

**Policy Type: Development Policy**

**Policy Title: Fundraising**

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**I. Under the Auspices of the Central Susquehanna Community Foundation: any activity where participants make their checks payable to the CSCF or to a specific fund at CSCF and where a charitable deduction is anticipated for the contribution**

**A. Direct, tax-deductible gifts to the fund** – Non tax exempt groups may encourage their members or the public to make direct contributions to CSCF for a specific affiliate or fund and receive an acknowledgment from CSCF indicating that the gift is tax-deductible. Checks should be payable to The Central Susquehanna Community Foundation with the name of the affiliate or fund written on the line at the bottom left of the check. The contact for the affiliate or fund will receive notice of the gift. ***Important exception:*** Many 501(c) (3) organizations have established endowment funds at CSCF. Donors to these organizations with funds at CSCF may make their contributions directly to the non-profit organization itself, not CSCF.

**B. Solicitations to promote a fund** – Occasionally, CSCF may work with a private group to promote a fund through a newsletter article, brochure, poster, information session or in a written appeal letter to friends and associates. In response to these efforts, donors should make their checks payable to The Central Susquehanna Community Foundation and send the checks directly to CSCF (See section above). ***CSCF must approve all written or spoken materials prior to publication or production and the materials must state that the fund is a component fund of The Central Susquehanna Community Foundation.***

**II. Independent of the Central Susquehanna Community Foundation: any activity where participants make their checks payable to an entity other than CSCF, which will then pay expenses and can make a contribution of the proceeds to a fund at CSCF, and where a charitable deduction is available only if the sponsoring entity is a nonprofit organization that accepts and receipts the contribution.**

**A. Events organized by non tax exempt groups** – A non tax exempt group may organize a fundraising event. It may not use the name of The Central Susquehanna Community Foundation or the name of any CSCF affiliate or fund in its materials. It may state that net proceeds will benefit the general purpose of the fund (for example – “net proceeds will support scholarships for graduates of \_\_\_\_\_”). The group should collect checks, deposit them and pay bills. They may send one check to CSCF with the explanation that it represents the proceeds of a fundraising event. CSCF will issue an acknowledgment letter to the private group. No charitable deduction is available.

**B. Events organized by a 501(c) (3) nonprofit** – A nonprofit organization with a fund at CSCF may organize a fundraising event. The organization acknowledges any donations from their donors. The organization may choose to send the net proceeds from the event to CSCF to be added to its fund. CSCF will acknowledge a contribution from the organization.

The Central Susquehanna Community Foundation is staffed and equipped to create and build endowments through acquisition of major current and planned gifts. The Foundation is not staffed or equipped to operate or assist in public fundraising events such as, but not limited to, golf tournaments, auctions or dinners to raise money for funds at The Central Susquehanna Community Foundation.

## **Guidelines**

### **I. Fundraising under the auspices of CSCF**

When fundraising activities or solicitations use the CSCF name or the name of the component fund, the IRS views the fundraiser as being done by the Foundation since the Community Foundation “owns” the fund. In this case, the Community Foundation is legally responsible for the fundraising activity, and it as well as the donor can face serious penalties and liabilities if careful procedures are not followed: donors may be denied a tax deduction; the fundraising group may be unexpectedly subjected to tax on the funds raised; and both the Community Foundation and the fundraising group may be subject to penalties. Additional fees to cover the costs of administering fundraising activities may be charged by the Community Foundation depending on the level of administrative support required.

#### ***Special note on reimbursing expenses:***

*Legislation passed in 2006 makes significant changes in how fundraising expenses may be paid. If the fund that will receive the money is legally defined as a “donor-advised” fund, the Community Foundation MAY NOT reimburse any individual, including the donor-advisor(s), or any non-charitable entity (e.g. vendors) for expenses incurred. Note that funds established and advised by companies, professional groups, and/or alumni may be legally considered “donor-advised” under the new legislation. Other types of funds (scholarship funds, program sponsor funds) may be able to pay expenses; those expenses are paid from the fund’s income. We continue to seek guidance on the application of this legislation and will continue to revise and update these guidelines to ensure their consistency with federal guidelines. Contact us with any questions.*

Currently not allowed under the auspices of the Community Foundation are; runs or walks, carnivals, casino nights, auctions, raffles, or games of chance.

1. The critically important first step is to determine whether the fund is “donor-advised” according to the new definition. Please contact the Community Foundation well before you begin ANY fundraising activity to clarify the fund’s status. The current definition of a “donor-advised” fund includes any fund or account:

- That is identified by reference to the contributions of a donor or donors (individual, family or organization name)
- That is owned and controlled by the Community Foundation (already applicable to all funds at the Community Foundation); and
- That the donor(s) or person(s) appointed by the donor has advisory rights with respect to investments or distributions (grants, expenses) from the fund.

We understand that this definition is still ambiguous and are working to clarify its application. This clarification of definition will determine whether and how fundraising may proceed.

2. Before ANY fundraising activity for any type of fund is begun, Community Foundation approval MUST be obtained. A written proposal outlining the effort, budget indicating expected revenue, and expenses must be submitted and accepted at least two months prior to the activity. For expenses to be paid, the Community Foundation requires documentation of the expense and alignment with the budget. Please note that individuals and non-charitable entities cannot be reimbursed from advised funds.
3. Use of the fund or Community Foundation name must be approved in advance, and materials must state clearly that **funds are being raised *on behalf of, rather than by, Central Susquehanna Community Foundation.*** All fundraising solicitation and publicity materials must be reviewed and approved by the Community Foundation before they are produced or used, and the Community Foundation must retain sample copies of all fundraising materials including solicitation letters, pamphlets or brochures, grant applications, advertising copy, radio scripts or transcripts, media coverage, press releases, etc. A minimum lead time of three weeks is required to obtain Community Foundation approval. Community Foundation logos may be provided for use on approved printed materials. Solicitation materials must disclose our correct organizational name and address, the purpose for which the solicitation is made, and required disclosure and registration language.
4. Certain fundraising efforts connected with the Community Foundation may require proof of insurance for liability purposes. The Community Foundation may be able to secure a certificate of insurance or a separate rider for your effort or event. The cost of such rider will be considered an event expense and will be paid from the proceeds or from the fund balance. We need a lead-time of at least 4-6 weeks to obtain this coverage. If after checking with us, you obtain separate liability insurance, the Community Foundation must be named as an additional insured on the policy and a copy must be provided to us prior to the event.
5. The fundraising organizer must coordinate with the Community Foundation to obtain all required permits, licenses and/or approvals and to ensure compliance with all laws related to the effort. All legal and/or contract arrangements must be reviewed with Community Foundation staff and legal counsel if necessary. Legal expenses and/or

costs related to obtaining permits are the responsibility of the fundraising organizers but can be budgeted and considered an event expense, depending on the type of fund.

6. Because of complex state regulations, the Community Foundation does not sponsor traditional raffles, drawings, other games of chance, or auctions.
7. Contributions by check should be made payable to the Central Susquehanna Community Foundation. Component or affiliate fund name should be noted on the memo line.
8. If goods and services are provided in exchange for a donation, certain “quid pro quo” disclosures are required on solicitation materials including a good faith estimate of the value of the goods or services provided. For example, if a solicitation level of \$100 includes a shirt valued at \$35, the materials should read, “*Your gift in excess of \$35 is tax deductible to the extent provided by law.*”
9. Grant applications to other foundations and funding sources are considered fundraising activities and are submitted under the auspices of the Community Foundation. They must be reviewed, approved, and accompanied by a cover letter signed by Community Foundation senior staff. The Community Foundation needs at least two weeks lead-time to review and approve grant applications.
10. The Community Foundation’s bulk mail permit may be used for approved mailings with permission, which must be requested before printing and at least four weeks prior to the anticipated mailing. Materials to be mailed must be approved by the Community Foundation and by the Post Office to make sure they will be accepted for mailing under the Community Foundation’s nonprofit bulk mail permit. The request must indicate the number and type of pieces being mailed and include a sample of materials. Mailing costs will be considered an expense and charged to the fund.
11. All gross funds raised by the fundraising activity must be submitted to the Community Foundation within five business days of receipt. If allowed, approved expenses will be paid by us from gross revenue.
12. The Community Foundation provides appropriate acknowledgement to donors so that they may claim a deduction for their charitable contribution. You must provide the donor’s complete name and address and date and amount of contribution.
13. The Community Foundation manages the money contributed to the fund, ensuring that the income and principal (if applicable) are directed to charitable uses and are in accord with the governing documents of the Community Foundation and the individual component fund. No donor restrictions other than those for the purposes of the component fund will be accepted.
14. You are responsible for any losses incurred by fundraising efforts or events. The Community Foundation will not be held responsible for such losses.

**II. Independent Fundraising:** Independent fundraising with no mention of CSCF or the component fund, is often the simplest method for those interested in holding special events or activities. If procedures are followed, CSCF will not have to approve the activity, records will not have to be turned into CSCF, CSCF will not need to approve promotional and printed materials in connection with the activity, and there will be no additional fee charged.

1. Any person or group planning to execute a fundraising activity must be in compliance with these guidelines, becomes the sponsor of the activity, and accepts the responsibility and liability associated with the activity.
2. Event materials may state the proceeds benefit the general purpose of the fund, but may not use the CSCF name, logo, tax exempt number, or legal name of the fund in connection with the event. Unless the event is being sponsored by another nonprofit organization, materials may not state that contributions are eligible for charitable deductions, and no quid pro quo information should be provided.
3. The planning group is responsible for determining, obtaining, and paying for any necessary insurance, permits, licenses, approvals, etc. Be aware that events or activities that include raffles or other games of chance are regulated by state and local governments and must be specifically reviewed, authorized, and registered.
4. Fundraising events often require certificates of insurance or signed contracts. When the event is administered by a person, group, or other organization, the name of the Community Foundation or the fund must not appear on any contract or agreement. The signatory must understand and agree to his responsibility and liability for the event. (Note: volunteers must not sign contracts obligating CSCF.)
5. Individual participants in the event (ticket purchasers, sponsors, golfers, etc.) make their payments to the organizing person or group, not to CSCF or component fund. The organizers may record the contributors' names and addresses and may provide a courtesy acknowledgement. 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 or to the contribution being made to CSCF or component fund.