Fund Assistance Policy

Donor Initiated Fundraising

The Community Foundation of Northeast Alabama (the “Foundation”) has responsibility for all fundraising activities related to the Foundation. While donors and other individuals are encouraged to introduce prospective donors to the Community Foundation and to the many funds it administers, the Community Foundation cannot transfer responsibility for, or control of, fundraising to other organizations, agencies, or individuals.

In establishing a fund at the Foundation, there may be times when you would like to organize a fundraiser to raise dollars for the fund. Frequently, the 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 Foundation has developed this policy statement to help guide those of you planning fundraising events and solicitations (fundraising groups).

When fundraising groups conduct fundraising activities and solicitations on behalf of the Foundation’s component funds, you must keep in mind that for tax purposes such fundraising is being done on the Foundation’s behalf. This raises a number of significant tax and accounting issues. For example, activities must be conducted under the Foundation’s observation and fiscal guidance to ensure that donors to the fund are entitled to the appropriate tax deductions, to protect the fundraising groups from unintended tax consequences to themselves, and to determine that the Foundation is not exposed to penalties for failing to make required solicitation disclosures.

The Foundation is pleased to work with you in helping to develop your fund. The requirements that follow are designed to protect donors and groups raising funds for a component fund at the Foundation. We appreciate your cooperation in fulfilling these requirements.

The Community Foundation of Northeast Alabama) will assist not-for-profit organizations and groups in fundraising efforts to create a new fund or enhance an existing fund. All Foundation assistance will be expended toward that goal exclusively.

Major Points

• The fundraising effort must be reasonably expected to yield net proceeds sufficient to start a fund or make a material contribution to an existing fund.
• The Foundation will only pay reasonable expenses of a fundraising effort after it has received sufficient income from the fundraising effort. If it seems likely the fundraising effort will not generate enough income to cover expenses, it will be the responsibility of the organization/group to make other arrangements for payment.
• The Foundation will support efforts by fund holders who wish to increase an existing fund by producing and mailing contribution request letters to potential donors as long as the fund holder agrees to subsidize the expense if contributions do not exceed the cost of the mailing.
• The Foundation reserves the right to decline assistance to an organization for any reason, including, but not limited to, the lack of staff time or resources.

Foundation Approval of Events

All public fundraising events undertaken in support of one of the Foundation’s component funds require advance written approval from the Foundation. Before undertaking any such event, the fundraising group must discuss the proposed event with the President & CEO including the following information:

• **Description:** Description of the event or other efforts to raise money for the fund. Briefly outline the fundraising goal, activities of the event, your experience in conducting this type of campaign or event, and why the activity is sure to be a success.
• **Contact person:** This person will serve as the main source of communication between the Foundation and the fundraising group. Please supply the contact person’s name, address, phone number, and e-mail address. This will help facilitate the approval and acknowledgement processes.
• **Budget:** Provide an estimated budget for the fundraiser that includes projected revenue and a detailed list of projected expenses.

If the event is approved, the fundraising group will proceed in accordance with the Foundation’s guidelines. All uses of the Foundation’s name in advertising and promotion must be approved in advance by the Foundation. All fundraising materials should make clear, where applicable, that funds are being raised on behalf of rather than by the Foundation. The Foundation may assess an administrative fee against the fund to defray the cost of additional services required by the fundraising event or solicitation.

Fundraising groups are not authorized to bind the Foundation to any contract or agreement unless specifically authorized in writing.

The Foundation’s Responsibilities

1) The Foundation will offer knowledge and suggestions for successful fundraising events.
2) The Foundation will serve as the fiscal sponsor for a fundraising event:
   • Accept cash, checks, and credit card payments;
   • Deposit funds received in the specified fund at the Foundation until the event is completed;
• Pay event expenses (Note: sufficient income must be received by the Foundation prior to payment of any expenses);
• Transfer net proceeds of the event to a new or existing fund;
• Provide thank you letters to cash donators – such letters will include verbiage stating the donor did not receive anything in return for their contribution;
• Provide thank you letters to auction item contributors – such letters will include verbiage stating either the value of the donated item or the sale price and the donor did not receive anything in return for their contribution;
• Thank you letters will not be provided to individuals who receive equal to or more than the value of their contribution; and
• Maintain a complete financial accounting of income and expenses.

The Fundraising Group’s Responsibilities

The fundraising group will retain responsibility for all public fundraising events and matters related to them, including:
• Provide complete information regarding all aspects of the event to the Foundation;
• Acknowledge the Foundation’s partnership by including the Foundation’s logo in all event marketing materials;
• Contact the Foundation’s Vice President of Advancement and Communications to obtain appropriate electronic logo and for approval of all materials containing the logo;
• Provide information needed to furnish thank you letters;
• Pay all direct costs and expenses incurred by the Foundation including, but not limited to:
  i. Credit card processing fees
  ii. Supplies used for the benefit of the fundraising effort (e.g. postage, paper, copier/printer ink, etc.)
  iii. Bank fees (e.g. returned checks, etc.)
  iv. Staff mileage expenses;
• Obtain, or help the Foundation obtain, all required licenses from the State of Alabama (for example: to serve alcohol or food, etc.);
• Obtain appropriate insurance coverage (liability, property, etc.) for events;
• Compliance with laws – please note raffles are illegal in the State of Alabama;
• Reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering the Foundation; and
• Work collaboratively to achieve a successful fundraising effort.

Payment of Expenses

The fundraising group will be responsible for all expenses and will maintain appropriate financial controls and records related to fundraising events. Expenses may be incurred only in accordance with the event budget that the Foundation has approved. Prior to the event we will discuss with you whether the expenses will be paid by the Foundation or by the group. Regardless of who pays the expenses, you must provide copies of invoices and receipts to the Foundation so that we may fulfill our record keeping and reporting responsibilities. Keep in mind that if the fund in question is
a donor advised fund, the Foundation cannot provide reimbursement of expenses to the fund’s
donors, advisors, and related persons. Where appropriate, the Foundation can provide tax
acknowledgements allowing donors to deduct reasonable expenses incurred in connection with
the fundraiser.

**Designation of Checks and Receipt of Cash**

Checks related to the event must be made payable to the component fund of the Foundation.
Cash receipts are to be deposited intact. That is, cash receipts may not be used to pay expenses
with the net cash amount deposited. Within one week after the event, all proceeds, checks and
cash, must be delivered to the Foundation along with an accounting of all monies received.

**Tax Requirements and Acknowledgements**

Strict IRS requirements and state charitable solicitation laws impact any fundraising. If the steps
outlined below are not taken, donors will be denied a tax deduction, members of the fundraising
group might unexpectedly find themselves subject to tax on the funds they raise, and either the
Foundation or the fundraising group might be subjected to penalties.

Donors who contribute $250 or more will need a written acknowledgement from the Foundation
in order to claim a charitable deduction for the gift. The Foundation will provide the appropriate
acknowledgement to donors only if it receives certain detailed information. Specifically, the
fundraising group must provide the Foundation with:

1. The donor’s complete name and address;
2. The date and amount of the contribution;
3. Whether the contribution was in cash or property;
4. If property, a description of the type of property and a good faith estimate of its fair
   market value; and
5. A detailed description of any goods and services provided in exchange for the contribution.

Contributions of services, while appreciated, generally are not deductible.

If the fundraising group provides goods or services in exchange for a donation, certain disclosures
are required. 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 event ticket is a typical method for making this disclosure.

The Foundation will work with the fundraising group in determining the fair market value amounts
and the appropriate disclosure language for the event. However, the Foundation will have to work
with the group prior to the solicitation activity and will need information pertaining to the event
such as ticket prices and the value of the goods or services the donors will receive. *The fundraising
group needs to see that the required quid pro quo disclosures are made.*
• **Raffle tickets are illegal in the State of Alabama.**
• **Rummage sale purchases** are not deductible.
• **Auctions**—Foundation staff will review proposed ideas for auctions on a case-by-case basis and may seek the assistance of its legal counsel in doing so.

**Liability Insurance and Liability for Losses**

The fundraising group will contact the Foundation prior to the event to assess the need to secure liability insurance covering members of the group and covering the Foundation. Insurance coverage must be reviewed and approved by the Foundation.

The fundraising group will be responsible for all losses incurred by the event. The Foundation will not be held responsible for such losses.

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