

# DONOR-INITIATED FUNDRAISING POLICY

## INTRODUCTION

The Community Foundation of Lorain County ("Community Foundation") exists to improve quality of life within our community and connect people who care with causes that matter. We do this, in part, through grant-making from the many component funds that make up the Community Foundation of Lorain County's assets. The Community Foundation appreciates the many efforts of various individuals and groups in the community to raise money for the benefit of funds held at the Community Foundation of Lorain County.

The guidelines in this policy are intended to support those efforts with respect to certain policies of the Community Foundation and/or the legal requirements that must be observed. Our goal is to help assure success while avoiding unintended tax consequences, adverse public perception, and legal liability.

It is critical to understand that when someone conducts fundraising activities or solicits contributions to benefit a component fund of Community Foundation of Lorain County they are **acting on behalf of the Community Foundation of Lorain County**. Many of these volunteer efforts and events rely upon the use of the Community Foundation of Lorain County's tax-exempt status to offer contributors a charitable tax deduction for their gift. Accordingly, the Community Foundation has a primary interest in making sure these activities are conducted in such ways that are legal and reflect positively on all organizations.

"Fundraising" and "solicitations" in this policy refer to any time people are asked verbally, in writing or by electronic or other means to contribute to a Fund. The term "fundraising events" includes but is not limited to receptions, dinners and parties; sports or entertainment events; raffles and/or auctions and other similar activities.

The Community Foundation of Lorain County reserves the right to refuse any assets that have been raised in violation of the Community Foundation's policies. The Community Foundation of Lorain County reserves the right to amend, revise or change this Policy at any time without notice at its sole discretion.

The approval or denial of a donor initiated fundraising event is solely for purposes of compliance with Community Foundation of Lorain County's Donor Initiated Fundraising Policy. The Community Foundation's approval or denial of a donor initiated fundraising event does not make Community Foundation of Lorain County liable for any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor initiated fundraising event. The Community Foundation of Lorain County expressly denies any liability from any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor initiated fundraising event.

## GENERAL RESPONSIBILITIES

The responsibilities of the Community Foundation of Lorain County will be to:

- manage such money and property as it may accept into the component fund from donors, or other contributors and sources;

- apply the income and principal for charitable uses, in accordance with the governing documents of the fund, Community Foundation of Lorain County, and all regulations and laws; and
- provide appropriate acknowledgments to donors for tax-exempt donations.

The individuals or group conducting fundraising will retain responsibility for all public fundraising and matters related to them including:

- obtaining written authorization from Community Foundation of Lorain County to engage in fundraising activities under the Community Foundation's policies at least 30-60 days in advance of the event;
- paying all costs and expenses associated with the event or activity;
- maintaining an accurate and complete accounting of income and expenses, including ticket sales and cash gifts;
- complying with applicable laws and regulations; and
- conforming with other requirements of the activity or event in question, such as registrations, licensing, tax-related obligations, and insurance considerations.

### **DONOR INITIATED FUNDRAISING OPTIONS**

The four following options are the only options available to individuals and non-profit groups for donor initiated fundraising.

**Option 1.** Solicitation of non-event, direct, tax-deductible gifts to a fund at the Community Foundation of Lorain County

**Option 2.** Fundraising sponsored by a nonprofit 501(c)(3) organization

**Option 3.** Proceeds from an event for which donors are not offered a tax deduction

**Option 4.** Proceeds from an event for which donors are offered a tax deduction

### **GENERAL GUIDELINES FOR ALL OPTIONS**

**A. Community Foundation Identification.** All uses of the Community Foundation of Lorain County's name in advertising and promotional materials must be approved in advance by the Community Foundation in writing. All materials must clearly state the Fund's name as the "*Name of Fund*, a Fund of the Community Foundation of Lorain County." Where applicable, fundraising materials must clearly state that funds are being raised on behalf of rather than by the Community Foundation of Lorain County. When requested, a Community Foundation electronic logo will be provided for use on all approved printed materials. The logo may be used for the event and in advertising for the event 60 days prior.

**B. Community Foundation Support.** The Community Foundation of Lorain County's staff is not able to provide ongoing administration of solicitation efforts, help manage events, or pay for expenses such as materials, event insurance, postage, etc.

**C. Paid Solicitors.** Donors shall not, under any circumstances, pay a for-profit commercial fundraiser or individual fundraiser to solicit donations for a Fund of the Community Foundation of Lorain County

**D. Communication.** It is critical that all donor initiated fundraising be coordinated with Community Foundation of Lorain County. Before undertaking any public fundraising efforts, individuals and groups should discuss their plans with the Community Foundation of Lorain County. This gives the

Community Foundation the opportunity to make suggestions that may enhance the success of the efforts, helps the Community Foundation answer questions that may arise from the public, and allows the Community Foundation to properly administer proceeds and gifts that come directly to us. **Donors must contact the Community Foundation of Lorain County at least 30-60 days before undertaking any donor initiated fundraising.**

**E. Direct Gifts.** In general, solicitations should encourage a donor to make a gift directly to the Fund. In that case, the donor should make the check payable to “Community Foundation of Lorain County – *Name of Fund in memo field*” and send it directly to the Community Foundation of Lorain County at 9080 Leavitt Road, Elyria, OH 44035 or make a gift online at [www.peoplewhocare.org](http://www.peoplewhocare.org). Gifts of stocks or bonds may also be made directly to the Foundation with indication of the fund to benefit. See Community Foundation of Lorain County’s *Gift Acceptance Policy* for additional details.

**F. Gift Acknowledgement.** Except as otherwise noted below, donors will receive a gift acknowledgement letter from the Community Foundation of Lorain County indicating the gift is tax deductible as permitted by law. Fund representatives will receive a report of gifts to the Fund. Gift reporting will be done in a way that is consistent with current Community Foundation practices.

**G. Expenses.** All expenses related to the activity or event will be the responsibility of organizers. The fundraising group will be expected to maintain appropriate financial controls and records related to fundraising events. Event organizers will be responsible for any and all losses incurred by activities or events. The Community Foundation of Lorain County will not be held responsible for any such losses.

**H. Charitable Gaming.** All raffles and similar games of chance are subject to Ohio’s rules and regulations as may be required. See the applicable rules and forms at the Ohio Attorney General website at <https://charitable.ohioago.gov/Charitable-Gaming>.

No such charitable gaming activities will be allowed by Community Foundation of Lorain County unless there is documented compliance and state approval. The individuals or group conducting the charitable gaming activities will be responsible for charitable gaming reporting and maintaining a charitable gaming bank account. Please note that tickets for games of chance are not tax deductible. Also, the revenue from games of chance except bingo may be unrelated business income if regularly carried on.

**I. Corporate Sponsorships and/or Grants.** When soliciting contributions to be used for fundraising, corporations, foundations, or other entities may request Community Foundation of Lorain County’s federal EIN number. The Community Foundation’s federal EIN may be used for these purposes by agreeing to the conditions outlined in appendix A.

## **DETAILED OPTIONS FOR FUNDRAISING**

### ***Option 1: Solicitations for direct tax-deductible gifts to a Fund of the Community Foundation of Lorain County***

You may promote a Fund through various forms of marketing including brochures, posters, or information sessions, or a direct monetary request through an appeal letter or other means. All promotional materials must be pre-approved by Community Foundation of Lorain County’s staff and copies are required for our records. Follows general guidelines above.

**Option 2: Event or solicitation sponsored by a nonprofit 501(c)(3) organization with proceeds to benefit a Fund of the Community Foundation of Lorain County**

You may make a gift of proceeds from an event or solicitation sponsored by a 501(c)(3) organization that has a Fund at the Community Foundation of Lorain County for the benefit of that organization. Follows general guidelines above, **with the following exceptions:** the organization will issue its own gift acknowledgment letters to donors, and should ensure their compliance with all applicable IRS and Ohio state laws and regulations regarding solicitation, acknowledgment and tax deductibility of gifts.

**Option 3: 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 of Lorain County from the proceeds of an event for which donors are not offered a charitable tax deduction. Generally, the person or group that plans and executes the fundraiser makes one lump sum donation (net of expenses) to the fund. Individual participants in the event should make their payments to the organizing individual or group, not to Community Foundation of Lorain County or the Fund. Donors **may not take a charitable tax deduction** for any contribution, the Community Foundation of Lorain County will not issue a gift acknowledgement to individual contributors, and a charitable deduction for participating in the event will not be received. A receipt for the net amount received is sent to the organizing person or group.

Follows general guidelines, with following specific guidelines:

1. Cannot use the Community Foundation of Lorain County identity in any way, except to reference that net proceeds will be donated to the component Fund.
2. Organizers are responsible for all expenses and administration, including obtaining and paying for any necessary insurance, permits, licenses, approvals or any other details.
3. Organizers may not use Community Foundation of Lorain County's tax exempt number for sales tax purposes in relation to the event.
4. Gifts are not tax deductible. The organizers may provide a courtesy acknowledgement, but the letter may not include any language stating that the letter serves as an official tax receipt for IRS purposes or include any reference to tax deductibility. Letters may state: "The net proceeds of this event will benefit the *Name of Fund*, a component fund of the Community Foundation of Lorain County."
5. Expenses of the fundraising are paid from the proceeds prior to contribution to the fund.

**Option 4: 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 of Lorain County offers donors a charitable tax deduction.

Follows general guidelines above, with the following specific guidelines:

1. Organizers are responsible for all expenses and administration, including obtaining and paying for any necessary insurance, permits, licenses, approvals or any other details.
2. Donors must make checks payable to "*Community Foundation of Lorain County – Name of Fund*" or payable to Community Foundation of Lorain County with the fund name on the memo line.
3. All proceeds, checks and cash must be delivered to Community Foundation of Lorain

County with an accounting of all monies received, within one week after the fundraising event. An appointment should be set with the Community Foundation of Lorain County Finance Manager to make this delivery.

4. Cash receipts are to be deposited intact. That is, cash receipts are not to be used to pay expenses and then the net cash amount deposited. Again, cash receipts are to be deposited intact.
5. Organizers will need to provide Community Foundation of Lorain County with specific information related to each donor, including: complete name and address, the date and the amount of each contribution and a detailed description of any goods and services provided in exchange for the contribution.

#### **SPECIAL CONSIDERATIONS FOR TAX DEDUCTIBILITY**

For all options, please be aware that:

- *Contributions of services*, while appreciated, are not deductible.
- *Quid pro quo*. If goods or services are provided in exchange for a donation, certain disclosures are required 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 registration or ticket to the event is a typical method for making this disclosure. The Community Foundation of Lorain County must work with the organizers prior to the 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 required quid pro quo disclosures are made at the time of solicitation.
- *Rummage Sale purchases* are not tax-deductible.
- *Auctions*. The Community Foundation of Lorain County is not responsible for valuing charitable deductions for items purchased by donors at an auction or similar event. It is recommended that donors consult with their tax advisor on such issues.
- *Charity Gaming*. You will be responsible for complying with all applicable state or other registration, reporting and/or other rules related to any charity gaming such as bingo. Payments made for charity gaming are not tax deductible pursuant to federal law.

**APPENDIX A – REQUEST FOR USE OF COMMUNITY FOUNDATION’S FEDERAL EIN**

Date

Individual or Organization conducting fundraising  
Address

Dear Community Foundation of Lorain County:

We would like to use the federal EIN number of the Foundation when requested by corporations, foundations and other entities from which we solicit contributions of non-cash or in-kind materials associated with fundraising for the *Name of Fund*, a component fund of the Community Foundation of Lorain County. The fundraiser includes \_\_\_\_\_ (charitable auction, awards, golf outing, etc.)

I (We) agree to be bound by the following terms and conditions:

1. I (We) will only use the EIN for the solicitation of contributions of non-cash or in-kind materials used for charitable auctions, awards and other purposes associated with fundraising for the scholarship fund.
2. Proposed uses of the EIN other than stated in #1 will require permission of the Foundation.
3. I (We) will inform the Foundation of each application or use of the EIN for their records.
4. I (We) will not disclose the EIN to any other person or entity to assist you with your fundraising efforts without permission of the Foundation.
5. I (We) shall not use the EIN to obligate the Foundation to any debt, payment or any other form of liability without the written permission of the Foundation.
6. I (We) will release from liability and hold the Foundation harmless for any debt, payment or any other form of liability associated with our use of the EIN.
7. I (We) will pay and/or reimburse the Foundation for any expense associated with any debt, payment or any other form of liability associated with our use of the EIN.

Sincerely,

\_\_\_\_\_  
Individual or Organization conducting fundraising

\_\_\_\_\_  
Date

I hereby authorize you to use the Community Foundation of Lorain County’s EIN number \_\_\_\_\_ subject to the above terms and conditions.

\_\_\_\_\_  
Cindy Andrews, President & CEO

\_\_\_\_\_  
Date