

HENDERSON COMMUNITY FOUNDATION

FUNDRAISING POLICY FOR COMPONENT FUNDS

Thank you for placing your confidence in the Henderson Community Foundation (HCF) by establishing a Fund with us. HCF is pleased to work with you to grow your Fund. Some individual donors or volunteer groups may wish to organize fundraising events, direct mail campaigns, and/or other types of solicitations to raise money for a particular Fund. These guidelines are developed to help assure a successful outcome for both you and HCF as well as to ensure that all parties meet federal, state and local legal requirements.

HCF does not have the staff to assist directly with all fundraising activities undertaken for the benefit of a Fund nor does HCF fundraise on behalf of any of its Funds. However, we support a donor's commitment and enthusiasm for these activities and offer our advice for the proper and efficient management of all fundraising.

Fundraising for the benefit of Funds at HCF can happen in two ways.

- **Independent Fundraising** - Fundraising is conducted by an outside party without the endorsement or involvement of HCF. Generally, the outside party plans and executes a fundraiser and then makes one lump sum donation to the Fund.
- **Fundraising on Behalf of (a Fund at) the Henderson Community Foundation** - Fundraising is conducted on behalf of (a Fund at) the Henderson Community Foundation, using HCF's name, the name of the Fund, and all the benefits of HCF's nonprofit status.

Independent Fundraising

This is the simplest method for conducting fundraising activities. In this situation, HCF will act as a resource only and not be directly involved in planning or executing the fundraiser in any way. However, keep in mind that we are available to answer questions and offer guidance regarding a fundraising activity.

Guidelines for Independent Fundraising

1. As an outside party, you plan and execute a fundraising event. You may state that proceeds benefit the purpose of the component Fund. For example, it is acceptable to say "Net proceeds will benefit scholarships for at-risk youth" or "Net proceeds will support the XYZ Fund of the Henderson Community Foundation." You may not use the HCF tax-exempt number in connection with the event and use of HCF's logo must be approved in advance.
2. You are responsible for obtaining any necessary insurance, permits, licenses, approvals, etc.
3. Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) make their payments to you as the outside party. You may record the contributors' names and addresses and may provide a courtesy acknowledgement. Assuming your group is not a 501(c)(3) charitable organization, the acknowledgement letter *must not* include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility.
4. You pay expenses and send the net proceeds of the fundraiser to HCF for addition to the Fund.
5. HCF is available as a resource but does not promote the activity or become directly involved in its planning or execution.
6. You will provide proof of liability insurance coverage appropriate for any events conducted.

Tax Deductibility

Contributions to a fundraiser are only tax deductible when they are received and acknowledged directly by a qualified nonprofit organization (generally one with a 501(c)(3) designation.) It will need to be determined if this is a factor in the success of the fundraiser and if it is the motivating reason for participants to get involved in the event. In general, we have found that a donor who participates in a fundraising event is not doing so to receive a tax deduction. They truly believe in the purpose of the fundraiser and will write a check regardless of the tax benefits to themselves.

The net proceeds of a fundraiser can be sent to HCF for addition to a Fund at any time. The person or entity issuing the check will be recorded as the donor and will receive the appropriate acknowledgment. Individual participants in a fundraiser—whether they are ticket purchasers, sponsors, golf players, etc.—will not receive an individual acknowledgement from HCF and therefore will not be eligible for a tax deduction for any part of their purchase/donation.

Please note: Donors should contact their personal financial advisor for advice on their specific tax situation.

Direct Gifts to the Fund

Sometimes a donor will want to make a gift directly to the Fund, without participating in the fundraising activity. It will be beneficial to the donor to contribute directly to the Fund through the HCF office so they may receive an individual gift acknowledgement letter for tax purposes. It is important that the donor does not receive any goods or services from any fundraising activity (i.e. dinner, raffle tickets, round of golf) in exchange for their donation. This should be noted on the check accordingly.

Fundraising on behalf of (a Fund at) the Henderson Community Foundation

According to the Internal Revenue Service (IRS), when an individual or group conducts fundraising activities or solicitations on behalf of component Funds at HCF, the fundraiser is being done **on behalf of** the Henderson Community Foundation. HCF is legally responsible for all fundraising undertaken on its behalf, and HCF—as well as the Fund—can face serious penalties if careful procedures are not established and followed. For example, if acknowledgement letters are not distributed or contain inaccurate information, the IRS can levy a penalty against HCF. Similarly, HCF may be liable for penalties if proper solicitation disclosures are not used. If the steps outlined below are not taken, donors may be denied a tax deduction; the fundraising group may find themselves unexpectedly subjected to tax on the funds raised; and HCF, the Fund and/or the fundraising group may be subjected to penalty.

The following guidelines are designed to protect individuals and volunteer groups from liability, provide the most advantageous method for donors to make contributions, as well as present the Funds of HCF in the best light. In addition, these guidelines will help ensure that HCF serves as an effective and efficient resource for all of its donors.

Henderson Community Foundation Fundraising Guidelines

1. The fundraising group must receive formal HCF approval of all public fundraising efforts prior to the start of planning. You will need to submit a written proposal outlining the effort to raise money for the Fund and a budget indicating expected revenue and expenses; both of these must be turned in to HCF staff at least 60 days prior to any activity related to your fundraising efforts. Please note that HCF generally will not approve applications for events or activities that are likely to net less than 50% of gross. See the attached application and budget template for guidance.
2. The fundraising group must review all legal arrangements with HCF staff and/or legal counsel. You are responsible for obtaining all required permits, licenses and approvals and for compliance with all laws relating to the effort or event. Sales tax permits may be required for events such as art fairs, rummage sales, antique shows and other events where goods are sold.

If legal counsel is needed to review any items pertaining to your fundraising activity, please be aware that legal expenses will be your responsibility.

3. All fundraising efforts or events connected with HCF must have proof of insurance for liability purposes. HCF may be able to add you as an additional insured to our existing insurance policy; however, we ask that you pay for any expense incurred. When you obtain liability insurance, Henderson Community Foundation must be named as an insured on the policy and a copy must be provided to us prior to the event.
4. Because we are the tax-exempt entity for all Funds within the organization, Henderson Community Foundation or the XYZ Fund of HCF must be listed as the recipient of the contributions. HCF staff will assist in determining which fundraising activities qualify as tax deductible; however, please keep in mind that we do not give tax advice. Donors should contact their personal financial advisor for advice relative to their specific situation regarding contributions used as tax deductions.

Please note that drawing ticket sales and rummage sales purchases are never tax deductible.

5. Use of HCF's name or the name of any of our Funds must be reviewed and approved in advance and prior to public dissemination. Your materials must state clearly that monies are being raised on behalf of, *rather than by*, Henderson Community Foundation (or the XYZ Fund of HCF). Donation checks are payable to the "Henderson Community Foundation." Solicitation materials must also disclose HCF's name and address and the purpose for which the solicitation is made.

Below is some sample language for your reference:

"ABC Group's First Annual Golf Tournament is raising monies on behalf of the XYZ Fund of the Henderson Community Foundation. Monies raised will be used to provide educational supplies to at-risk youth in Henderson. Checks should be made payable to the the Henderson Community Foundation."

Please note that HCF will provide our logo electronically for use on approved printed materials. HCF staff is available to assist with wording that will promote the purpose of the Fund to assure the best possible outcome for the fundraiser.

6. HCF will not enter into any contractual agreements with vendors which make it financially liable for services rendered regardless of the financial success of the fundraising activity unless adequate assets are in the Fund to cover those expenses plus an additional 10% reserve.
7. Your fundraising group has no legal right to encumber or commit the resources of the Fund for any purpose. Hence, any contracts with vendors must be reviewed and signed by HCF to be valid.
8. If goods or services are provided in exchange for a donation, certain "quid pro quo" disclosures are required including a good faith estimate of the value of the goods or services provided. For example, if a golf tournament with a \$500 ticket price includes admission to the golf tournament and a boxed lunch, this needs to be acknowledged on the invitation and tax receipt letter. It should read something like this: "Thank you very much for your generous contribution of \$500 to the John Smith Memorial Golf Tournament. In exchange for your gift, you received admission to the golf tournament (a fair market value of \$100) and a boxed lunch (fair market value of \$15). Federal law limits your charitable income tax deduction to the excess of your contribution over the value of goods and services received."

HCF will assist you in determining the fair market value of the goods or services provided and the appropriate disclosure language. HCF will work with your group prior to the solicitation activity, and will need information pertaining to the event such as the ticket prices and the value of the goods the donors are to receive. It is your fundraising group's responsibility to use all disclosures as suggested by HCF.

9. Your group should deliver gross funds to HCF, along with an accounting of all monies received, expenses incurred (with invoices), and a listing of any outstanding donations and expenses, within one week after the event. Cash receipts are to be deposited intact (cash receipts are not to be used to pay expenses, and then the net cash amount deposited).

The following information will assist HCF in issuing an accurate and timely acknowledgement letter to each donor. Each letter will contain the appropriate IRS language so the donor is assured the maximum tax deduction permissible by law.

- The donor's complete name and address

- The date received and amount of the contribution
 - Whether the contribution was cash, check, or other (in-kind, etc.)
 - The goods or services the donor received in exchange for their gift
10. HCF will acknowledge in-kind gifts when company name, contact name, address, and description of gift are submitted. For informational purposes, HCF asks that your group provide an invoice or statement listing the dollar value of the in-kind gift.
 11. As needed or requested, HCF will provide lists of donors to the Fund to a representative approved by the Fund.
 12. HCF will only pay invoices up to the gross amount (less administrative fee) of event proceeds and will not be held responsible for losses. Submission of all original invoices representing fundraising expenses should be submitted within one week after the event.

Administrative Fee

A fundraising processing fee above and beyond HCF's standard administrative fee *may be* charged for HCF services that are provided to acknowledge gifts and administer the proceeds and expenses of the fundraising event. This fee will be determined in advance and discussed with the fundraising group. The fee will be charged to the Fund.

**Henderson Community Foundation
Fundraising Application**

Must be submitted for approval at least 60 days prior to a proposed fundraiser/event.

Henderson Community Foundation Fund Name _____

Purpose of Fundraising Effort _____

Name of Fundraiser/Event _____ Date of Event _____

Location of Fundraiser/Event _____

Describe the fundraising event (Include a detailed description of activities that will happen at the event, number of participants expected, your group's experience in this type of fundraising and any other information that will help us support your effort.). Attach additional pages if necessary.

Fundraising Goal \$ _____ (This is the net amount of money that will be deposited into the Fund as a result of this fundraiser.)

Contact person: _____ Email _____

Address _____

Phone (home) _____ (work) _____ (cell) _____

Best place and time to be contacted: _____

Do any of the above-named individuals or individuals connected to your Fund expect to gain monetarily from conducting the fundraiser? Do any of these persons have connections to a business that will benefit from the proposed event? If so, explain. _____

I (We) have reviewed the document Fundraising Guidelines for Component Funds of HCF and agree to adhere to all requirements set forth in this document, including but not limited to, the use of all disclosures as instructed by the Henderson Community Foundation, review of all printed and promotional material with HCF staff before distribution and submission of detailed donor records along with all proceeds and invoices from the fundraiser.

Signature _____ Date _____

Signature _____ Date _____

Name (if different than contact person) _____

Henderson Community Foundation Fundraising Budget

Henderson Community Foundation Fund Name _____

Name of Fundraising Event _____

Submitted by _____ Date of Event _____

Please attach a budget to this sheet including projected gross revenue from identified sources and projected expenses with name of vendor. Follow the format below.

Total Estimated Gross Revenue \$ _____

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

100 golfers @ \$100 \$15,000
 100 drawing tickets @ \$1 100
 5 sponsors @ \$1000 5,000 (list sponsors)
 Misc. donations 250
 Total.....\$20,350

Total Estimated Expenses \$ _____

Please provide cost of item and vendor. For example:

100 rounds of golf @ 62.50 (Golden Oaks) \$6,250
 75 dinners @ 15.00 (Golden Oaks) 1,125
 Brochure printing (Copy Center) 500
 Postage 34
 Door Prizes (donated) 0
 5 awards for top teams (Pagoda Golf) 500
 Administrative fee to HCF (3%, for example) 610
 Total.....\$9,019

Fundraising Goal (Revenue less Expenses) \$ _____

Will you require the use of credit card processing via iPhone: Yes No

<p>Internal Use Only Fundraising Application & Budget</p> <p>_____ Application and policies provided to fundraising group _____ Date application received _____ Date board approved</p> <p><i>Fundraising Group has supplied:</i></p> <p>_____ Proof of liability insurance covering HCF _____ Proof of dram shop insurance (if alcohol is to be served) _____ Other: _____</p>
