



Donor Initiated Fundraising Policy

Public Fundraising for Component Funds

Innovia Foundation (“Innovia”) provides education and consultation to fund founders wishing to develop their fund’s resources, however, Innovia does not operate fundraising **events** for its component funds or affiliated foundations. Innovia’s assistance to donors, businesses and organizations includes technical advice for those wishing to make online gifts, major and planned gifts to an established fund or to create a new fund.

When conducting a fundraiser to generate support for a fund, Innovia does not handle the expenses of the fundraiser, but can receive the net income from the fundraiser and acknowledge the individual contributors as described in the following policies.

When conducting fundraising activities and solicitations on behalf of component funds at Innovia, fund founders must keep in mind that for tax purposes such fundraising is being done on *behalf of* Innovia and a number of tax and accounting rules apply. It is important that fundraising activities be conducted under Innovia’s guidance to ensure that donors are entitled to the appropriate tax deductions. Innovia will also help ensure that donors and the fundraising group are protected from unintended tax consequences, and confirm that Innovia is not exposed to penalties for failing to make proper solicitation disclosures. These policies are designed to protect the donor, the fundraising group and Innovia.

Policies Regarding Public Fundraising for Component Funds

Innovia Approval of Events

Before undertaking public fundraising events, a written proposal must be submitted to Innovia outlining the program, event or other effort to raise money for the fund. **Advance approval** must be obtained from Innovia.

All uses of Innovia’s name in advertising and promotion must be approved in advance by Innovia. All materials should make clear, where applicable, that funds are being raised **on behalf of** rather than **by** Innovia.

Responsibilities of Innovia

Innovia’s responsibility will be for:

- The management of such money and property as it may accept into the component fund from donors and other contributors.
- The application of income and principal to charitable uses in accordance with the governing documents of the fund.
- Providing appropriate and timely acknowledgment to donors.
- Providing fund founders and other authorized persons with access to current lists of donors to a component fund.

Responsibilities of the 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 - state, city, county or government.
 - Reporting and other requirements of every kind such as permits, licensing, tax payment, and liability insurance covering Innovia.

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Payment of Expenses

The fundraising group will establish a budget for submission to Innovia prior to an event. How expenses will be paid, either by the fundraising group or by the component fund of Innovia, must be discussed and approved prior to the event.

Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to Innovia Foundation and designated for the fund. If the expenses are to be paid by the component fund of Innovia, 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 Innovia 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 which affect any fundraising. If the steps outlined below are not taken, donors may be denied a tax deduction, the fundraising group might find themselves unexpectedly subject to tax on the funds they have raised, and Innovia or the fundraising group might be subject to penalties.

Donors who contribute to the fund will need a written acknowledgment from Innovia in order to claim a tax deduction for the contribution. Innovia requires certain detailed information in order to provide the appropriate acknowledgment to the donor. Innovia will mail gift acknowledgement letters upon receipt of the following information provided by the fundraising group:

- The donor's complete name and address.
- The date and the amount of the contribution. If the contribution was in property, a description of the type of property and a good faith estimate of the fair market value.
- A detailed description of any goods or services provided in exchange for the contribution. If the fundraising group provides goods or services in exchange for a donation, certain disclosures are required to be made upon solicitation. Innovia will assist the fundraising group in determining the fair market value amounts and the appropriate disclosure language for the event. To do so, Innovia will have to work with the group prior to the solicitation activity and will need information pertaining to the event such as ticket prices, and the value of the goods and services the donors are to receive. 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 "quid pro quo disclosure," must be disclosed at the time of the solicitation. Disclosure on the ticket to the event is a typical method for making this disclosure.
- **The Fundraising group is required to see that all "quid pro quo" disclosures are made.**

Note: a donor may not use a DAF for this purpose however. The IRS restricts the practice of "bifurcated" grants *from DAFs*, where a donor will make a grant recommendation for the charitable portion of an event sponsorship and will personally pay the value of the tickets or other benefits received. Per the guidance contained in IRS Notice 2017-73, the IRS is strongly *considering a prohibition* on this practice, *but there is no change in the ability of an individual donor to make a quid pro quo charitable contribution* and to claim a deduction for the amount of the contribution that exceeds the value of the benefits received.

Raffle tickets are not tax deductible.

Rummage sale purchases are not tax deductible.

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

Contribution of services, while appreciated, are not generally tax deductible.

Liability Insurance and Liability for Loss

The fundraising group will contact Innovia prior to having a fundraising event to assess the need to secure liability insurance for themselves or for Innovia. Insurance coverage must be reviewed and approved by Innovia.

The Fundraising group will be responsible for all losses incurred by events. Innovia will not be held responsible for such losses.

Questions?

Contact:

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