

POLICIES FOR FUNDRAISING ACTIVITIES

I. APPAREL PROMOTION

Items that are sold do not have a charitable component. However, Seminole Clubs® may choose to give away or sell items to enhance the visibility of their program or to build camaraderie among their constituents. Listed below are the guidelines for various promotional activities:

1. **Giveaways:** Merchandise can be purchased and used as giveaway items, available at no charge to constituents, fans, etc.
2. **Items for resale:** For items purchased for resale with club funds, the club pays sales tax when the items are purchased. These items may not be sold for an amount more than what the item cost (total amount paid including sales tax). To calculate the cost of a resale item, take the total invoice amount including tax and divide by the number of items purchased. The selling price cannot exceed this amount.

Example: A constituent purchases a shirt at cost. Because there is no charitable component to this transaction, there is no acknowledgement letter.

3. **Quid pro quo:** Merchandise can be provided for a donation provided quid pro quo guidelines are followed. The non-charitable component (quid pro quo) is the benefit that a donor receives for the contribution made. IRS regulations require that the fair value of each benefit be determined prior to the solicitation and the fair value of the benefit be stated in the solicitation. It is FSU policy that the value of the benefit cannot exceed 50 percent of the remittance. Therefore, the charitable portion must be at least 50 percent of the remittance. Please allow FSU Alumni Association club staff to review all solicitations before they are sent.

Example: A club provides shirts that cost \$7.50 each. Based on the policy listed above, the required donation must be at least \$15.

II. FUNDRAISING EVENTS

The following policy provides guidance to assure compliance with IRS regulations and FSU policies and covers the various activities that may occur as part of a fundraising event. Each of these activities may contain a charitable and/or non-charitable component and may be acceptable for deposit and gift acknowledgement.

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1. **Admission:** Admission to fundraising events often has both a charitable and a non-charitable component. The non-charitable component (quid pro quo) is the benefit that a donor receives for the contribution made. IRS regulations require that the fair value of each benefit be determined prior to the solicitation and the fair value of the benefit be stated in the solicitation. It is FSU's policy that the total value of the benefit cannot exceed 50 percent of the remittance. Therefore, the charitable portion must be at least 50 percent of the remittance.

Example: In the solicitation, it explicitly states that in return for a payment of \$50, the constituent will receive a meal with a fair value of \$20. The charitable component of the payment is \$30 and the non-charitable component is \$20. This meets policy because the \$20 benefit value is less than the \$25 (50 percent) limitation for this remittance.

2. **Auctions:** A club may accept gifts or items to be used in charity auctions. Items to be auctioned valued at \$2,500 or greater will follow the FSU's Gift-in-Kind acceptance policies. If the gift is accepted, the donor will be provided with individual gift credit and formal acknowledgment for the donated item. For items less than \$2,500, the host of the auction should provide the donor with a thank you letter acknowledging receipt. No individual gift credit or formal acknowledgement will be provided for items less than \$2,500.

Individuals who purchase items at an auction will not receive gift credit or acknowledgement unless they purchase an item valued at \$2,500 or greater. All auction proceeds, with the exception of proceeds from individuals who purchased items valued at \$2,500 or greater, will be recorded in Raisers Edge in a single transaction. Donors who purchased an item valued at \$2,500 or greater and paid more than the value of the item will receive gift credit and acknowledgement for the amount in excess of the value of the gift.

3. **Door prize drawings:** Door prizes can be used as a fundraising activity. However, no contribution or payment can be required and all publications related to the event must state that fact. A suggested contribution may be requested, but if someone wants to receive a door prize ticket for free, it must be provided to them. If the prize that is being given away has a value of \$600 or more, then the club is required to send the winner a 1099 MISC form and report it to the IRS as taxable income. The winner's name, address and Social Security number must be provided to the club as well as the documented fair value of the prize.



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4. **Sponsorships:** Sponsors are often solicited for fundraising events. Per the IRS, for the entire sponsorship to be treated as a gift, the sponsorship must be a qualified sponsorship. A qualified sponsorship is when a person or organization engaged in a business or trade makes a payment for which there is no expectation of any substantial benefit other than the use or acknowledgement of the entity's name or logo in connection with the fundraising activities. As defined by the IRS, substantial benefit occurs when the fair value of the benefit (quid pro quo) exceeds two (2) percent of the sponsorship payment. If the quid pro quo exceeds two (2) percent, then the sponsorship is treated as a payment with charitable and non-charitable components.

Recognition on promotional materials is limited to any or all of these:

- Sponsor's location, telephone number, web address
- Value-neutral description of sponsor's product or service
- Sponsor's brand/trade name or product/service listing

In accordance with IRS regulations, "use or acknowledgement of an entity's name" does not include advertising, which is defined as competitive pricing or product information. Other arrangements also not considered charitable gifts are exclusive vendor relationships (soft drink pouring rights, athletic uniforms to the exclusion of competitors) or opportunities to sell products or services on site.

Example A: A company sends \$5,000 to sponsor a golf tournament. In return, the company receives the following benefits: (a) name visibility on promotional materials and (b) two admissions to a golf tournament valued at \$50 per person. Since the total fair market value of the benefit is \$100, which is two (2) percent or less of the sponsorship payment, it is a qualified sponsorship and the entire sponsorship is treated as a gift.

Example B: SPONSORSHIP = OKAY



ADVERTISEMENT = NOT OKAY



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Key Points to Remember

- Clubs need to post signage detailing the value of the benefit the donor is receiving, and/or include this information in any promotional efforts (e.g., emails) related to the solicitation.
- All solicitations for promotional efforts as well as fundraising events must be reviewed by FSU Alumni Association club staff before the promotion or event occurs.
- Acknowledgement letters are not required and will not be provided by FSU for charitable contributions less than \$250.