



**COMMUNITY
FOUNDATION**
OF HARFORD COUNTY

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POLICY: DONOR INITIATED FUNDRAISING POLICY

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Reviewed and Approved:

Reviewed and Revised:

INTRODUCTION

Community Foundation of Harford County (“CFHC” or the “Community Foundation”) creates a vibrant Harford County. We do this, in part, through grantmaking from the many component funds that make up the Community Foundation’s assets. CFHC appreciates the many efforts of various individuals and groups in the community to raise money for the benefit of funds held at the Community Foundation.

The guidelines in this policy are intended to support those efforts with respect to certain policies of the Foundation and/or the legal requirements that must be observed. Our goal is to help assure success while avoiding unintended tax consequences, adverse public perception, and legal liability.

It is critical to understand that when someone conducts fundraising activities or solicits contributions to benefit a component fund of CFHC, they are **acting on behalf of the Community Foundation**. Many of these volunteer efforts and events rely upon the use of the Community Foundation’s tax-exempt status to offer contributors a charitable tax deduction for their gift. Accordingly, CFHC has a primary interest in making sure these activities are conducted in such ways that are legal and reflect positively on our organization.

For these reasons, it is critical that all donor initiated fundraising be coordinated with the CFHC. Communication is key. Before undertaking any public fundraising efforts, individuals and groups should discuss their plans with the Community Foundation. This gives us the opportunity to make suggestions that may enhance the success of your effort, helps our office answer questions that may arise from the public and allows us to properly administer proceeds and gifts that come directly to us. It is our policy that you contact us before undertaking any donor initiated fundraising.

All uses of the Community Foundation's name in advertising and promotional materials must be approved in advance by CFHC in writing. Where applicable, all fundraising materials should make clear that funds are being raised on behalf of, rather than by, the Community Foundation.

"Fundraising" and "solicitations" in this policy refer to any time people are asked verbally, in writing or by electronic or other means to contribute to a Fund. The term "fundraising events" includes but is not limited to receptions, dinners and parties; sports or entertainment events; raffles and/or auctions; and other similar activities.

We appreciate your cooperation in complying with the important requirements established in these policy guidelines. We reserve the right to refuse any assets that have been raised in violation of CFHC policies. The Community Foundation reserves the right to amend, revise or change this Policy at any time or from time to time without notice at its sole discretion. If you have any questions about the Policy or want to confirm you have the current version, please contact the Community Foundation at 443.371.6062.

The approval or denial of a donor initiated fundraising event is solely for purposes of compliance with CFHC's Donor Initiated Fundraising Policy. CFHC's approval or denial of a donor initiated fundraising event does not make CFHC liable for any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor initiated fundraising event. CFHC expressly denies any liability from any incident, occurrence, transaction, injury, or any other circumstance arising out of any donor initiated fundraising event.

GENERAL RESPONSIBILITIES

The responsibilities of the Community Foundation will be to:

- manage such money and property as it may accept into the component fund from donors, or other contributors and sources;
- apply the income and principal for charitable uses, in accordance with the governing documents of the fund, CFHC and all regulations and laws; and
- provide appropriate acknowledgements to donors for tax-exempt donations.

The individuals or groups conducting fundraising will retain responsibility for all public fundraising and matters related to them including:

- obtaining written authorization from CFHC to engage in fundraising activities under CFHC policies;
- paying all costs and expenses associated with the event or activity;
- maintaining an accurate and complete accounting of income and expenses; including ticket sales and cash gifts;
- complying with applicable laws and regulations; and
- conforming with other requirements of the activity or event in question, such as registrations, licensing, tax-related obligations, and insurance considerations.

DONOR INITIATED FUNDRAISING OPTIONS

The three following options are the only options available to individuals and nonprofit groups for donor initiated fundraising:

Option 1. Solicitation of non-event, direct, tax-deductible gifts to a fund at the Community Foundation.

Option 2. Fundraising sponsored by a nonprofit 501(c)(3) organization

Option 3. Proceeds from an event for which donors are not offered a tax deduction

GENERAL GUIDELINES FOR ALL OPTIONS

- A. Community Foundation Identification.** All materials must clearly state the Fund's name as the "Community Foundation of Harford County *Name of Fund*." Fundraising materials must clearly state that funds are being raised on behalf of rather than by the Community Foundation. When requested, an electronic logo will be provided for use on all approved printed materials.
- B. Community Foundation Support.** The Community Foundation staff is not able to provide administrative assistance related to fundraising efforts or in the production of solicitation materials. CFHC staff will not handle ongoing administration of solicitation efforts, help manage events, or pay for expenses such as materials or postage.
- C. Paid Solicitors.** You may not, under any circumstances, pay a for-profit commercial fundraiser or individual fundraiser to solicit donations for a Fund of the Community Foundation. This is a violation of the ethical standards of CFHC.
- D. Direct Gifts.** In general, solicitations should encourage a donor to make a gift directly to the Fund. In that case, the donor should make the check payable to the Community Foundation of Harford County with the benefiting fund name noted on the memo line and send it directly to the Community Foundation. Gifts of stocks or bonds may also be made directly to the Foundation with indication of the fund to benefit. See CFHC's *Gift Acceptance Policy* for details and a copy of the *CFHC Stock Transfer Form* located at www.cfharfordcounty.org/newsroom/publications-forms.
- E. Online Gifts.** You are welcome to promote the Community Foundation's online giving platform as a convenient giving method for donors. If you do so, please note in your solicitation materials that donors who choose to give this way will see the charge attributed to *Network for Good* on their credit card statements. Direct merchant service fees incurred by CFHC as part of each donation will be deducted from donations.
- F. Gift Acknowledgement.** Except as otherwise noted below, donors, will receive a gift acknowledgement letter from the Community Foundation indicating the gift is tax deductible as permitted by law.

- G. Expenses.** With very few exceptions, all expenses related to the activity or event will be the responsibility of organizers. In all cases, however, the fundraising group will be expected to maintain appropriate financial controls and records related to fundraising events. Direct expenses related to fundraising (e.g. outside printing costs) may be charged to the component fund in question with prior CFHC staff approval. Please check with CFHC about conditions governing the fund in question. Event organizers will be responsible for any and all losses incurred by activities or events. The Community Foundation will not be held responsible for any such losses.
- H. Charitable Gaming.** All raffles and similar games of chance are subject to the Maryland Charitable Organization Gaming Laws and a Harford County Raffle License is required by the Sheriff's Office. No such activities will be allowed by CFHC for the purpose of raising funds for a component fund of the Community Foundation.

DETAILED OPTIONS FOR FUNDRAISING

Option 1: Solicitations for direct tax-deductible gifts to a Fund of the Community Foundation

You may promote a Fund through various forms of marketing including brochures, posters or information sessions, or a direct monetary request through an appeal letter or other means. All promotional materials must be pre-approved by Community Foundation staff and copies are required for our records. Follows general guidelines above.

Option 2: Event or solicitation sponsored by a nonprofit 501(c)(3) organization with proceeds to benefit a Fund of the Community Foundation

You may make a gift of proceeds from an event or solicitation sponsored by a 501(c)(3) organization that has a Fund at the Community Foundation for the benefit of that organization. Follows general guidelines above, **with the following exceptions:** the organization will issue its own gift acknowledgement letters to donors, and should ensure their compliance with all applicable IRS and State of Maryland laws and regulations regarding solicitation, acknowledgement and tax deductibility of gifts.

Option 3: Proceeds from an event for which donors are not offered a tax deduction

You may make a gift to a component fund of the Community Foundation from the proceeds of an event for which donors are not offered a charitable tax deduction. Generally, the person or group that plans and executes the fundraiser makes one lump sum donation (net of expenses) to the fund. Donors **may not take a charitable tax deduction** for any contribution, the Community Foundation will not issue a gift acknowledgement to individual contributors, and a charitable deduction for participating in the event will not be received. A receipt for the net amount received is sent to the organizing person or group.

Follows general guidelines, with following specific guidelines:

1. Notify the Community Foundation in writing regarding your plans at least 30 days prior to your event.
2. Cannot use the Community Foundation identity in any way, except to reference that net proceeds will be donated to the component Fund.
3. Organizers are responsible for all expenses and administration, including obtaining and paying for any necessary insurance, permits, licenses, approvals or any other details.
4. Organizers may not use CFHC's tax exempt number for sales tax purposes in relation to the event.
5. Gifts are not tax deductible.
6. Expenses of the fundraising are paid from the proceeds prior to contribution to the Fund.

SPECIAL CONSIDERATIONS FOR TAX DEDUCTIBILITY

For all options, please be aware that:

- *Contributions of services*, while appreciated, are generally not deductible.
- *Quid pro quo*. If goods or services are provided in exchange for a donation, certain disclosures are required upon solicitation. Limitations on the deduction, known as a "quid pro quo disclosure," must be disclosed at the time of the solicitation. The Community Foundation will not provide tangible goods or services benefits in exchange for a donation.
- *Rummage Sale purchases* are not tax-deductible.
- *Auctions*. The Community Foundation is not responsible for valuing charitable deductions for items purchases by donors at an auction or similar event. It is recommended that donors consult with their tax advisor on such issues. CFHC strongly discourages auction fundraising for a component fund of the Community Foundation, unless sponsored by a separate nonprofit fiscal sponsor that accepts all responsibility for liability of the event.

ADDITIONAL INFORMATION

Please contact the Community Foundation of Harford County at 443.371.6062 for additional information or to discuss donor initiated fundraising. Thank you for your interest.