



GREATER WASHINGTON COMMUNITY FOUNDATION *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). We look 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.

Most often The Community Foundation receives the net income from a fundraiser and does not acknowledge the individual contributors. However, there may be times when individual contributors to a fundraiser would want to receive a charitable deduction. The Community Foundation has developed this policy to help guide those of you planning fundraising events and solicitations.

When fundholders conduct fundraising activities, events¹ and solicitations² on behalf of a fund held at The Community Foundation, you must keep in mind that very often, for tax purposes, such fundraising is being done on The Community Foundation's behalf. This raises several significant tax and accounting issues, as well as branding considerations. For example, activities must be conducted under The Community Foundation's oversight and fiscal guidance to ensure that donors to the fund are entitled to the appropriate tax deductions, to protect the fundraisers from unintended tax consequences to themselves, and to determine that The Community Foundation is not exposed to penalties for failing to make required solicitation disclosures.

The requirements that follow are designed to protect donors and groups raising funds for a component fund. We appreciate your cooperation in fulfilling these requirements.

Please note: There are some 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.

¹ "Events" include activities like 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 – verbally, in print, or online



General Rules & Fees

- Please contact your Donor Services representative at The Community Foundation at least 90 days before you plan to begin fundraising for your fund so that we can walk through these policies and procedures with you and be prepared to assist you.
- **Donor-advised funds cannot be used to pay for fundraising expenses:** No reimbursements may be made from these funds to donors, advisors, or related parties. If you wish to use fund dollars to support your event, you must first work with your Donor Services Representative to change your fund type and sign a new agreement with The Community Foundation.
- **Fundraising web pages:** For an additional fee, The Community Foundation can create fundraising web pages for a fundraiser. Please contact your Donor Services representative for the fee structure for basic and customized options. *Fundholders may not independently establish their own fundraising webpages using The Community Foundation's EIN or name, or the name of your fund. In the rare instance when a fundraising event needs a specialized digital tool other than what The Community Foundation offers, you will need to work with your Donor Services representative in advance.*
- **Contracts must be signed by The Community Foundation:** Contracts for catering, venues, consultants, etc. are between The Community Foundation and the vendor. Fundholders may not sign contracts themselves. Your Donor Services representative can facilitate contract signatures for you. This applies to Options 1 and 2 below.
- **No paid solicitors:** Normally, you may not pay a for-profit fundraiser to solicit donations for a component fund. If you are considering this option, share the proposed contract and plans with The Community Foundation before making any arrangement.
- **Liability insurance Waivers:** While The Community Foundation is responsible for obtaining liability insurance waivers, as described in Options 1 and 2 below, we cannot guarantee that such waivers will be approved if the risks are deemed to be too high.
- **Out-of-region events:** The Community Foundation is licensed to solicit in Maryland, Virginia and D.C. Fundraising events held in other states may not be permissible depending upon state charitable solicitation laws.
- **Gift cards:** We will not reimburse any expenses related to gift cards as they cannot be tracked.
- **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 have a SparkPay account set-up.



- **Logo:** We can provide an electronic version of the Greater Washington Community Foundation logo for use on all *approved* 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.

FOUR 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 occasion or achievement.

You may promote the fund through sending an appeal letter or email, creating and distributing brochures or posters, holding information sessions. **All promotional materials must be pre-approved by the Greater Washington Community Foundation.**

Donors should make checks out to the Greater Washington Community Foundation, noting the name of the fund in the memo line, or visit our website to contribute online or to receive wire transfer instructions. You also may collect contributions and mail them in batches to us. Donors who contribute \$250 or more will receive an acknowledgement letter indicating that the gift is tax deductible as permitted by law. We do not have the capacity to acknowledge gifts below \$250, although for an additional fee we can generate acknowledgements for *online* gifts of any amount.

If requested, fund advisors or other interested parties (such as family members of the person memorialized by a fund) may be notified after gifts have been received. The Community Foundation generally reports the names and addresses of donors and the total given, but does not share individual gift amounts.

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

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

- 1) Submit a [Fundraising Event Proposal Form](#) to your Donor Services representative at The Community Foundation at least 90 days in advance of each event for approval. We 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. Note that The Community Foundation will not support the expenses for any golf-related events.

- 2) If your event is approved, the organizers are responsible for all matters related to them, including:
 - Obtaining approval from The Community Foundation for all promotional materials;
 - Paying all costs and expenses³, including liability insurance covering The Community Foundation;
 - Complying with laws;
 - Reporting total funds raised;
 - Bringing to the attention of The Community Foundation any other required components such as licenses or permits, and coordinating these for The Community Foundation to sign off.
- 3) If an event is approved, The Community Foundation will be responsible for:
 - Regardless of who pays for expenses, ***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 invoices to The Community Foundation for record keeping.
 - Manage funds that it may accept into the component fund from donors and other sources;
 - Apply income and principal to charitable uses, all in accordance with the governing documents of The Community Foundation;
 - Send written acknowledgements to donors who contribute \$250 or more; and
 - Obtain necessary liability insurance waivers or registrations. 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.***

³ Remember, as stated on page 2, donor-advised funds may not pay any fundraising expenses



Special Considerations 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 be subjected to penalty. Please be aware that:

- 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. For example, you might note: “Your contribution, above the \$XXX fair market value of the event, may be tax deductible.”
- 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.
- Tax deductibility of auction items is not automatic and must be determined in advance.
- Rummage sale purchases are not tax-deductible.
- 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 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 being made at the time contributions are solicited.

OPTION 3: Raise funds by working with a sponsoring 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 following procedures must be followed:

- 1) The organization may send a single check to The Community Foundation for the net proceeds of the event, with no listing of donors.
- 2) If donors are to be told that proceeds will be deposited into a fund at The Community Foundation, all printed, electronic and verbal solicitations must



clearly state the fund's name as the "[Name of Fund], a component fund of the Greater Washington Community Foundation."

- 3) The nonprofit organization will issue its own acknowledgement letters to donors.
- 4) Organizers must ensure they comply with all applicable IRS and applicable state laws and regulations regarding solicitation, acknowledgement, and tax deductibility of gifts.
- 5) 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.

OPTION 4: Solicit money without offering donors a tax deduction.

You may make a gift to a component fund of The Community Foundation from the proceeds of an event or other activity for which donors are not offered a charitable 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. Generally, net proceeds are deposited into the fund in one lump sum. *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 will be sent to the organizing person or group.*

The following procedures must be followed:

- 1) 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.
- 2) You cannot use The Community Foundation's name, logo, or tax ID number, except to reference that net proceeds will be donated to the component fund. You must seek approval from **The Community Foundation for all promotional material.**



- 3) You inform individual participants in the event (e.g., ticket purchasers, sponsors) 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 the proceeds prior to contributing net proceeds to the fund.
- 5) 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 a courtesy acknowledgement. The acknowledgement letter may not 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."
- 6) You 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.
- 7) **Generally, you will not need to turn in financial records.**

Attachments

Please see the [Funds that Fundraise Excel document](#) for required event proposal documents.

Stay in Touch!

Our staff look forward to working with you to raising money for your fund. Please contact your Donor Services representative to talk through these steps and answer any questions you may have. If you don't know who your representative is, please email donorservices@thecommunityfoundation.org or call (202) 955-5890.