POLICY

Eau Claire Community Foundation
For Good. For Ever.

Approved: 4/9/2019
Rev. Approved: 12/6/2019

Replaces all past Fundraising policies.

POLICY FOR PUBLIC FUNDRAISING

Thank you for expressing your confidence in Eau Claire Community Foundation (ECCF) or the Eau Claire Public Schools Foundation, a supporting organization of ECCF by establishing a Fund including any funds that are affiliates of ECCF. ECCF is pleased to work with you in helping to develop your Fund. The chief responsibility of ECCF is to raise endowments through acquisition of major and planned gifts. Unfortunately, ECCF does not have the staff to operate public fundraising events for its component funds.

In establishing a Fund at ECCF, there may be times when donors would like to organize a fundraiser to raise dollars for the Fund. **Most often ECCF 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. ECCF 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 a fund at ECCF, you must keep in mind that for tax purposes such fundraising is being done on ECCF's behalf. This raises a number of significant tax and accounting issues. For example, activities must be conducted under ECCF'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 ECCF is not exposed to penalties for failing to make required solicitation disclosures.

These requirements are designed to protect the interest(s) of both donors and ECCF. ECCF reserves the right to either accept or decline any Fund. It also reserves the right to close out a Fund. *ECCF will consider each situation individually.* Exceptions to this policy may be made in extenuating circumstances and upon approval by ECCF's Board.

All public fundraising events require advance written approval from ECCF. Before undertaking any such event, the fundraising group must submit a written application that includes the following information:

1) The purpose, goals, and expected life span of the event
2) Its fundraising plans in detail
3) A list of advisory group members and the primary contact person that will serve as the main source of communication between ECCF and the group

4) Current and future budgets, bylaws and other organizational documentation
5) A concise statement of how the proposed fund meets the charitable purposes of ECCF

The application should also explain if any feasible alternative is available for the Fund, i.e., why does the donor believes it is necessary and what are the alternatives.

The Board of Trustees of ECCF will review the application and decide whether to adopt the event as an ECCF event. Please allow at least 60 - 90 days for review. If the event is approved, the fundraising group will proceed in accordance with ECCF guidelines. All uses of ECCF's name in advertising and promotion **must be approved** in advance by the ECCF. All fundraising materials should make clear, where applicable, that funds are being raised on ***behalf of*** rather than *by* the ECCF. ECCF assesses an administrative fee against the Fund to defray the cost of additional services required by the fundraising event or solicitation.

The event is then accounted for as ***"The XYZ Fund, a fund of The Eau Claire Community Foundation"*** for IRS auditing, financial reporting, marketing, and fundraising purposes. It is requested that groups credit ECCF -in publications and news releases or stories. Likewise, ECCF may give the event mention in newsletters and annual reports of ECCF.

You are not authorized to bind ECCF to any contract or agreement unless specifically authorized to do so by ECCF in writing.

ECCF Responsibilities

ECCF will be responsible for:

- The management of such money and property as it may accept into the component fund from donors, other contributors and sources
- The application of principal and income for charitable uses, all in accordance with the ECCF's governing documents
- Providing appropriate acknowledgements to donors

The Fundraising Group's Responsibilities

The fundraising group will retain responsibility for all public fundraising events and matters related to them, including:

- Payment of all costs and expenses
- Compliance with the State of Wisconsin and the IRS laws, rules and regulations for fundraising
- Reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering ECCF

The Fund will be deemed to be a component of ECCF and ECCF is legally responsible for the event's administration, management, and disbursement of funds. Typically, ECCF assures programmatic oversight by authorizing an existing advisory group to fulfill that function. A roster of the group and minutes of meetings are to be forwarded to ECCF.

Payment of Expenses

The fundraising group will be solely 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 ECCF has approved. Prior to the event ECCF will discuss with whether the expenses will be paid by ECCF or by the group. Regardless of who pays the expenses, the fundraising group must provide copies of invoices and receipts to ECCF so that ECCF may fulfill our record keeping and reporting responsibilities. Keep in mind that if the fund in question is a donor advised fund, ECCF cannot provide reimbursement of expenses to the fund's donors, advisors, and related persons. Where appropriate, ECCF 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 ECCF. Cash receipts are to be deposited intact. That is, 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 ECCF 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 ECCF or the fundraising group might be subjected to penalties.

Donors who contribute $100 or more will need a written acknowledgement from ECCF in order to claim a charitable deduction for the gift. ECCF will provide the appropriate acknowledgement to donors only if it receives certain detailed information. Specifically, the fundraising group must provide ECCF with:

a) The donor's complete name and address.
b) The date and amount of the contribution.
c) Whether the contribution was in cash or property.
d) If property, a description of the type of property and a good faith estimate of its fair market value.
e) A detailed description of any goods and services provided in exchange for the contribution.

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

Groups may apply to other funding sources under the auspices of ECCF, but ECCF is not in any way responsible for actual fundraising or for providing financial support for the event.

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. ECCF will work with the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. However, ECCF 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 is responsible for making sure that the required quid pro quo disclosures are made.*

Other Responsibilities
All uses of ECCF's name in advertising and promotion must be approved in-writing by the ECCF before the use. The request must be submitted in advance to allow ample time for review and approval by the ECCF staff and Board.

Contracts and Agreements
The name of the Eau Claire Community Foundation <u>must not</u> appear on any contract or agreement. (Note: volunteers may not sign contracts obligating the ECCF. Such contracts become the responsibility of the individuals who signed.)

Raffle Tickets and Rummage Sales
Purchases of raffle tickets are not tax deductible. This must be clearly stated on the face of the distribution ticket. Groups wishing to sell raffle tickets must comply with all local, state and federal laws pertaining to the selling of such tickets. Rummage or garage sale purchases are not tax deductible.

Auctions
The ECCF shall review, on a case-by-case basis, any proposed ideas for an auction and may seek the assistance of its legal counsel in doing so. The value of each item to be auctioned must be determined in advance and submitted to the ECCF in writing. At that time the deductibility of items will be determined. If an auction is held, the value of each item to be auctioned must be clearly displayed or announced in advance to prospective bidders. A tax receipt will be issued only for accepted bids over the market value of the item being auctioned.

Alcohol
ECCF will not be responsible for the sale of alcoholic beverages. The fundraiser(s) shall obtain all necessary licenses, permits and insurance.

Liability Insurance and Liability for Losses
The fundraising group will contact ECCF prior to the event to assess the need to secure

liability insurance covering members of the group and covering ECCF. Insurance coverage must be reviewed and approved by ECCF. Any costs of insurance incurred will be passed through to the Fund as an expense.

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

The Organization/Agency shall defend, indemnify, and hold harmless ECCF, its officers, trustees, employees, and agents, from and against any and all claims, liabilities, losses, and expenses, including reasonable attorneys' fees, directly or indirectly arising in connection with any act or omission of the Organization/Agency, its officers, directors, employees, or agents

Footnotes:
This policy replaces the "Policy for Independent Event-Focused Fundraising" and the "Policy for a Dependent Public Fundraising Event" and any other old Fundraising policies. The Public Fundraising Application was revised accordingly.
The addition of affiliate funds was approved on December 6, 2019.