

Advancement | UCF Foundation, Inc.

Fundraising Events Risk Management Policy

Policy# 7.28

Effective Date: 12/15/2020

Responsible Department: Accounting

1. PURPOSE

The purpose of this policy is to outline the University of Central Florida Foundation, Inc.'s (Foundation) guidelines for fundraising events. This policy is intended to minimize risk to the Foundation and comply with Internal Revenue Service (IRS) rules.

2. APPLICABILITY

This policy applies to all University of Central Florida (University) employees soliciting or processing gift revenue from a fundraising event. This policy does not apply to third party events conducted by outside individuals or entities to fundraise for the Foundation or University.

3. POLICY

Event or Vendor Contracts: For Foundation event contracts, a certificate of insurance for a minimum of one million dollars (\$1,000,000.00) per occurrence will be required from vendors providing services at the event, unless a written request and justification for an insurance waiver has been submitted to and approved by the Chief Financial Officer (CFO). Before approving a waiver, the CFO may require proof of insurance coverage from the Foundation's insurance provider. Vendors will be required to add the University of Central Florida Board of Trustees and the University of Central Foundation, Inc. as an additional insured for the time relating to the services provided. Certificate copies should be forwarded to:

UCF Foundation, Inc.
Attn: Legal Department
12424 Research Parkway, Suite 250
Orlando, FL 32826

There is a different process for contacts between the University and a vendor and contracts between the Foundation and a vendor. Contracts between the University and vendors, even if paid from Foundation funds should follow the University Contracts Review Policy.

Processing Event Expenditures: In order for a department to process fundraising event expenditures for payment by the Foundation, a new Foundation project for the specific fundraising event must be established. The event must be approved and administered in accordance with the

Foundation's policies. Once the event is approved by the Foundation Office of Development and Office of Accounting and Financial Management (Accounting), departments may submit expenditure requests by completing a Payment Authorization Request Form in accordance with the Foundation's policies and procedures.

Alcohol at Events: Under no circumstance can University employees, University affiliated organization employees, or volunteers be allowed to sell or serve alcohol at events; therefore, a licensed bartender must be hired to perform the sales and service. If the event is on University property, then the University approval process will be required, and the University Alcoholic Beverages on Campus policy will be followed.

Sale of Merchandise: The Foundation will not accept proceeds from the sale of merchandise, goods, or services from University departments or affiliated entities outside the Department of Advancement. Examples of this type of activity include bake sales, rummage sales, attire, car washes, plant sales, book sales and candy sales.

Live or Silent Auction: Fundraising events may include live and silent auctions to help raise money for an event. The IRS assumes that someone who buys an auction item has received the value for the price paid; therefore, there is no charitable deduction unless it is established in advance that the purchase price exceeded the item's fair market value (not cost) and the buyer intended to make a charitable contribution in addition to paying the fair market value (FMV) for the item.

For a donor to receive a partial charitable deduction for the purchase of an auction item the department may:

- 1) Publish a catalog which lists each of the auction items and the FMV for each of the items and provide to each person attending the auction, or
- 2) Document the FMV of the item on the item's bid sheet so that the FMV is clear to the donor. (for silent auctions; the market value is not the minimum bid price, department's must clearly disclose the market value separate from the minimum bid value)

In order to process the funds, Accounting will require a list of all auction items with a description of the item and the FMV. In addition, a new project must be established in advance.

During or after the event, departments must compile the bid sheets along with the following information for each of the auction items sold so that the Foundation can appropriately account for the transaction and issue a tax receipt if applicable:

- Name of event
- Original bid sheet
- Name of purchaser
- Address of purchaser
- Description of auction item
- Purchase price of the item
- Sales tax amount charged on purchase price (see sales tax)

- Total price paid
- FMV of item (must match published catalog or bid sheet)
- Amount of payment collected
- Method of payment (cash, check, Visa, Mastercard, American Express, Diners) and credit card number if applicable.

Drawings by Chance: The Foundation discourages drawings by chance as a fundraising mechanism. Florida Statute 849.0935 sets strict standards as to what constitutes a drawing by chance which may be conducted by a not-for-profit organization. Drawings by chance may not require an entry fee, donation, payment, proof of purchase or contribution to enter. Drawings by chance may also not require a minimum number of tickets in order to conduct the drawing; however, it may limit the number of tickets distributed. Documentation for the drawing by chance must conspicuously disclose the following:

1. The rules governing the drawing; and
2. Full name of organization and principal place of business; and
3. Source of funds used to award prizes; and
4. Date, hour, and place where prizes will be awarded, unless the documentation is distributed is not offered more than three (3) days prior to the drawing; and
5. State no purchase or contribution is necessary.

For federal income tax purposes, the proceeds from the drawing are not eligible to be deducted as a charitable contribution by the purchaser of the ticket. Departments may not print “donation” or “contribution” on the ticket nor do anything that would suggest that the ticket payment is tax-deductible.

Information related to the winning recipient and the item that is won will be required by Accounting to comply with federal reporting requirements. The following is a list of the information required for all recipients of winnings in order to comply with the regulations.

Chance to Win Federal Reporting Checklist:

1. Description of the item
2. FMV of the item given away
3. Documentation related to how the FMV was determined
4. A completed W-9 by the winner including:
 - Name of the winner
 - Address of the winner
 - Social security number of the winner

The item cannot be released to the winner without a W-9. In addition, a signed release form will be required if the 1099 tax reporting form criteria is met, which currently requires a gift value of \$600 or more.

4. CLARIFICATION

Requests for clarification of this policy should be sent to the Associate Vice President and Chief Financial Officer.

Certified as approved by the Executive Committee of the Foundation Board of Directors on December 15, 2020.

Name: Rachel Schaefer

Title: Associate Vice President for Advancement Strategy and Chief Operating Officer

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