



DONOR-INITIATED FUNDRAISING POLICY

Statement of Purpose

In establishing a fund at The Community Foundation San Luis Obispo County (“Foundation”), there may be times when the fund representative (“Advisor”) would like to organize a fundraiser to increase the value and visibility of their fund at the Foundation. In addition to raising contributions, these events may commemorate a person, event, or idea, and can be a means to engage a broader group of individuals in the fund’s philanthropic mission. This policy applies to any type of fund and was developed to help secure a successful outcome and to ensure that the Foundation meets all federal, state, and local legal requirements.

While the Foundation is unable to directly assist the Advisor in fundraising, there are several ways to promote a fund held at the Foundation. When undertaking marketing campaigns, promotions, or fundraising, whether it takes the form of brochures, newsletter articles, posters, information sessions, a request of money through an appeal letter to friends and associates, or events such as golf tournaments, auctions or dinners, prior Foundation approval is required before the materials are used and must clearly state that the fund is “a fund of The Community Foundation San Luis Obispo County.”

Statement of Policy

When an Advisor conducts fundraising activities and solicitations on behalf of a fund at the Foundation, for tax purposes such fundraising is being done on behalf of the Foundation and a number of tax and accounting issues arise. These activities must conform to federal, state, and local regulations and as such, are required to be conducted under the observation and fiscal guidance of the Foundation to ensure that donors to the fund receive the appropriate tax deductions, if any, to which they are entitled. In addition, the Foundation wants to protect the Advisor from unintended tax consequences to themselves and ensure that the Foundation is not exposed to penalties for failing to make proper solicitation disclosures.

There are three ways an Advisor may promote a fund held at the Foundation.

1. Independent Fundraising by an Individual or Non-Exempt Organization

The Foundation is unable to assist with any kind of public fundraising event that relies upon the use of the Foundation’s tax-exempt status in order to offer contributors a charitable tax deduction for their participation. However, the Advisor can make a gift to the fund from the proceeds of an event/solicitation for which donors are not offered a charitable tax deduction.

The Advisor may conduct fundraising without the endorsement or involvement of the Foundation. Generally, the Advisor may plan and execute a fundraiser such as a dinner, golf tournament, walk-a-thon, personal solicitation, or direct mail campaign, and then makes one lump sum donation (net of expenses) to the fund the Foundation. Unless the event is sponsored by another tax-exempt nonprofit organization which accepts and acknowledges the contributions, the donor may not take a charitable tax deduction for the contribution.

Additional Guidelines Applicable to Non-tax-deductible Fundraising

- If publicly stating that the net proceeds will be deposited into a fund at the Foundation, all printed and spoken material must clearly state that the fund is “a fund of The Community Foundation San Luis Obispo County.”
- The Advisor may not use The Community Foundation San Luis Obispo County’s tax-exempt number in connection with the event. Contributions made as a result of the event or solicitation will not qualify as a tax-deductible charitable gift to the Foundation. Contributions to a fundraiser are only tax deductible when they are received and acknowledged directly by the qualified nonprofit organization.
- The Advisor is responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. Events or activities that include raffles or other games of chance are regulated by state and local governments and must be specifically reviewed and authorized by the appropriate branch of government.
- Fundraising events often require certificates of insurance or signed contracts. When events are sponsored independent of the Foundation, neither the name of the Foundation nor the fund may appear on any contract or agreement. (Note: volunteers may not sign contracts obligating The Community Foundation San Luis Obispo County.)
- Individual participants in the event (attendees, ticket purchasers, sponsors, golf players, etc.) make their payments to the organizing individual or group, not to The Community Foundation San Luis Obispo County or the fund. The Advisor may choose to record 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 Community Foundation San Luis Obispo County or to the fund.
- The Advisor must pay any expenses and send the net proceeds of the fundraiser to the Foundation for addition to the fund. The Foundation records the gift as coming from the Advisor or organizing party.

Crowdsourcing Contributions

Online crowdsourcing has become a popular way to raise money for many organizations. There is a myriad of crowdsourcing sites to choose from, and the Foundation requires that the Advisor discuss their plans with the Foundation at least 30 days prior to setting up a crowdsourcing account on behalf of the Foundation. The Foundation must provide pertinent corporate and banking information to the crowdsourcing company. This information may not be provided by the Advisor.

Whenever possible, the Foundation will credit the individual fund with the monies raised by that fund. To do this, the crowdsourcing company must clearly identify the fund for which they are remitting

payment. However, not all crowdsourcing companies have the capability to provide the Foundation with information on individual donors. An example of this is Amazon Smile. In this case, in the absence of individual donor and fund information, the Foundation has determined that all donations received will be put into the Foundation's Community Needs Fund as there is no way to determine which individual funds should receive the contribution.

2. Direct, Tax-Deductible Gifts to the Fund

There may be times when individual contributors to a fundraiser want to receive a charitable deduction.

An Advisor may promote a fund using various forms of marketing through newsletters, articles, brochures, posters, information sessions, blogs, social media posts, and direct appeal letters. Similarly, an Advisor may wish to hold a fundraising event. In response to these marketing efforts, a donor may make a gift directly to the fund. The check should be made payable to the Foundation (or CFSLOCO) with the name of the fund in the "memo" line of the check and sent directly to the Foundation office. Online gifts can be made directly to the fund with the purpose of the gift placed in the "comments" section of the online form. Gifts of appreciated assets are also accepted. The Foundation will send the donor a gift acknowledgment letter indicating that the gift is tax deductible in accordance with IRS regulations.

The Foundation must approve in advance all written or spoken materials related to solicitations to promote the fund, including newsletter articles, letterhead, brochures, website content and media announcements. All materials and logos must state clearly that the fund is "a fund of Community Foundation San Luis Obispo County." Please allow up to 30 days for staff to review.

3. Independent Fundraising by an Exempt Organization

If the fund is held on behalf of an agency that is a charitable 501(c)(3) organization, the agency may make a gift of the proceeds from an event or solicitation that is sponsored by and for the benefit of the organization. The organization issues their own acknowledgement letters, and the donors receive a charitable tax deduction for their gifts because the agency has its own charitable tax-exempt status. If publicly stating that the proceeds will be deposited into a fund at the Foundation, all printed and spoken material must clearly state that the fund is "a fund of Community Foundation San Luis Obispo County."

These rules also apply if a 501(c)(3) nonprofit organization is organizing and running a fundraising event or solicitation on behalf of the fund.

All reporting requirements are solely the responsibility of the charitable organization.

Prior Foundation Approval of Events

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

- **Description:** Describe the event or other effort to raise money for the fund. Briefly outline the fundraising goal, the activities of the event, any experience on the part of the Advisor in conducting this type of campaign or event and why the activity is expected to succeed.
- **Contact person:** This person will serve as the main source of communication between the Foundation and the Advisor. 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.
- **Marketing or Promotional Materials:** Attach examples of all promotional or marketing materials, website links, or social media posts. All promotional materials should make clear, where applicable, that funds are being raised on *behalf of* rather than *by* the Foundation

The Foundation will assess an administrative fee against the fund to defray the cost of additional services required by the fundraising event or solicitation.

The Advisor is not authorized to bind the Foundation to any contract or agreement unless specifically authorized in writing. As such, all contracts must be reviewed, entered into, and signed by the Foundation CEO.

To view the Rules and Responsibilities of the Foundation and the Advisor, or to review the procedures associated with a fundraising event, please contact the Foundation.

Liability Insurance and Liability for Losses

The Advisor must contact the 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. This insurance requirement is waived for mail or online fundraising campaigns.

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

Administrative Fees on Gifts

As per the Foundation's Administrative & Investment Fee Policy, all gifts to the Foundation will be charged an administrative fee, as applicable to the type of fund receiving the gift.