

POLICY REGARDING PUBLIC FUNDRAISING FOR COMPONENT FUNDS OF THE FOUNDATION

Thank you for your confidence in Yolo Community Foundation by establishing a Fund with us. Yolo Community Foundation is pleased to work with you in helping develop your Fund.

In establishing a Fund at Yolo Community Foundation there may be times when you would like to organize a fundraiser to raise dollars toward this Fund. The Foundation most often receives the net income from a fundraiser and does not acknowledge the individual contributors of the dollars. However, there may be times when individual contributors to a fundraiser would want to receive a charitable deduction. This policy statement has been developed by the Foundation to help guide those of you planning fundraising events and solicitations (we will call you Fundraising Groups).

When Fundraising Groups conduct fundraising activities and solicitations, on behalf of component funds at Yolo Community Foundation, you must keep in mind that for tax purposes such fundraising is being done on behalf of the Foundation. A number of significant tax and accounting issues will arise. For example, it is important that these activities be conducted under the observation and fiscal guidance of the Foundation 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 Foundation is not exposed to penalties for failing to make proper solicitation disclosures.

These requirements are designed to protect Donors and the Fundraising Groups fundraising for a component Fund at Yolo Community Foundation. We appreciate your cooperation in fulfilling these requirements.

Foundation Approval of Events

Before undertaking public fundraising events, the Fundraising Group will define in advance to the Foundation each program, event or other effort to raise money for the Fund. The Fundraising Group shall submit a written proposal and attain advance written approval from Yolo Community Foundation. The Fundraising Group will then proceed according to 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 Yolo Community Foundation. An administrative fee may be charged if extra administrative services will need to be expended by the Foundation.

Responsibilities of Yolo Community Foundation

The responsibility of the Foundation will be 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 income and principal to charitable uses, all in accord with the governing documents of the Foundation; and providing appropriate acknowledgments to Donors.

Responsibilities of Fundraising Group

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 (see page 3) covering the Foundation; and
- Obtaining and providing the Foundation with all requested fundraising records. All fundraising records must be retained for a minimum of four years.

Payment of Expenses

The Fundraising Group will be responsible for all expenses and maintain appropriate financial controls and records related to fundraising events. The Fundraising Group will establish a budget for submission to the Foundation prior to all events. How expenses will be paid (either by the Fundraising Group or by Yolo Community Foundation) must be discussed prior to the event. Regardless of who pays for expenses, copies of invoices and receipts must be provided to the Foundation for our record keeping.

Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to the component Fund of the Foundation. Cash receipts are to be deposited intact. That is, cash receipts are not to be used to pay expenses, and then the net cash amount deposited. All proceeds, checks and cash, must be delivered to the Foundation along with an accounting of all monies received within one week after the fundraising event.

Tax requirements and Acknowledgments

The IRS has imposed strict requirements that impact any fundraising. If the steps outlined below are not taken, Donors will be denied a tax deduction; the Fundraising Group might find themselves unexpectedly subjected to tax on the funds they raise; either Yolo Community Foundation or the Fundraising Group might be subjected to penalty.

Donors who contribute \$250 or more will need a written acknowledgment from Yolo Community Foundation in order to claim a tax deduction for the contribution. The Foundation will provide the appropriate acknowledgment to the Donors, but will require certain detailed information in order to do so. Specifically, the Fundraising Group will need to 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 or property;
4. If property, a description of the type of property and a good faith estimate of the fair market value; and
5. A detailed description of any goods and services provided in exchange for the contribution.

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

If the Fundraising Group provides goods or services in exchange for a donation of \$75 or more, certain disclosures are required to be made upon solicitation. 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 ticket to the event is a typical method for making this disclosure.

Yolo Community Foundation will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the Foundation will have to work with the group prior to the solicitation activity, and will need information pertaining to the event such as the ticket prices, and the value of the goods or services Donors are to receive. The Fundraising Group needs to see that the required quid pro quo disclosures are made.

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

Rummage Sale purchases are not tax deductible.

Auctions - Legal counsel for the Foundation shall review, on a case-by-case basis, any proposed ideas for an auction. At that time, tax deductibility of items will be determined.

Liability Insurance and Liability for Losses

The Fundraising Group will contact Yolo Community Foundation prior to having a fundraising event to assess the need to secure liability insurance for itself and for the Foundation. Insurance coverage must be reviewed and approved by the Foundation.

The Fundraising Group will be responsible for all losses incurred by events. 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.

Solicitation of Contribution

The following information must be provided to all potential donors:

1. The name of the charitable organization and the state in which it does business: Yolo Community Foundation, California.

2. A description of the purpose for solicitation:

The _____ Fund is a component fund at Yolo Community Foundation.

The _____ Fund at Yolo Community Foundation is raising dollars today for the purpose of _____.

3. Inquiries can be addressed to:

Cath Posehn, Executive Director

Yolo Community Foundation

P.O. Box 1264

Woodland, Ca. 95776

4. The amount of the contribution deductible as a charitable contribution by federal law. (It is vital to determine the value of the benefit received by the Donor for his or her contribution. This amount is not deductible for federal income tax purposes.)

5. Written financial statements can be obtained from Yolo Community Foundation (All information regarding funds raised and event expenses must be given to the Foundation within one week of the fundraising event so that we can respond in a timely manner to requests for information.)