



# **Fundraising Guidelines for Faculty, Staff and Campus Organizations**

**August 2006**

## A. Purposes

1. To distinguish between (a) fundraising efforts in which St. Norbert College (hereafter “the College”) is an intended beneficiary and (b) fundraising activities in which the College is not a beneficiary but members of the College community may be participants,
2. To set limits and offer assistance for members of the St. Norbert College community who wish to engage in fundraising activities outside those conducted in support of the College’s established priorities for philanthropic support,
3. To clarify the College’s legal, fiduciary and moral responsibilities for acknowledging and stewarding the gifts it receives, and
4. To provide education and guidance that will help prevent actions that could jeopardize St. Norbert College’s tax-exempt status.

## B. Background

### 1. *The Office of College Advancement*

The Office of College Advancement helps St. Norbert College fulfill its mission and realize its aspirations in three ways: (1) communicating the College’s character, quality, priorities and goals; (2) building meaningful partnerships with external and internal constituents; and (3) securing and stewarding an ever-increasing supply of useful financial and human resources. Accordingly, the Office of College Advancement must strive at all times to ensure that its policies and procedures are in compliance with local, state and federal regulations in regard to the solicitation and acceptance of gifts. Any deviation from the Internal Revenue Code could result in fines, public embarrassment and/or the loss of the College’s tax-exempt status.

For these and many other reasons, all fundraising requests made in the name of St. Norbert College must be approved in advance by the Vice President for College Advancement or the Vice President’s designate. In addition, only the Vice President for College Advancement is empowered to issue the College’s official receipt that qualifies a donor’s charitable contribution as deductible for tax purposes.

## 2. ***St. Norbert College's Tax-Exempt Status***

A ruling by the Internal Revenue Service, dated March 25, 1946, stated that the agencies and instrumentalities and all educational, charitable and religious institutions operated, supervised, or controlled by or in connection with the Roman Catholic Church in the United States, its territories or possessions appearing in the Official Catholic Directory of 1946, are entitled to exemption from federal income tax under the provision of Sections 101(6) of the Internal Revenue Code (IRC) of 1939, which corresponds to Section 501(c)(3) of the IRC of 1986.

This ruling is important for St. Norbert College, because it establishes:

- (a) The exemption of the College from federal income tax and federal unemployment tax; and
- (b) The deductibility, for general income, gift and estate tax purposes, of contributions by donors to the College.

The ability of St. Norbert College to seek and receive philanthropic gifts and grants is dependent upon the continuing recognition of its tax-exempt status by the IRS. The College must protect this status by abiding by all relevant laws and regulations, including using its tax-exempt status solely for its own benefit and by not sharing it with other organizations. The Office of College Advancement is charged by the College with responsibility for monitoring and protecting its tax-exempt status.

## C. **Policy**

This Policy shall apply to any and all members of the St. Norbert College community, as well as to any other individuals or organizations who may represent themselves to be members of the College community or who claim to be acting on behalf the College. This Policy does not apply to members of the College community when they are engaged in fundraising activities for other organizations and/or when they have explicitly stated that their fundraising activities are unrelated to the College.

### 1. ***Definition of "College Fundraising" Activities***

A College fundraising activity is one that employs the name, image or reputation of St. Norbert College in an effort to secure financial contributions and also meets at least one of the following criteria:

- The activity claims to be for the benefit of St. Norbert College,
- The activity does in fact benefit the College,
- Checks will be made payable to St. Norbert College,
- Donors will expect gift receipt for tax purposes or will be promised a gift receipt, or
- The organization will use the College's taxpayer identification number.

2. ***Advance Approval of Fundraising Activities***

All fundraising activities meeting the definition of “College fundraising activity” (see Section C1 above) must be approved in advance by the Vice President for College Advancement or the Vice President’s designate.

3. ***Gift Receipting***

The only College representative authorized to issue an official gift receipt on behalf of St. Norbert College is the Vice President for College Advancement. Such receipts will be issued only when a donor’s gift has been given for a purpose consistent with the College’s mission and when the donor has not retained any control over the gift’s use or demanded goods or services in consideration for their gift.

4. ***Process for Seeking Approval***

Any potential fundraising activities on behalf of a College program or initiative must first be formally communicated to the appropriate divisional vice president before a request for assistance is directed to the Office of College Advancement. Examples of proposed fundraising activities might include, but are not limited to: departmental grants, underwriting of conference participation, sponsorship of an on-campus symposium, student or faculty travel, equipment, or departmental awards and banquets.

If a divisional vice president endorses a proposed fundraising project, that vice president is then responsible for discussing the proposal with the Vice President for College Advancement or the Vice President’s designate. If, after discussing the proposal, the vice presidents agree to proceed, their decision will be communicated to the President and the President’s Council. The Vice President for College Advancement may also ask that a proposed fundraising initiative be delayed until a time where either the suggested donor(s) will be more receptive to a gift request or the proposed activity would not jeopardize funding for a higher priority of the College.

5. ***Appeal Process***

Any fundraising activity or solicitation that is not approved by the Vice President for College Advancement may be appealed, in writing, to the President’s Cabinet.

6. ***Counsel and Training***

The College Advancement staff will offer assistance to members of the College community interested in advancing the College through fundraising techniques; however, no formal planning for specific fundraising projects will be conducted without the approval of the appropriate vice president(s). Once approval for a fundraising activity is received, the College Advancement team is available to consult with faculty, staff and student leaders on strategies and tactics for their College-endorsed initiatives. Responsibilities for follow through will also be assigned and an

appropriate College Advancement contact person may be identified, but implementation of activities will remain the responsibility of the initiating unit or group.

**7. *Lists of Donors and Potential Donors***

The Office of College Advancement will not share lists of donors or other constituents with individuals and organizations not affiliated with approved College fundraising activities. Lists may be provided to community members working on approved fundraising projects, provided the recipients submit to any required training and sign a confidentiality pledge. Once an approved fundraising project is underway, the Office of College Advancement will prepare and provide progress reports and donor lists to authorized representatives of the project. The College will honor the wishes of donors who ask that their giving to the College be anonymous.

**8. *Processing of Gifts***

Contributions received in response to an approved fundraising initiative must be submitted to the Office of College Advancement within 48 hours. Cash contributions must be accompanied by the original envelope in which they are received. The donor's name and address must be clearly written on the envelope. In cases where at-will contributions are made, or in any other case where the donor cannot be identified, such cash contributions will be classified as anonymous.

In conformity with IRS regulations, the Office of College Advancement must process and record all gifts received by the College. This includes producing a written acknowledgement for any contribution of \$1.00 or more, less the value of any *quid pro quo* benefits received by the donor.

**D. *The College and Non-College Fundraising Initiatives***

The College is aware that students and employees often engage in fundraising activities for which the College is not the intended beneficiary. These activities may range from campus-based efforts to raise funds for groups such as the American Cancer Society or Habitat for Humanity to employee or student participation in their local churches or clubs.

As stated above, when the activities are intended to benefit St. Norbert College, they must be approved in advance by the Vice President for College Advancement or the Vice President's designate. When an activity is not intended to benefit St. Norbert College, administrative approval is not required, but the utmost care must be taken to make that distinction clear and to not lead outsiders to believe the activity is a College-supported effort.

1. **Actions that suggest College participation and support:**

- Asking that checks be made payable to St. Norbert College
- Employing the College's name or logo in promotions or solicitations
- Using College stationery
- A volunteer stating, "As a St. Norbert College student/faculty/staff member, I am asking you...."
- Use of the College's taxpayer identification number

2. **Actions that avoid confusion:**

- Stating that "Gifts to this project are not tax-deductible"
- Stating that "This is an event that will benefit [Name of Charity]"
- Asking that checks "Be made payable to [Name of Charity]"
- Stating that "This event is not affiliated with St. Norbert College"

3. **When is College Approval Needed?**

Here is a simple test to determine if College approval is needed: If it appears that the contemplated fundraising activity cannot be conducted without making contribution checks payable to St. Norbert College, then the activity is one that will require prior approval by the Vice President for College Advancement or the Vice President's designate and organizers should follow the process outlined in Section C.4. above.

4. **Prohibited Activities**

Even when a fundraising activity is not one that benefits the College directly or is sanctioned by the College, members of the College community are prohibited from engaging in the following tactics and activities:

- Using home addresses from the College telephone directory to compile calling or mailing lists\*
- Using the White Pages of local phone directories to compile to compile calling or mailing lists\*
- Using the St. Norbert College Alumni Directory to compile calling or mailing lists\*
- Using one's status as a St. Norbert College employee or student to secure a gift commitment
- Using "blast e-mails" on the campus intranet system to solicit gifts
- Conducting lotteries or similar games of chance, which the State of Wisconsin defines as gambling. (Raffles may be conducted with prior approval from the Department of Athletics, which holds the College's raffle license.)

*\* Note: The publishers of these directories also consider these activities to be violations of their copyrights.*

5. **Related Policies**

Student groups that wish to engage in fundraising activities should also consult the “Official Fundraising Guidelines for Recognized Student Organizations,” which can be found in the *St. Norbert College Student Organization Handbook* or on the College website at <http://www.snc.edu/studentorgs/>.

All organizations and units that must participate in acknowledging gifts are encouraged to review the summary on “Gift Acknowledgements” (see Appendix A) and the overview of “*De Minimis* Benefits” (see Appendix B).

E. **Conclusion**

Today’s donors have more outlets for their philanthropic desires than ever before. As competition for the philanthropic dollar has increased, donors now receive numerous appeals from several non-profit organizations. Consequently they are likely to become annoyed by multiple requests from the same organization. To ignore this imperative is to risk reduced support, an outright refusal, or perhaps even permanent discontinuation of support.

St. Norbert College can be at the forefront of a donor’s choice if we are clear in our intent, focused on the College’s highest priorities, and presenting exciting opportunities for involvement. Coordinating College-wide fund-raising activities is imperative.

## APPENDIX A

### Gift Acknowledgements

The Office of College Advancement is charged with providing donors with legal acknowledgement of their gifts to St. Norbert College.

The written acknowledgment must include the following information:

- The amount of any cash contributed
- A description—but not the value—of any non-cash property contributed
- Whether the charity provided any goods or services to the donor in exchange for all or part of the cash or property contributed
- A description and good faith estimate of the value of goods and services, if goods and services are provided
- A contemporaneous acknowledgment is one that is obtained on or before the earlier of: The date on which the taxpayer files a return for the taxable year in which the contribution is made; or the due date, including extensions, for filing such a return.

The law also requires charities to provide written disclosures about the solicitation or receipt of *quid pro quo* contributions that exceed \$75. A *quid pro quo* contribution is one in which the donor's payment is made partly as a contribution and partly as consideration for goods or services. (Examples follow this section of the policy.) The disclosure must:

- Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of the amount of any money and other property contributed by the donor, over the value of the goods or services provided by the charity; and
- Provide the donor with a good faith estimate of the value of such goods or services. (This is particularly important for gifts given in support of auction items used to raise money for any project.)

The disclosure must be made when the contribution is solicited or when the contribution is received. A charity that fails to make the required disclosure is subject to a penalty of **\$10 for each contribution** for which the required disclosure is not made. The total penalty imposed for a particular fundraising event or a mailing shall not exceed \$5,000.

An exception to the disclosure rules exists when a charity provides goods or services of *de minimis* value to a donor in connection with a contribution (see below).

The *quid pro quo* disclosure requirement is effective for contributions made on or after January 1, 1994.

In a 1967 ruling, Revenue Ruling 67-246, the IRS explained that "[w]here the affair is reasonably comparable to events for which there are established charges for admission, such as theatrical or athletic performances, the established charges should be treated as fixing the fair market value of the admission or privilege." Thus the amount that would be paid *by the donor* for similar goods or services in a commercial setting should be used as a benchmark for disclosure purposes.

The requirement of a good faith estimate of value suggests that the process is as important as the result. Thus the manner in which the value of benefits is arrived at should be clearly documented by the charity.

## APPENDIX B

### ***De Minimis* Benefits**

In 1990, the IRS published “safe harbor” guidelines that permitted charities to advise donors that contributions were fully deductible when only small items or other benefits of token value were provided to the donor (Revenue Procedure 90-12 and Revenue Procedure 92-49).

- **Gifts of \$75 or less** with only goods of “insubstantial value” received by the donor: A canceled check or other written records are needed by the donor from the College.
- **Gifts of \$76-249** where the donor receives “*quid pro quo*” benefits: A canceled check or other written records are needed to substantiate the gift. The College discloses the amount deductible taking “*quid pro quo*” into account by either receipt or during solicitation.
- **Gifts under \$250 with no benefit to the donor:** A canceled check or other written record will substantiate the gift.
- **Gifts of \$250 or more with no benefit to the donor:** Requires a written receipt from the College issued prior to filing of the donor’s tax return. The College provides a letter that describes the gift, with a statement that the donor received no goods or services.
- **Gifts of \$250 or more where goods or services were provided to the donor:** A written receipt from the College is issued to the donor prior to filing of tax returns. The College will also provide a statement describing/estimating the value of goods or services provided. The charitable deduction can be reduced by the value of goods and services depending upon the value identified.
- **Unreimbursed expenses of volunteers under \$250:** Are substantiated by written records proving expenses incurred. If the volunteers receive goods or services from the College, a “*quid pro quo*” statement may be needed.
- **Out-of-pocket expenditures by volunteers in excess of \$250:** Require receipts or contemporaneous records of expenses. The donor should receive a receipt or written record from the College acknowledging service provided.

- **Noncash gifts of \$500 or more:** The College provides a written receipt plus other substantiation as required by IRS Form 8283. Disclosures by the College include a description of the gift, with “quid pro quo” statement if needed along with IRS Form 8283 and 8282 if applicable.
- **Gifts made by S and C corporations and partnerships of \$250 or more:** The College provides a written receipt issued prior to filing tax returns. The College provides a statement with a description of the gift and “*quid pro quo*” statement if applicable.

For the *de minimis* benefit exception to apply, the payment must occur in the context of a fundraising campaign in which the College informs donors of how much of their payment is a deductible contribution. In addition, one of the following requirements must be met:

- The fair market value of all of the benefits received in connection with the payment must not exceed the lesser of 2 percent of the payment or \$50. The IRS has adjusted the \$50 amount for inflation on an annual basis.
- The only benefits received in connection with the payment are token items (for example, bookmarks, calendars, key chains, mugs, posters, or t-shirts) that bear the organization's name or logo.
- The cost as opposed to the fair market value of all of the benefits received by a donor must in the aggregate be within the limits established for "low-cost articles" by the IRS Code, also adjusted for inflation since 1994.
- The College mails or otherwise distributes free, unordered items to donors. Under this exception, the item received by the donor must not have been distributed at the donor's request or with the express consent of the donor.
- Any items distributed are accompanied by a request for a charitable contribution and by a statement that the donor may retain the item whether or not a contribution is made; and
- The aggregate cost of the items distributed satisfies the low-cost articles limitations described in item 2(c).

Special rules also provide that newsletters or program guides will be treated as if they did not have a measurable fair market value or cost if the following criteria are satisfied:

- The publication is not a "commercial-quality publication" (in general, commercial-quality publications include professional journals or publications that contain articles written for compensation or that accept advertising);
- The primary purpose of the publication is to inform members about the activities of the organization; and
- The publication is not available to nonmembers by paid subscription or through newsstand sales.

If the goods and services furnished by the College are of *de minimis* value, the solicitation material or written acknowledgment should include the following statement: "Under Internal Revenue Service guidelines the estimated value of [the benefits received] is not substantial; therefore, the full amount of your payment is a deductible contribution."