



GREATER WASHINGTON COMMUNITY FOUNDATION FUNDS THAT FUNDRAISE POLICY

Introduction

Thank you for your interest in raising money for a fund established within the Greater Washington Community Foundation (The Community Foundation). The Community Foundation looks forward to working with you to ensure your efforts are successful and comply with appropriate IRS rules and other considerations outlined in this document. As The Community Foundation is not staffed to conduct public fundraising efforts or events for the many component funds of The Community Foundation, your interest in taking the lead on raising money for a fund is commendable.

Since The Community Foundation's reputation and tax exempt status are often used when others are fundraising for funds established within The Community Foundation, **we count on you to read and abide by this *Funds that Fundraise Policy*.**

Please keep The Community Foundation informed about your plans as they develop. We want to be aware of your fundraising event in case of inquiries from the public.

“Solicitation” refers to any time people or institutions are asked by spoken, written, published, or by electronic means to contribute to a fund.

“Events” include such activities as receptions, dinners, and parties; walks, runs or any competitive activities, sports or entertainment events; raffles or other charitable gaming, or auctions and similar “fundraisers.”

Many of these volunteer efforts and events rely upon the use of the Foundation's tax-exempt status to offer contributions a charitable tax deduction for their support. For this and other reasons, it is important that you understand the provisions explained in this document. It is in the best interests of donors, fundraising groups, and The Community Foundation to:

- ensure that fundraising efforts comply with IRS and other governmental regulations in order to avoid unintended tax consequences and penalties;
- ensure that donors receive the appropriate recognition and receipts; and
- protect the brand identity of The Community Foundation, including its logo.

There are some types of activities to which The Community 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 of the standards of good taste.



The Community Foundation, in its sole discretion, will determine the appropriateness of its participation on a case-by-case basis.

An electronic Greater Washington Community Foundation logo can 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 Greater Washington Community Foundation."** All fundraising materials must explicitly state that the funds are being raised *on behalf of* rather than *by* The Community Foundation.

General Rules & Fees

Donor-Advised Funds cannot be used to pay for fundraising expenses; no reimbursements may be made to donors, advisors, or related parties. If you wish to use fund dollars to support your event, you must first work with your CRM to change the fund type.

No Paid Solicitors: Normally, you may not pay a for-profit fundraiser to solicit donations for a component fund of the Greater Washington Community Foundation. If you are considering this course, share the proposed contract and plans with The Community Foundation before making any arrangement.

Liability Insurance Waivers: In cases where The Community Foundation is responsible for obtaining liability insurance waivers, we cannot guarantee that such waivers will be approved if the risks are deemed too high.

Gift Cards: We will not reimburse any expenses related to gift cards as they cannot be tracked.

Fees for Extra Services: The Community Foundation can create payment pages for fundraising events for an extra fee. Please contact your CRM for the fee structure for basic and customized options.

Cash Collection: If you plan to use cash register canisters or "pass the hat" as part of your fundraising, please contact your CRM to have a SparkPay account set-up.

Four Options for Fundraising

1. 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, provided that you follow these procedures.

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 Event Proposal Form* to The Community Foundation at least *90 days in advance* to each event for approval.**

If an event is approved, the responsibilities of The Community Foundation will be:

- Manage such money and property as it may accept into the component fund from donors, other contributors, and sources;
- Apply income and principal to charitable uses, all in accordance with the governing documents of The Community Foundation; and
- Provide appropriate acknowledgements to donors who contribute \$250 or more. For gifts below \$250, an administrative fee may be charged by The Community Foundation if acknowledgements are requested.
- Approve and sign all event contracts.
- Obtain necessary liability insurance waivers or registrations.

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, including liability insurance covering The Community Foundation;
- Compliance with laws; and
- Reporting and other requirements such as licensing and tax payment.

All promotional materials must be pre-approved by The Community Foundation.

The following requirements pertain to this fundraising option:

Payment of Expenses: The fundraising organizers will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. The fundraising organizers will submit a budget to the Foundation with their application for an event (at least 90 days prior to the event). How expenses will be paid (either by the fundraising organizers or by The Community Foundation) must be discussed and approved by The Community Foundation prior to the event. Regardless of who pays for expenses, The Community Foundation is responsible for approving and signing off on all contracts and the fundraising organizers must provide copies of invoices to The Community Foundation for our record keeping. **If the component fund to benefit from the fundraiser is a Donor-Advised Fund, The Community Foundation cannot reimburse any expenses.**

Liability Insurance and Liability for Losses: The event organizers and The Community Foundation shall assess the need to secure liability insurance for the group and for The Community Foundation when a fundraising application



is submitted. Insurance coverage must be reviewed and approved by The Community Foundation. Activities that present unusual risks (e.g. water or other sporting activities; events that feature alcohol; excursions to exotic locations and transportation) may be reviewed by The Community Foundation's insurance agent. If liability is not satisfactorily addressed, such events will not be approved.

Checks payable to The Community Foundation for the Component Fund: A donor may make a gift directly to the fund. In that case, s/he should make the check payable to the Greater Washington Community Foundation with the memo indicating the name of the fund (we do not accept cash donations). These individual gifts can be collected by the promoting group and forwarded, or donors can send them directly to 1325 G Street, NW, Suite 480, Washington, DC 20005, or give online at www.thecommunityfoundation.org.

Donor Acknowledgements, including receipts for tax deductibility, will be provided to Donors who contribute over \$250. For donors below \$250, an administrative fee may be charged by The Community Foundation if acknowledgements are requested.

Cost Return Ratio Provision: When budgeting for an event, we would expect that typical predicted costs would be less than 25% of the total estimated funds raised. If you expect to spend more, we would like to understand the reasons for such expenditures.

Special Consideration for Tax Deductibility

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

Please be aware that:

- Contributions of services, while appreciated, are generally not 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.
- Tax deductibility of auction items is not automatic and must be determined in advance.
- The Community Foundation will not support the expenses for any golf-related events. Experience has proven they do not meet the cost return ratio provision.



- 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.
- This limitation on the deduction known as a “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.
- The Community Foundation must work with the group prior to solicitation activity, and will need information pertaining to the event such as the ticket prices and the values of the goods or services donors are to receive. The organizers must confirm that the required quid pro quo disclosures are made at the time of solicitation.

2. Solicitation of direct tax-deductible gifts to a fund at The Community Foundation

Individuals and groups, even if unincorporated or not registered with the IRS, may promote a fund through various forms of marketing, other than events, including brochures, posters, information sessions, or a request of money through an appeal letter to friends and associates. **All promotional materials must be pre-approved by the Greater Washington Community Foundation.**

In response to your marketing efforts, a Donor may make a gift directly to the fund. In that case, s/he should make the check payable to the Greater Washington Community Foundation with the memo indicating the name of the fund. These individual gifts (including cash gifts that are fully documented) can be collected by the promoting group and forwarded, or donors can send them directly to 1325 G Street, NW, Suite 480 Washington, DC 20005, or give online at www.thecommunityfoundation.org.

Donations over \$250 will receive a gift acknowledgement letter from The Community Foundation indicating that the gift is tax deductible as permitted by law. For Donors below \$250, an administrative fee may be charged by The Community Foundation if acknowledgements are requested.

Gifts made in memory of a departed loved one or in appreciation of a significant birthday, anniversary, graduation, wedding, or other occasion or achievement.



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 a 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.

3. Fundraising sponsored by a nonprofit organization [501(c)(3)]

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, or another component fund with a purpose the organization wants to support, consistent with its own mission.

- The organization will issue its own acknowledgement 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 Greater Washington Community Foundation."**
- Organizers must ensure their compliance with all applicable IRS and applicable state laws and regulations regarding solicitation, acknowledgement, and tax deductibility of gifts.
- The organization may send a single check to The Community Foundation for the net proceeds of the event, with no listing of donors.
- Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. or signed contracts. 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. Fundraising events often require certificates of insurance. **Even when events are sponsored independently of The Community Foundation, Greater Washington Community Foundation should be listed as an "additional named insured."** Other than this requirement, neither The Community Foundation nor the fund name may appear on any contract or agreement.

4. 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:



- Simplest method for conducting fundraising events.
- Cannot use The Foundation identity, except to reference that net proceeds will be donated to the component fund.
- Gifts are not tax deductible.
- 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 Greater Washington Community Foundation. **The Community Foundation will still need to approve all promotional and printed material in connection with the fundraiser**, but will not usually need financial records to be turned in to our office.

Please notify The Community Foundation regarding your plans at least 90 days prior to your event so we are aware of your fundraising event in case of inquiries from the public.

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 requirements pertain to this fundraising option:

Stated Purpose of Fundraiser: When an individual or group plans a fundraising event, all printed and spoken material must clearly state: **“The net proceeds of this event will be contributed to the Name of Fund, a component fund of the Greater Washington Community Foundation.”**

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.



Insurance, Government Regulations, Contracts, and Agreements: Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. or signed contracts. Please note that events or activities that include raffles or other games of chance are regulated by the state and local governments and must be specifically reviewed and authorized by the appropriate branch of government before proceeding. Fundraising events often require certificates of insurance. **Even when events are sponsored independently of The Community Foundation, Greater Washington Community Foundation should be listed as an “additional named insured.”** Other than this requirement, neither The Community Foundation nor the fund name may appear on any contract or agreement.

Checks payable to other 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 Foundation or the fund.

Gift Acknowledgement: The organizers may record the contributor’s names and addresses and provide a courtesy acknowledgement. The acknowledgement letter may not include any language stating that the letter serves as a receipt for IRS purposes or comply that the payments enjoys 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.”*

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.

Attachments

Please see the *Funds that Fundraise* Excel document for required event proposal documents.