



DONOR-INITIATED FUNDRAISING POLICY

Thank you for expressing your confidence in Greater Cedar Rapids Community Foundation (the Community Foundation) by establishing a fund with us. The Community Foundation is pleased to work with you in helping to develop your fund. The chief responsibility of the Community Foundation's Development team is to increase the Community Foundation's endowment through acquisition of major and planned gifts. Unfortunately, the Community Foundation does not have the staff to operate public fundraising events for its component funds.

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

The requirements that follow are designed to protect donors and groups raising funds for a component fund at the Community Foundation. We appreciate your cooperation in fulfilling these requirements.

COMMUNITY FOUNDATION APPROVAL OF EVENTS

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

- **Description:** Describe the event or other effort to raise money for the fund. Briefly outline the fundraising goal, the activities of the event, your experience in conducting this type of campaign or event and how you will measure your success.

- **Contact person:** This person will serve as the main source of communication between the Community 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:** Attach an estimated budget for the fundraiser that includes projected revenue and a detailed list of projected expenses.

Please allow at least 30 days for Community Foundation review. If the event is approved, the fundraising group will proceed in accordance with the Community Foundation's guidelines. The Community Foundation expressly reserves the right to disapprove the fundraising proposal. In making this determination, the Community Foundation will consider the net financial benefit of the proposed event to the charity based upon its budget submission and the need for an indemnification agreement in the event of an IRS challenge to the Community Foundation's tax-exempt status.

All uses of the Community Foundation's name in advertising, social media and promotion must be approved in advance by the Community Foundation. All fundraising materials should make clear, where applicable, that funds are being raised on *behalf of* rather than *by* the Community Foundation. The Community Foundation may assess an administrative fee against the fund to defray the cost of additional services required by the fundraising event or solicitation. You are not authorized to bind the Community Foundation to any contract or agreement unless specifically authorized in writing.

THE COMMUNITY FOUNDATION'S RESPONSIBILITIES

The Community Foundation 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 to charitable uses, all in accordance with the Community Foundation'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 laws
- Reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering the Community Foundation

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 Community Foundation has approved. You must provide copies of invoices and receipts to the Community 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 Community Foundation cannot provide reimbursement of expenses to the fund's donors, advisors, and related persons. Where appropriate, the Community 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 Community Foundation. 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 the Community 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 Community Foundation or the fundraising group might be subjected to penalties.

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

Contributions of services, while appreciated, are not deductible.

If the fundraising group provides goods or services in exchange for a contribution, 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 Community Foundation will work with the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the Community 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 not deductible. This must be stated clearly on the face of distributed tickets.
- **Rummage sale purchases** are not deductible.
- **Auctions**—Community 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, LIABILITY FOR LOSSES AND LICENSING

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

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

If the fundraising group conducts a gambling or gaming activity, the fundraising group is responsible to comply with the applicable law requirements and to obtain any required licenses or permits.

Attachment 1



FOUNDATION 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 groups 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 _____

Address _____ Phone (home) _____

_____ (work) _____

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 the Community Foundation, to review all printed and promotional material with the Community Foundation 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) _____



ESTIMATED BUDGET

Fund Name _____

Name of Fundraising Event _____

Submitted by _____ Date of Event _____

Total Estimated Gross Revenue \$ _____

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

| | | |
|-------------------------|---------|-------------|
| 100 golfers @ | \$100 | \$10,000 |
| 100 raffle tickets @ | \$1 | \$100 |
| 10 sponsors @ | \$1,000 | \$10,000 |
| Miscellaneous donations | | \$250 |
| | | |
| TOTAL | | \$20,350.00 |

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) \$ _____

GIFTS WE ACCEPT

GIFTS FOR TODAY

Cash and Cash Equivalents

Cash, usually in the form of a check or credit card, is a convenient way to give. If you itemize your deductions on your federal income tax return, you may take a charitable gift deduction for the amount of your gift. If you give your gift to an endowed fund that supports a nonprofit in Iowa, you may be eligible to receive a 25 percent Endow Iowa tax credit. If you can't take the entire deduction in the first year, you may carry the balance forward into the next five years. When savings bonds, certificates of deposit and other ordinary income assets are gifted to the Community Foundation, you will not have to pay tax on the gain in those assets. You can name the Community Foundation as the primary beneficiary, contingent beneficiary or as a partial beneficiary.

Memorials and Honors

Gifts can be made in memory or honor of a loved one, or to commemorate a special milestone or event. The gifts can be made to an existing fund or you may choose to establish a special fund. Otherwise the gifts are directed to the Greater Good Fund to support community needs.

Securities

You can transfer ownership of appreciated securities (stocks, bonds or mutual funds) owned for at least one year to the Community Foundation. You will receive a deduction for the average value of the security on the day of the transfer. When you contribute long-term appreciated securities to the Community Foundation, you have two options:

- Sell the securities and contribute the proceeds to the Community Foundation (and pay any associated capital gains tax), or
- Contribute the securities directly to the Community Foundation – we receive the full proceeds from the sale, and you avoid capital gains tax. The full proceeds from the sale of the shares may be placed in your named fund or any named fund at the Community Foundation for charitable giving purposes. You may claim a charitable income tax deduction in the year in which the gift is made. If you can't deduct the full fair market value of the gift in the first year, you may carry the balance forward for the next five years. If the securities have been owned less than one year, the charitable deduction is based on your cost basis in the security.

Real Estate

You can make outright gifts of real estate to the Community Foundation. If you have owned the donated property for at least one year, you can avoid paying capital gains taxes on the appreciation of the property value. Outright gifts of real estate will often result in an income tax deduction equal to the fair market value of the property, as determined by appraisal. There are some situations where this may be reduced. It's possible to make a gift of your personal residence, vacation home, or farm to the Community Foundation and retain a "life estate" in the property, allowing you to retain rights to use or rent out the property until your death. When you deed the property directly to the Community Foundation, you receive an immediate income tax deduction for a portion of the appraised fair market value, and have the peace of mind knowing that the property will be excluded from probate. If the donated real estate is a long-term capital asset, you may claim a charitable income tax deduction for the donation. If you can't deduct the full fair market value of the gift in the first year, you may carry the balance forward for the next five years.

Closely Held Securities

For owners of closely held securities, such as S Corporations (S Corps) stock, it is possible for companies to give S Corps stock, and for the Community Foundation to own S Corps stock. There are limitations that accompany ownership of such stock, and the owners of these securities should consult their professional advisors prior to making this type of gift to the Community Foundation.

Gifts of Grain

Donating a gift of grain to the Community Foundation is a simple way to make a lasting difference. The value of the grain can be used to start an endowed fund in the name of your family, for a specific Iowa nonprofit organization, or for the Greater Good Fund to meet ongoing community needs. By giving grain to the Community Foundation, you avoid including the sale of the grain in your farm income. Although a charitable income tax deduction is generally not available to you, the avoidance of declaring it as income, and the possibility of a 25 percent Endow Iowa tax credit, are significant benefits. You can deduct the cost of growing the crops, which typically results in saving self-employment tax, federal income tax and state income tax. You can benefit even if you don't itemize your deductions and take the standard deduction.

LEGACY AND PLANNED GIFTS

Beneficiary Designation (Retirement Asset)

One of the easiest ways to leave a charitable gift is to designate the Community Foundation as the beneficiary of an IRA, annuity or a retirement plan. A retirement plan is one of the best types of assets to transfer to the Community Foundation because it produces taxable income. Beneficiary proceeds directed to us are not subject to income and estate taxes. When you name the Community Foundation as a beneficiary of specific assets, you enjoy some flexibility and simplicity in giving including the ability to change the designation during your lifetime; designate all or a portion of the asset; or designate the charity as a beneficiary without the help of an attorney.

Bequest

Donors may choose to make an estate gift to the Community Foundation through a will or living trust. In some cases, you may qualify to receive a substantial reduction in federal gift and estate taxes. Your gift can be used to accomplish almost any charitable goal such as establishing a scholarship fund; creating an endowment for a particular charity; or leaving a family legacy that allows children to continue their involvement in charitable grantmaking.

Charitable Gift Annuity

A charitable gift annuity is a simple contract established between a donor and the Community Foundation. A gift of cash or marketable securities can be used to establish an endowed fund to benefit a charity of the donor's choice. The remainder is returned to a designated recipient as scheduled income payments. Charitable gift annuities are easy to establish, require no trust administration, incur no setup costs to the donor and provide a partial charitable income tax deduction for the donor.

Life Insurance and Life Insurance Beneficiary

By designating the Greater Cedar Rapids Community Foundation as the beneficiary of a new or existing life insurance contract, you can make a significantly larger charitable gift than may be possible out of your current assets. If you make the Community Foundation the owner of the contract, you can deduct the premiums. If you own the contract, you cannot deduct the premiums. However, proceeds payable to the Community Foundation upon your death will not be subject to federal estate taxes.

Charitable Remainder Trust

Giving through a charitable remainder trust allows you to place cash or property in a trust that pays annual income to you (or another designated beneficiary) for life. After your death, the remainder of the trust transfers to the Community Foundation and is placed in a charitable fund in your name or one that you have chosen. You receive income tax benefits the year you establish this trust.