



Section Philanthropy	Created 10/24/2019	Revised
Title: Donor-Initiated Fundraising Policy		Rev:

The chief responsibility of Southwest Initiative Foundation’s (SWIF) philanthropy office is to raise permanent endowment dollars through the acquisition of major and planned gifts.

In establishing a fund at SWIF, there may be times when a community foundation affiliate or component fund would like to organize a fundraiser to raise dollars for funds under their advisement. While SWIF recognizes the value of fundraising events, staffing capacity does not support assisting in the planning and execution of fundraising events for its component funds.

Most often SWIF receives the net income from a fundraising event 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. SWIF has developed this policy statement to help guide affiliate and component funds planning fundraising events and solicitations (“Fundraising Groups”).

When Fundraising Groups conduct fundraising activities and solicitations on behalf of one of SWIF’s component funds, they must keep in mind that for tax purposes such fundraising is being done on SWIF’s behalf. This raises a number of significant tax and accounting issues. For example, activities must be conducted under SWIF’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 for themselves, and to determine that SWIF is not exposed to penalties for failing to make required solicitation disclosures. The requirements that follow are designed to protect donors and Fundraising Groups raising funds for a component fund at SWIF.

SWIF Approval of Events

All public fundraising events require advance approval from SWIF. The following information should be communicated to SWIF via in-person conversation, e-mail, phone conversation or other means, such as the attachments to this policy:

- **Description:** A short description of the event or other effort to raise money for the fund, including brief outline of the fundraising goal and the activities of the event.
- **Budget:** An estimated budget for the fundraiser that includes projected revenue and a list of projected expenses.

See attachments 1 and 2.

Community foundation affiliates and component funds are not authorized to bind SWIF to any contract or agreement unless specifically authorized in writing.

Payment of Expenses

The Fundraising Group will be responsible for maintaining appropriate financial controls and records related to fundraising events. Copies of invoices and receipts must be provided to SWIF, so that we may fulfill our record keeping and reporting responsibilities. Where appropriate, SWIF 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 SWIF or SWIF. Cash receipts may not be used to pay expenses, and then the net cash amount deposited. Within one week after the event, all proceeds, checks and cash, must be delivered to SWIF, 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 SWIF or the Fundraising Group might be subjected to penalties.

Donors who contribute \$250 or more will need a written acknowledgement from SWIF in order to claim a charitable deduction for the gift. SWIF will provide the appropriate acknowledgement to donors only if SWIF receives certain detailed information. Specifically, the Fundraising Group must provide SWIF 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.
5. A detailed description of any goods and services provided in exchange for the contribution.

Contributions of services generally are not deductible.

If the Fundraising Group provides goods or services in exchange for a donation, certain disclosures are required. For example, if a 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.

SWIF will work with the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. SWIF 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, including:

- **SWIF does not allow raffles.**
- **Rummage sale purchases** are not deductible.
- **Auctions**—SWIF 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 SWIF prior to the event to assess the need to secure liability insurance covering members of the Fundraising Group and covering SWIF. Insurance coverage must be reviewed and approved by SWIF.

The Fundraising Group will be responsible for all losses incurred by the event. SWIF will not be held responsible for such losses. SWIF may require the Fundraising Group to purchase a letter of credit or provide a written personal guarantee.

State Charitable Solicitation Laws

Minnesota state laws govern charitable solicitations. Specifically, state law requires that prior to orally requesting a contribution or contemporaneously with a written request for a contribution, the following information shall be clearly disclosed:

- Name and location, by city and state, of each charitable organization on behalf of which the solicitation is made;
- Tax deductibility of the contribution; and
- Description of the charitable program for which the solicitation campaign is being carried out; and, if different, a description of the programs and activities of the organization on whose behalf the solicitation campaign is being carried out.

If the solicitation is made by direct personal contact, the required information shall also be disclosed prominently on a written document, which shall be exhibited to the person solicited. If the solicitation is made by radio, television, letter, telephone or any other means not involving direct personal contact, the required information shall be clearly disclosed in the solicitation.

Attachment 1

Foundation/Fund Fundraising Application

Fund Name _____

Name of Fundraising Event _____ Date of Event _____

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

Fundraising Goal \$ _____ (This is the *net* amount of money that you hope to raise.)

Contact person: _____

E-mail _____ Phone _____

Address _____

Best place and time to be contacted: _____

Attach an estimated budget including projected gross revenue from identified sources and projected expenses with name of vendor.

I (We) agree to use all disclosures as instructed by Southwest Initiative Foundation, to review all printed and promotional material with SWIF staff before distribution and to submit detailed donor records along with all fundraiser proceeds and invoices.

Signature _____ Date _____

Signature _____ Date _____

Name (if different than contact person) _____

Please send completed application to fundpartner@swifoundation.org.

Attachment 2

Estimated Budget

Fund Name _____

Name of Fundraising Event _____ Date of Event _____

Submitted by _____

Total Estimated Gross Revenue \$ _____

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

100 golfers @	\$100	\$10,000
10 sponsors @	\$1,000	\$10,000
Miscellaneous donations		\$250
TOTAL		\$20,250

Total Estimated Expenses \$ _____

Please provide cost of item and vendor. Include donated items: For example:

Expense Item	Vendor	Cost
100 rounds of golf @ \$62.50	Community Golf Club	\$6,250
75 dinners @ \$50.00	Community Golf Club	\$3,750
Brochure Printing	Copy Center	\$500
Postage		\$35
Door Prizes	Donated	\$0
5 awards for top teams		\$500
Foundation administrative fee		\$500
TOTAL		\$11,535.00

Fundraising Goal (Gross Revenue minus Expenses) \$ _____

Please send completed budget to fundpartner@swifoundation.org.