

Event and Fundraising Policy

Often a Program at United Charitable wishes to organize a fundraising event to generate contributions to further its charitable purpose. Fundraising events are a wonderful way to both educate the public about your project and raise funds to support it. This policy contains a lot of information, but it is very important that you, as the program manager, read and understand United Charitable's fundraising and event guidelines and regulations.

Here are a few examples of events frequently hosted by our programs:

- Silent Auctions
- Bake Sales
- Garage Sales
- Raffles
- Dinners
- Pancake Breakfasts
- Golf Tournaments
- Plays
- Musical Performances
- Car Washes
- Talent Shows
- Crafts Auctions
- Yard Sales
- Chili Cook-Offs
- Ice Cream Socials
- Contests

There are important tax and accounting implications involved with an event's operation. Since United Charitable will be the entity receiving the event's gross proceeds, and because all activities fall under United Charitable's 501(c)(3) determination, such fundraising events inevitably create exposure for United Charitable. Therefore, this policy has been developed to protect United Charitable and all parties who may be involved in event fundraising.

Before you undertake a fundraiser or event, please review the following:

I. UCP Must Approve All Events in Advance

Prior to holding an event or fundraising effort, you **must submit** a written description of the event, and obtain advanced approval from United Charitable. In addition, any use of United Charitable's name in promotion materials must be approved in advance, and it must be made clear in your solicitations that funds are being raised **on behalf of your program at United Charitable**, rather than by United Charitable or the individual program itself. Please use the [Fundraising Event Approval Form](#) on our website.

II. General Responsibilities of the Program Manager

As the program manager of your project at United Charitable, you have certain responsibilities to both your donors and to United Charitable as your governing organization. Please review the following requirements, specific details can be found in other sections:

- a. United Charitable or your program should never be named on a contract. You cannot enter into any agreement or take any action of any type which may expose any program at United Charitable and/or United Charitable to liability. You do not have the authority to name United Charitable or your program on any contract or other document, resulting in liability to United Charitable.
- b. You agree to comply with all pertinent local/state/federal regulations and laws pertaining to fundraising. You will also be responsible for ensuring that all necessary licensing, tax payments, and liability insurance coverage is in place. Please provide a copy of your liability coverage to United Charitable. (Please see VIII and XI.)

c. United Charitable must receive all funds raised. Do not pay any expenses from funds raised or cash any checks. Event costs should never be taken out of receipts prior to deposit with United Charitable, but should instead be paid by United Charitable directly to suppliers upon receipt of proper documentation submitted via the disbursement request form.

d. You must provide United Charitable with documentation of all expenses, including copies of invoices and receipts and a listing of checks, at the conclusion of the event, and retain those records for your own files. Please use the [Disbursement Request Form](#) and attach all necessary receipts and invoices for the outgoing payments to be made. (Please see IX)

e. In the event that there are losses incurred from holding such event, United Charitable will not make up any difference between event costs and revenue. Only funds available in your account and raised at the event can be used to reimburse or pay for expenses.

f. You agree to provide appropriate recognition and thank-you notices to all donors for gifts of \$250 or less. You may provide an acknowledgment form that donors can retain for tax purposes (for example, a ticket stub or portion of an entry form). This should include the value of anything that the donor may have received, and a calculation of the tax-deductible portion of their gift. For example, it should read:
“Your payment of \$50 includes dinner, valued at \$25, which results in a tax-deductible gift of \$25.”

You may also use the [Sample Donation Letter](#) found on our website. United Charitable will provide receipts directly to your donors for gifts of \$250.00 or more as required by the IRS. (Please see III b and X)

III. United Charitable Responsibilities to the Program Manager and Donors

For approved and correctly documented events and fundraisers, United Charitable will provide the following:

a. A listing of Donors. We do not use this information or sell lists to any third party whatsoever, except as required by law. We encourage you to maintain a copy of your donors for your fundraising and ongoing development projects. United Charitable will provide this information to you for an additional nominal fee (please see the [Fee Schedule](#)).

b. The appropriate acknowledgment for tax purposes to donors (for amounts of \$250 or more) for their charitable contributions. You must note to us on the [Donation Deposit Form](#) any portion of a gift that is not tax deductible, so that United Charitable can receipt accordingly. (Please see X)

c. Review and disburse funds raised by the event. Once the event is completed and the funds have been sent to United Charitable for deposit, you can request disbursements for payments, reimbursements, or expenses related to the fundraising event from the available funds in your United Charitable program account. Invoices and receipts must be submitted to have these payments processed.

d. United Charitable is not responsible for debts over amounts raised. Any debts must be paid by the program manager, who can request reimbursement once the program account has available funds.

IV. Gambling Restrictions and Necessary Documents

Due to the high financial risk and liability, United Charitable does not allow the use of large scale public raffles for fundraising. However, we do allow the use of In-Event Drawings where tickets are only for sale to those attending the event and the sale takes place during the event. Essentially, the In-Event Drawing could be considered a “door prize” for those attending the event. For other types of gambling events such as Bingo or Casino Night events, there are very important state and local regulations that need to be followed. In order to have a gambling event, the program manager must be responsible for understanding and following any and all gambling regulations in their city and state and submit these documents to United Charitable for consideration along with your Fundraising and Event Approval Form.

V. Prizes for Event Participants

Some events, such as golf tournaments and talent shows, offer cash or non-monetary prizes to winners and participants. Cash prizes, gift cards, prize items, and the like are considered taxable by the IRS and will be reported as such. All participants that receive money or other valuable prizes should submit a signed W-9 to United Charitable for tax purposes. Once this document is on file, a request can be made to issue a prize award from the available funds in your program’s account. You cannot pay cash prizes from your personal funds and expect to be reimbursed. At the end of the tax year, the prize item winner will receive an **IRS Form 1099Misc** from United Charitable for their taxes.

VI. Use of UCP’s 501(c)(3) and Other Documents

As you are raising funds under United Charitable’s tax-exempt status and state registrations, you must make a copy of both our 501(c)(3) IRS Determination Letter, your program’s United Charitable verification letter, and state solicitation registration available to prospective sponsors and donors. You must use the following small-type language on all printed materials used for solicitation purposes:

“(Project Name) is a charitable project of United Charitable – a registered 501(c)(3) public charity. Your gift is deeply appreciated and tax deductible as a charitable contribution to the fullest extent allowed by law. Please see the United Charitable website, www.unitedcharitable.org, to view all charitable, financial, solicitation, and registration documents.”

Please note that state registration information for United Charitable can be found on your state’s government website under charities. Additional registration identification information will be necessary if you are conducting fundraising in any of the following states: Florida, Maryland, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, Virginia, Washington, and West Virginia. Please see the our **State Fundraising & Solicitation Guidelines** available on our website. The state website will provide you with additional disclosure statements or you can contact United Charitable for assistance.

VII. Designation of Checks and Handling of Cash

Checks written as donations to the event should be payable either to “The (Program name),” or to “United Charitable” with the Program name in the Memo Line. The Program Manager will be responsible for delivering all donations to United Charitable. Cash payments or donations should be converted into a money order or cashier’s check, accompanied by a list of donors and their addresses, and the value of anything they received in exchange for their gift.

VIII. Liability Insurance and Liability for Loss

The program manager will be responsible for securing liability insurance coverage for the event or fundraiser. This policy must be submitted to United Charitable at least 2 weeks before the event is to take place. This is the only instance whereby you may list United Charitable as the organization on the insurance policy. Remember, prior event approval is required. (Please see XI if alcohol is being served)

IX. Payment of Expenses

The program manager will be responsible for all expenses, and will maintain an appropriate approved budget, expenditure controls and records relating to the event. The budget will be submitted to United Charitable, along with the event description, for purpose of approval prior to the event. Please note that no contracts should be written in United Charitable's or your program's name. The program manager should be listed on the contract and assume liability.

X. Tax Requirements and Acknowledgements

In order to ensure a tax deduction for donors and to avoid any penalties, the donors who make a net contribution (after any value received) of \$250 or more will receive a written acknowledgement from United Charitable in order to claim a tax deduction. In order for us to prepare this, the program manager must provide United Charitable with:

- a. The donation (cash, check, or MC/Visa/Discover)
- b. The donor's name and address
- c. Date and amount of the contribution
- d. If the donation is a non-cash gift, a description of the item or property, and a good faith estimate or proof of its fair market value (does not apply to services that are donated). Please use the [non-cash gift form](#) and any necessary accompanying forms to relay this information to United Charitable.
- e. If the event includes an auction, a spreadsheet of donated and program purchased auction items and their fair market value (FMV) should be submitted to United Charitable prior to any auction event. After the event, this spreadsheet can be updated to reflect the purchase price of the item, the purchaser, and the donation portion of the purchase price. The donation amount is the purchase price minus the FMV.

If you sell tickets to the event, the donor can deduct only the excess of the ticket price above the fair market value of the dinner. This tax deductible amount should be noted on the tickets sold and in the spreadsheet sent to United Charitable.

For example:

<i>Item</i>	<i>Fair Market Value (FMV)</i>	<i>Donor's Purchase Price</i>	<i>Tax-Deductible Portion</i>	<i>Donor Name</i>
Signed Basketball	\$100.00	\$150.00	\$50.00	Sam Jones
Gift Basket	\$85.00	\$125.00	\$40.00	Lisa Krumble
Dinner Ticket	\$25.00	\$100.00	\$75.00	Anna Grohs

XI. Fundraising and UBIT

Some fundraising activities may incur income classified as “UBIT,” (Unrelated Business Income Tax). This is defined as income derived from activities unrelated to a tax-exempt organization's purposes. It is taxed as if earned by a comparable for-profit entity. Generally, such income is subject to tax at the regular corporate rates, and must be reported on a separate tax return.

UBIT is defined as income derived from 1) a trade or business, 2) which is regularly carried on, and 3) which is not substantially related to the performance of tax-exempt functions, *i.e., it does not contribute importantly to the achievement of tax-exempt purposes*. The fact that income was produced for use in furthering exempt purposes does not qualify the income as related; the income itself must be derived in the course of furthering an exempt purpose.

There is an exception to this rule for “Low-Cost Items.” Income derived from the sale or gift of token thank-you gifts, such as T-shirts and coffee mugs (printed with your program’s name and/or logo) are excluded from taxation if their distribution is “incidental to the solicitation of charitable contributions.” IRC § 513(h)(1)(A). In order for this exception to apply, the recipient must be able to retain the item regardless of whether a contribution is made. A low-cost item is defined as:

1. Any token item or service that costs your program no more than \$9.70, and
2. The contribution received must be at least \$48.50. (These items must have your program's name or logo on them.)

XII. Rules and Guidelines for Alcohol Use

When purchasing alcohol for any fundraiser, meeting, or other event for your Program, the following guidelines must be met in order to ensure that all federal and state laws are abided. This includes the consumption and distribution of alcohol at a presentation, fundraiser, or local meeting with prospective donors. If your event is being held in a restaurant or other venue which already has a permit to sell and distribute alcohol, then additional requirements below are not necessary. When requesting the reimbursement of alcohol for an event where the venue does not assume liability, you will be required to submit these supporting documents as necessary.

- a. Proper licensing for the distribution of the alcohol
- b. Verification that all state and local requirements are met
- c. Verification proving the prevention of serving minors
- d. Liability coverage for the event.