



**COMMUNITY  
FOUNDATION**  
*of Northern Nevada*

## **COMMUNITY FOUNDATION OF NORTHERN NEVADA FUNDRAISING POLICY FOR COMPONENT FUNDS**

### **I. Purpose**

A Fundraising Fund (“Fund”) is an established component fund at the Community Foundation of Northern Nevada (“Community Foundation”) that receives contributions from several sources. The objective is to receive significant gift income and grant it out in a timely manner so the fund will benefit charities or charitable purposes designated by the Fund advisor. A Fundraising Fund is unique in that it raises money from several sources including individuals, corporations, and foundations. Funds are generally raised through annual campaigns, fundraising events, and other appeals. Fundraising Funds are generally classified in one of two groups:

- **Donor-Advised Fundraising Funds** operate much like the donor-advised funds at the Community Foundation except, in addition to the donor, contributions are received from other sources.
- **Designated Purpose Fundraising Funds** may be a scholarship fund or otherwise restricted to support a particular purpose or cause, including organizational endowments and agency funds.

### **II. Policies and Procedures for Fundraising Funds**

When individuals or groups conduct fundraising activities and solicitations on behalf of component funds at the Community Foundation, in the eyes of the Internal Revenue Service – and also the community – the fundraising is being done on behalf of the Community Foundation. As a number of significant tax and accounting issues will arise, the Community Foundation has adopted this policy under which only wholly charitable gifts may be deposited to the Fund or the net proceeds from a fundraising event. The reason is that the Community Foundation is unable to be present and do accounting in relation to the fundraising activities. Put another way, the Community Foundation cannot accept/deposit gifts for which a donor receives a benefit, and grants or disbursements cannot be made from the Fund to pay for fundraising expenses, including event expenses.

As the Community Foundation is legally responsible for all donor fundraising undertaken on its behalf, and the Community Foundation, as well as donor(s), can face serious penalties if careful procedures are not established and followed, written solicitations to foundations and corporations must be cleared through the Community Foundation to ensure that any promises made or required reports fall within the Community Foundation’s ability to provide service.

### **III. Community Foundation Approval of Events**

Before undertaking public fundraising events, the fundraising individual or group will submit a written proposal and obtain advance approval from the Community Foundation, particularly as relates to use of the Fund and/or Community Foundation's name and use of the Community Foundation's charitable tax ID. The fundraising individual or group will then proceed according to the Community Foundation's guidelines. All use of the Community Foundation's name in advertising 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. An administrative fee may be charged if extra administrative services need to be expended by the Community Foundation.

In addition, all fundraising appeals must comply with AB60, which became law in 2013 and went into effect January 1, 2014. AB60 modifies Nevada Revised Statute, Chapter 82 and Chapter 598.

### **IV. Responsibilities of the Community Foundation**

The Community Foundation's responsibilities will include the following:

- Management of such money and property as it may accept into the component fund from donor(s) and other contributors and sources;
- Application of income and principal to charitable uses, all in accordance with the governing documents of the Community Foundation; and
- Provision of appropriate acknowledgements to donor(s).

### **V. Responsibilities of the Fundraising Group**

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

- Payment of all costs and expenses (depositing only the net proceeds at the Community Foundation);
- Compliance with laws; and
- Reporting and other requirements of every kind such as licensing, tax payment, and liability insurance covering the Community Foundation.

### **VI. Payment of Expenses**

The fundraising individual or group will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. In the proposal, the fundraising individual or group will include event budget information. The fundraising individual or group will retain accounting records,

with backup, regarding the event income and expenses and will provide such information to the Community Foundation if requested.

## **VII. Designation of Checks and Receipt of Cash**

Checks should not be made payable to the Community Foundation unless they are wholly charitable. The net proceeds from event fundraising should be deposited to the Fund at the Community Foundation in a timely manner following the conclusion of the event.

## **VIII. Tax Requirements and Acknowledgements**

Donor(s) who provide a gift that is wholly charitable in the amount of \$250 or more will receive a written acknowledgment from the Community Foundation in order to claim a tax deduction for the contribution. If the net proceeds from the event are deposited, the fundraising individual or group may provide a list of donors with the amount/portion of the net proceeds that is to be credited to a particular donor. To do so, the fundraising individual or group will need to provide the following information.

- Donor's complete name and address; and
- Date and amount of the contribution.

Contributions of services, while appreciated, are not generally deductible. Contributions of personal or real property must be received directly by the Community Foundation in order to be acknowledged. Property contributed for silent auctions is not acceptable for gift receipt purposes.

Raffle tickets are not tax-deductible. This must be stated clearly on the face of the distributed tickets.

Rummage sale purchases are not tax deductible.

## **IX. Liability Insurance and Liability for Losses**

The Community Foundation's liability insurance will not cover any Fund activity or events. The fundraising individual or group will need to secure its own policy that names the Community Foundation as additionally insured, and evidence of such coverage must be reviewed and approved by the Community Foundation.

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

## **X. Solicitations of Contributions Act**

The following information must be available at all fundraising events:

- The name of the charitable organization and the state in which it does business: *Community Foundation of Northern Nevada*
- A description of the purpose for solicitation: *The \_\_\_\_\_ Fund is a component fund at the Community Foundation of Northern Nevada. Funds are being raised for \_\_\_\_\_.*

Since the Community Foundation will accept for deposit in the Fund only those gifts from donors that are wholly charitable or the net proceeds of the event, the fundraising individual or group is cautioned from providing confusing information to the donors, such as the value of the benefit received by the donor for his or her contribution. The Community Foundation will not be able to provide a receipt to the donor for the charitable portion since we cannot verify the figures.