

CAHU CHARITABLE COMMUNITY FOUNDATION

Charitable Fund Raising Guidelines

Charitable fund raising has come under increasing scrutiny in recent years. It is extremely important that local chapters follow these guidelines when raising funds for charity:

- ❑ **Verify the designated charity is a qualified charitable organization.** See section below for more information.
- ❑ **Notify CAHU CCF.** Before launching a charitable fund raiser, complete the **Charitable Project Form** and submit it to CCF. Ideally, any promotional materials or plans for publicity should accompany the form. This will allow the CCF to review the promotional materials and make suggestions to assist the local chapter in complying with State regulations.
- ❑ **Clearly disclose the charitable beneficiary.** Promotional information for charitable fund raisers must clearly state: the name of the charity for which funds are being raised; the amount that will be donated to the charity (i.e., all proceeds from the drawing; \$5.00 for each ticket purchased); the fact that donations are tax deductible only if made through CAHU CCF; the CCF's tax ID number (# 94-3276189); and the person to contact with questions or for more information.

State regulators are increasingly concerned about charitable donations being diverted to cover excessive overhead and administrative expense. Local chapters should carefully track all administrative costs associated with charitable fund raisers, especially if those costs are being deducted from the funds raised for charity. As a rule of thumb, administrative costs should not exceed 30% of the funds raised for charity.

- ❑ **Raffles are subject to special State regulations.** Organizations that are conducting raffles must first register with the Attorney General's Registry of Charitable Trusts. After the raffle, the organization must file financial disclosure reports for each raffle. For more information about this, visit <http://www.caag.state.ca.us/charities/raffles.htm>
 - California defines a raffle as a type of lottery in which prizes are awarded to people who pay for a chance to win. Each person enters the game of chance by submitting a detachable coupon or stub from a paper ticket purchased. A drawing is considered the same as a raffle if the sale of tickets is involved.
 - At least 90% of the funds raised from a raffle must go to the charity; the remaining 10% can be given to the raffle winners. No more than 20% of the total revenue from the raffle can be spent on administration including the purchase of prizes.
- ❑ **Allow adequate time for processing by CCF.** Checks and credit card donations received by CCF take time to process. Allow at least 30 days for credit card donations to be processed before requiring a check from the CCF be issued to the charitable organization.
- ❑ **Receipt confirming charitable contributions.** The IRS requires that the CCF send written disclosure statements to donors of a quid pro quo contribution in excess of \$75. A quid pro quo contribution is a payment made to a charity by a donor partly as a contribution and partly for goods or services provided to the donor by the charity. For

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example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the payment is \$60. Even though the part of the payment available for deduction does not exceed \$75, a disclosure statement must be filed because the donor's payment (quid pro quo contribution) exceeds \$75.

To insure that the CCF can comply with this requirement, local chapters must make sure the CCF has the name and address of every donor. In addition, for quid pro quo donations, local chapters must provide the CCF with: (1) the **total** value of each quid pro quo donation; (2) the value of the quid pro quo donation that is **not deductible** (the value of the goods or services the donor received); and (3) the amount of the quid pro quo donation that is deductible (the amount of the donation in excess of the value of goods or services). <http://www.irs.gov/charities/charitable/article/0,,id=123201,00.html>

ELIGIBLE CHARITABLE ORGANIZATIONS

The CAHU CCF supports legitimate charitable causes which are consistent with the Foundation's mission and purpose and that enhance the success of the communities where local chapters operate. CAHU CCF will process charitable donations only for eligible charitable organizations. To qualify as an eligible charitable organization, the organization must be recognized as tax-exempt under Internal Revenue Code Section 501(c)(3) or be a qualified non-profit educational institution, hospital or medical facility, civil defense organization, volunteer fire departments, or parks and recreation facility. For more information about qualified charitable organizations, visit <http://www.ag.ca.gov/charities/publications/CharitiesSolicitation.pdf>

IMPROPER USES OF FUNDS

Charitable contributions may not be used to develop, further, or maintain an account relationship or as a method to reward persons or entities that do business with CAHU CCF and/or the local chapter. Donations collected by the CAHU CCF cannot be distributed back to local chapters or individual members for purposes of reimbursing expenses. All funds collected by the CAHU CCF must remain with CAHU CCF or be distributed to an eligible charity and related vendors as directed by the local AHU chapter.

CAHU CCF – FORMS

To facilitate smooth administration, please use the following forms

- I. **CAHU Foundation Project Form.** Use this form to advise the Foundation of local charitable activities and to transmit the charitable donations you collect to the CCF.
- II. **CAHU Foundation Credit Card Form.** Use this form for donations that will be made using a credit card.