



## Fundraising Procedures for Charitable Funds

This form is also found online at [www.pacfwv.com/Give/How-to-Use-Your-Fund](http://www.pacfwv.com/Give/How-to-Use-Your-Fund)

### Purpose

To assure that all fundraising efforts to build charitable funds at the Parkersburg Area Community Foundation, including its regional affiliate collection of funds for Doddridge County, Ritchie County and Little Kanawha Area Community Foundations (PACF) are in compliance with known IRS, federal, state and local legal requirements\*, the Foundation has established a policy for donors and/or other affiliated individuals or organizations wishing to conduct fundraising activities and/or solicitations to build Foundation funds. *\*Such requirements change from time-to-time; this Policy reflects our best knowledge as of 2015 requirements.*

This policy was created to protect the Foundation funds, donors and the Foundation itself. The chief responsibilities of the PACF Board and staff are to acquire, protect, and grow assets that are entrusted to the Foundation by donors and to make grants that fulfill the donors' wishes from those assets for the benefit of the 11-county service area. The Foundation staff is dedicated to increasing the Foundation's endowment through the acquisition of major and planned gifts. While the PACF values the efforts of individuals and organizations to raise money on behalf of the Foundation's funds, neither the Board nor staff are equipped to operate or assist with solicitation activities or fundraising events for the PACF funds. Likewise, the PACF will not allow its tax-exempt status to be used by other groups or organizations in order to offer contributors a charitable tax deduction for gifts or in-kind contributions, unless those gifts are made directly to the PACF, as addressed in the policy herein.

***Fundraising Activity:*** Occasions on which goods and/or services are exchanged for a contribution by a participant/donor which may include but are not limited to: receptions, meals, sporting races or tournaments of any kind, auctions, raffles, sales (clothing, cookbooks, art work, etc.). Fundraising also includes fundraising activities that are "virtual" in character, such as internet promotions, online gifts, "crowdfunding" sites, social media campaigns, etc. *\*This list is not all-inclusive.*

### Fundraising policies for charitable funds held within the PACF can happen in two ways:

#### 1) ***Under the Guidance/Support of the PACF***

Any activity where participants/donors make their checks payable to the PACF or to a specific fund held within the PACF and where a charitable tax deduction is anticipated for the contribution.

#### 2) ***Independent of the Community Foundation***

Any activity where participants/donors make their checks payable to an entity other than the PACF, in which case this entity then assumes responsibility of all financial management associated with the fundraising effort (such as payment of expenses), then, that party makes the contribution of the net proceeds to a fund at the PACF, and where a charitable deduction is available only if the sponsoring entity is a nonprofit organization itself that accepts and receipts the contribution.

## Guidelines for Fundraising under the Guidance/Support of the PACF

When fundraising activities or solicitations use the PACF name or the legal name of the charitable fund, the IRS views the fundraiser as being supported by the PACF since the PACF legally “owns” the fund. In this case, the PACF is legally responsible for the fundraising activity, and it, as well as the donors, can face serious penalties and liabilities if careful procedures are not followed: donors may be denied a tax deduction, the fundraising group may be unexpectedly subjected to tax on the funds raised; and both the PACF and the fundraising group may be subjected to penalties. Additional fees to cover the costs of administering fundraising activities may be charged by the PACF depending on the level of administrative support required.

Fundraising activities that are not permitted are: Games of chance (lotteries, bingo, etc.) and raffles. Fundraising activities that are permitted are: Appeal letters to friends and associates, brochures, information sessions.

Fundraising activities that may be permitted: While allowed, other types of fundraising events can require additional research, restrictions and/or require additional agreements to be constructed prior to initiating them – such as golf tournaments, runs/walks, or any function at which alcohol may be served, due to concerns such as, but not limited to, events liability concerns and special permissions or licenses which may be required.

1. Before using the PACF name, logo, tax exempt number, or the legal name of the fund in connection with the fundraising effort, PACF must provide written approval. A written proposal outlining the effort plus a budget indicating expected revenue and expenses must be submitted and accepted at least two months prior to the activity.
2. All fundraising solicitation or publicity materials must clearly state that money is being raised ***on behalf of the (Fund Name) managed by the PACF or on behalf of the PACF.*** They are not to state that money is being raised ***by the (Fund Name) managed by the PACF or by the PACF.***
3. All fundraising solicitation or publicity materials associated with fundraising events associated with charitable funds assigned to an Affiliate of PACF must further identify on the materials that the **“Fund Name” of “Affiliate Name” is an affiliate of the Parkersburg Area Community Foundation.** This is required by the West Virginia Secretary of State.
4. Certain fundraising efforts connected with the PACF may require proof of insurance for liability purposes. The PACF may be able to secure a certificate of insurance or a separate rider for an effort or event. The cost of such rider will be considered an event expense and may be paid from the proceeds or from the fund balance. The PACF requires a lead-time of 4-6 weeks to obtain this coverage. If after checking with the PACF, you elect to obtain separate liability insurance, the PACF must be named as an additional insured on the policy and a copy must be provided to us at least a week prior to the event.
5. The fundraising organizer must coordinate with the PACF to ensure that it obtains all required permits, licenses and/or approvals necessary for the Foundation to be associated with the effort. All legal and/or contract arrangements must be reviewed with Foundation staff. If legal counsel appears necessary, legal expenses and/or other costs related to obtaining permits are the responsibility of the fundraising organizers. It may be possible for these costs to be included in the budget and considered an event expense, depending on the type of fund.



6. Contributions by check should be made payable to the: “XYZ Fund of the Parkersburg Area Community Foundation” and may be abbreviated to “XYZ Fund/PACF” or to the Parkersburg Area Community Foundation with the Fund name in the memo line.
7. If goods and services are provided in exchange for a donation, certain “quid pro quo” disclosures are required on solicitation materials including a good faith estimate of the value of the goods or services provided. For example, if a solicitation level of \$100 includes a shirt valued at \$35, the materials should read, “*Your gift in excess of \$35 is tax deductible to the extent provided by law.*” IMPORTANT: if a token gift is provided in relationship to a contribution, the IRS issues guidance periodically on the nature and types of token gifts and permissible values. Solicitations must comply with IRS Publication 1771 guidelines as such guidelines are adjusted from time-to-time.
8. The PACF manages the money contributed to the fund, ensuring that the income and principal (if applicable) are directed to charitable uses and are in accord with the governing documents of the PACF and the individual component fund. No donor restrictions other than those for the purposes of the component fund will be accepted.
9. The fundraising entity is responsible for any losses incurred by fundraising efforts or events. The PACF will not be held responsible for such losses.

## Guidelines for Fundraising Independent of the Community Foundation

Fundraising activity is conducted by an individual, a group of people, or another organization without the involvement or mention of the PACF. The person or group executing the fundraising activity becomes the “sponsor” of the fundraiser and must understand and accept the responsibility and liability associated with the fundraising activity. The person or group executing the fundraising activity are responsible for paying all expenses directly and then sending the net proceeds (cash or check) from the fundraiser to the PACF.

1. After conferring with the PACF, a person or group plans and executes a fundraising event in compliance with these guidelines for independent fundraising. That person or group becomes the sponsor of the activity and must understand and be willing to accept the responsibility and liability associated with the activity.
2. Event solicitation or publicity materials may state that the net proceeds benefit the general purpose of the fund, but may not use the PACF name, logo, tax exempt number, or the legal name of the fund in connection with the fundraising effort.
3. Unless the event is being sponsored by a tax-exempt nonprofit organization which accepts and acknowledges the contributions, fundraising solicitation or publicity materials *may not* state that contributions are eligible for tax deductions. The individual contributor’s gift is not tax deductible unless the sponsoring group is a nonprofit organization and issues a receipt for the gift. Note that, in general, “crowdfunding” sites are not tax-exempt organizations and fundraising conducted via “crowdfunding” platforms cannot usually offer a charitable deduction for the donor.
4. The planning group is responsible for determining, obtaining, and paying for any necessary insurance, permits, licenses, approvals, etc. The name of the Foundation or the legal fund name must not appear on any contract or agreement. The signatory must understand and agree to his/her responsibility and liability for the event. (Note: volunteers must not sign contracts obligating the PACF.)
5. Be aware that events or activities that include raffles or other games of chance are regulated by state and local governments and must be specifically reviewed, authorized and registered by the appropriate branch of government. Note that there are specific regulations regarding raffles and drawings and that there is ***no charitable deduction for raffles regardless of whether they are sponsored by a qualifying charity.*** Also, auctions and rummage sales typically do not have a charitable component since the recipient receives a product in exchange for his/her gift.
6. Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) make their payments to the organizing person or group, not to the PACF or the fund. The organizers may record the contributors’ names and addresses and may provide a courtesy acknowledgement. The acknowledgement letter must not include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility or to the contribution being made to the PACF or to the fund.
7. The planning group is responsible for payment of all expenses directly and sends the net proceeds from the fundraising activity (cash or check only) to the PACF for deposit into the fund. The PACF records the gift



as coming from unnamed “third party donors” and provides a receipt to the sponsoring organization. While the gift enters a charitable fund, the gift itself is not considered tax-deductible to the entity which conveys the proceeds.

## Questions about Fundraising Procedures for Charitable Funds at the PACF

For additional question regarding the Foundation’s Fundraising Procedures for Charitable Funds please contact:

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