solicit contributions for your fund by holding an event for which you would like donors to be offered a deduction

You may raise money for your fund by holding a fundraising event and work with The Community Foundation to offer donors a charitable tax deduction, if you follow these procedures:

1. We expect that typical predicted event costs will be less than 25% of the total estimated funds raised. If you expect to spend a higher percentage, we will request an explanation for higher expenditures and we retain the right to deny the event.
2. If your event is approved, the organizers are responsible for all matters related to the event including:
 - a. Obtaining approval from The Community Foundation for all promotional materials;
 - b. Submitting documentation for all expenses⁴;

⁴ As stated on above, donor-advised funds may not pay any fundraising expenses.



- c. Paying for liability insurance indemnifying The Community Foundation;
 - d. Complying with appropriate laws; and
 - e. Reporting all proceeds.
3. The Community Foundation must approve and sign all contracts, which must be between The Community Foundation and the vendor. Event organizers must provide copies of all invoices and corresponding receipts to The Community Foundation for record keeping within 60 days of the event. Failure to do so may result in The Community Foundation not reimbursing the event's expenses. If an event is approved, The Community Foundation will be responsible for managing such money and property as it may accept into the component fund from donors, other contributors, and sources; applying income and principal to charitable uses in accordance with the governing documents of The Community Foundation; and obtaining necessary liability insurance waivers.

OPTION 3: Solicit money without offering donors a tax deduction

Fundraising events staged independently of The Community Foundation for the benefit of one of its component funds are the simplest method of raising money for your fund. It is allowable to solicit gifts to a fund for which the donor does not receive a charitable income tax deduction. Generally, net proceeds are deposited into the fund in one lump sum. In this case, The Community Foundation will not acknowledge the individual contributors and donors will not receive a charitable deduction for participating in the event.

A single gift acknowledgment letter for the net amount received will be sent to the organizing person or group. The following procedures must be followed:

1. You may not use The Community Foundation's name, logo, or tax ID number except to reference that net proceeds will be donated to the component fund.
2. You must seek approval from The Community Foundation for all promotional material.
3. You must inform individual participants in the event (e.g., ticket purchasers, sponsors, runners, etc.) that they should make their payments to the organizing individual or group, not to The Community Foundation or the fund.
4. Fundraising expenses must be paid from proceeds prior to contributing net proceeds to the fund. Expenses will not be reimbursed from the fund.
5. Fundraising events often require certificates of insurance. Even when events are sponsored independently of The Community Foundation, the "Greater Washington Community Foundation" should be listed as "an additional name insured." Other than this requirement, neither The



Community Foundation nor the fund name may appear on any contract or agreement.

6. Gifts are not tax deductible for the individual donor(s) (although the ultimate gift from the organizer to the fund at The Community Foundation likely will be). The Community Foundation will record the gift as coming from the organizer. The organizers may record the contributors' names and addresses and provide their own courtesy acknowledgement. Any acknowledgement communication from the organizer cannot include any language stating that the letter serves as a receipt for IRS purposes or imply that the payments are eligible for tax deductibility. Receipts may state: "The net proceeds of this event will benefit the [Name of Fund], a component fund of the Greater Washington Community Foundation."
7. Generally, you will not need to turn in financial records.

The Community Foundation's Support Fees

The Community Foundation relies on generous gifts from our donors and [Community Foundation Support Fees](#) from fundholders to sustain our work to [Build Thriving Communities in the Greater Washington region](#). Your support helps expand our critical community impact work and enables us to provide you with high-quality administrative, philanthropic, and advisory services.

Funds with high levels of activity (more than 50 transactions per week such as gifts, AP payments, payroll, and grant payments), including funds that fundraise, may be assessed additional fees. These fees will be assessed annually based on fund activity.

Thank You for Your Partnership

Our work is not possible without the spirit of generosity from each of you. Thank you for your commitment and for choosing the Greater Washington Community Foundation as your partner in giving. Our staff looks forward to working with you. If you have any questions, feel free to contact our Donor Services team at donorservices@thecommunityfoundation.org or (202) 955-5890.



FREQUENTLY USED FORMS - YOUR COMMUNITY FOUNDATION TOOLS FOR FUNDRAISING

Financial Documents:

Audited Financial Statements: [FY2020](#), [FY2019](#)

IRS Form 990: [FY2020](#)

Corporate Information and Forms:

- The Community Foundation's Federal Tax ID: 23-7343119
- [IRS Letter of Determination](#)
- [W-9 Form](#)
- [Gift Transmission Information](#)

Vendor Payment Forms and Contract Templates

- [ACH Credit Authorization Form](#)
- [Honorarium Agreement template](#)
- [Contract template](#)

Tax Exemption Certificates

- [DC Tax Exemption Certificate](#)
- [MD Tax Exemption Certificate](#)
- [VA Tax Exemption Certificate](#)