

Donor-Initiated Fundraising Policy

Thank you for expressing your confidence in the Scranton Area Community Foundation (the “Foundation”) by establishing a fund with us. The Foundation looks forward to working with you to develop your fund. Although the Foundation primarily raises endowment funding from major and planned gifts, the Foundation may agree to have a presence at (but not directly operate) public fundraising events for its individual funds.

You may want to organize a fundraiser for your fund. The Foundation will not acknowledge the individual contributors to the fundraiser if you only give the net income from a fundraiser to your fund. Individual contributors to a fundraiser may desire to receive a charitable tax deduction. The Foundation has developed this policy statement to help guide you in planning fundraising events and solicitations (fundraising groups) that would allow contributors to receive a charitable tax deduction.

When you conduct fundraising activities and solicitations on behalf of a Foundation individual fund, such fundraising is being done on the Foundation’s behalf. This raises tax and accounting issues which must be addressed to ensure that donors to the fundraiser are entitled to the appropriate tax deductions to protect the fundraising groups from unintended tax consequences to themselves, and to determine that the Foundation is not exposed to penalties for failing to make required solicitation disclosures. The fundraising activities must be conducted under the Foundation’s observation and fiscal guidance to avoid these issues.

The requirements that follow are designed to protect donors and you. We appreciate your cooperation in fulfilling these requirements.

The Foundation’s Responsibilities

The Foundation will be responsible for:

- The management of such money and publicity held securities it may accept into the individual fund from donors, other contributors and sources.
- The application of principal and income to charitable uses, all in accord with the 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:

- Receiving written approval from the Foundation for fundraising events.
- Submitting appropriate documentation for any fund expenses.
- Compliance with laws.
- Reporting and other requirements of every kind.

Foundation Approval of Events

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

- The fund to be benefitted.
- **Description of Event:** 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 why it is believed that the activity will be a success.
- **Contact person:** This person will serve as the main source of communication between the 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 10 business days for Foundation review. If the event is approved, the fundraising event may proceed in accordance with the Foundation's guidelines.

All uses of the Foundation's name in advertising and promotion must be approved in advance by the Foundation. All fundraising materials should make clear, where applicable, that funds are being raised on *behalf of* rather than *by* the Foundation.

You are not authorized to bind the Foundation to any contract or agreement unless specifically authorized in writing by the Foundation.

Payment of Expenses

The fundraising group will be liable 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 Foundation has approved in advance. Prior to the event we will discuss with you whether the expenses will be paid by the Foundation or by the group. Regardless of who pays the expenses, you must provide copies of invoices and receipts to the 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 Foundation may not provide reimbursement of expenses to the fund's donors, advisors, and related persons. Where appropriate, the Foundation will provide tax acknowledgements allowing donors to deduct reasonable expenses incurred in connection with the fundraiser which are not reimbursed from the fundraising event.

Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to the Foundation with the name of individual fund provided in the memo. 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 5 business days after the event, all proceeds, checks, and cash, must be delivered to the 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, it could impact donors ability to get a tax deduction, and members of the fundraising group might unexpectedly find themselves subject to tax on the funds they raise. In addition, if the steps below are not followed, either the Foundation or the fundraising group might be subjected to penalties.

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

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

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 may 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 Foundation will work with you in determining the fair market value amounts and the appropriate disclosure language for the event. However, in order to do this, the Foundation must be involved 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. *It is the fundraising group's responsibility to see that the required quid pro quo disclosures are made.*

Additional information regarding deductions are as follows:

- **Raffle tickets** are not deductible. This must be stated clearly on the face of distributed tickets.
- **Rummage sale purchases** are not deductible.
- **Auctions**—Foundation staff will need to 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 the Foundation prior to the event to assess the need to secure liability insurance for the Foundation. Insurance coverage must be reviewed and approved by the Foundation.

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

State Charitable Solicitation Laws

The PA Solicitation of Funds for Charitable Purposes Act, 10 P. S. § 162.1 et seq., requires organizations soliciting charitable contributions from Pennsylvania residents to register with the Bureau by filing a BCO-10 Charitable Organization Registration Statement unless they are excluded or exempted from the Act.

Attachment 1

**Scranton Area 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 _____

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 Scranton Area Foundation, to review all printed and promotional material with the Scranton Area Foundation staff before distribution and to submit detailed donor records along with all fundraiser proceeds and invoices.

Signature _____ Date _____

Signature _____ Date _____

Attachment 2

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) \$ _____