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Fundraising Events Procedures [1]

In Brief

- A material fundraising event is an event that is held with the intent to raise gift monies for a CU organizational unit, and that generally provides goods and/or services to the attendees.
- Organizational units need to ensure that their material fundraising events comply with certain requirements, including obtaining prior approval for publicity and procurement activities.

Quick Look

Procedural Statement - *effective date: 02/08/2019*

Organizational Unit Responsibilities

The organizational unit hosting a fundraising event is responsible for:

- Determining if the fundraising event meets the requirements of an immaterial fundraising event or material fundraising event. An immaterial fundraising event is an event that does not involve purchase of meals, sale of goods or services valued at more than $75 (individual item value), nor the expectation that a donor would make a payment equal to or greater than $250. A material fundraising event is an event that is held with intent to raise gift monies for a specific purpose of the University organizational unit, and generally provides goods and/or services to the attendees. The attendance fee is generally comprised of both a gift and non-gift component. The Office of University Controller has the authority to make the final ruling on whether a fundraising event is an immaterial fundraising event or a material fundraising event.
- Planning, conducting, and administering the fundraising event.
- Ensuring fundraising events have the intent to yield net proceeds to the University (i.e., yield a surplus after subtracting the expenses of conducting the event from the revenues collected), or have sufficient funds from other appropriate resources to cover any anticipated deficit in the case where the intangible benefits (e.g., donor cultivation) justify proceeding with the fundraising event.
- Obtaining a fully executed agreement with a fundraising agent, in situations where the organizational unit is enlisting the services of an active volunteer to assist with the conduct of the fundraising event. The fully executed agreement should comply with the Fundraising Agent Agreement template and also with all university policies and

procedures related to contracting.
- Ensuring compliance – for both immaterial and material fundraising events – with university procurement rules, sales tax remittance requirements, and all other university policies and procedures including the design and operation of effective internal controls, especially over the cash revenue receipt functions.
- Ensuring compliance – for material fundraising events – with the specific procedures set forth below, including obtaining authorization from the Office of University Controller prior to conducting any publicity or procurement activities related to the material fundraising event.

Procedures for a Material Fundraising Event

To initiate a campus sponsored material fundraising event, the OUC requires the organizational unit to submit the Fundraising Authorization form, the Event budget, draft publicity , and (if appropriate) the Campus Alcohol Authorization form.

The Fundraising Authorization (FA) form is used to create a new or reactivate an existing SpeedType. This SpeedType must be set up in Fund 34 and is used to account for all financial activity associated with the material fundraising event.

- The organizational unit should provide the SpeedType number that was used previously for a recurring material fundraising event. (Note – Multiple SpeedTypes should only be used when planning for the next year's material fundraising event and it begins before the current year material fundraising event is closed out).
- The FA form requires a signature from the Organizational Unit's Officer that confirms that the unit has other appropriate funds available (e.g., Dean's discretionary fund) to cover any actual deficit resulting from the event.
- Fundraising events that purchase alcohol with university funds, will be designated with a Gift Purpose Code 2 of Y.
- If alcohol will be provided without a university purchase (e.g., cash bar, donated alcohol), the event will be designated with a Gift Purpose Code 2 of Blank/Non-Y status.

The Event Budget must identify the revenues and expenses for the material fundraising event. The budget should demonstrate that the material fundraising event should either (1) yield a surplus after subtracting the expenses of conducting the event from the revenues collected, or (2) have sufficient funds from other appropriate resources to cover any anticipated deficit in the case where the non-tangible benefits (e.g., donor cultivation) justify proceeding with the material fundraising event. The budget may be submitted in any financial format preferred by the organizational unit; for a suggested format, see the Fundraising Event Budget template in the related resources.

- The OUC will create a budget journal entry (BJE) for the material fundraising event's SpeedType using the temporary budget ledger in the Finance System. The BJE should be equal to the submitted, modified budget. The BJE should include the planned revenue, expenses, and cash transfer/out (of net proceeds) for the material fundraising event.
- The BJE will be approved by the Fundraising Events and Gift Compliance Specialist.

Drafts of planned publicity materials, such as save-the-date cards, written invitations, announcements, online web pages, or flyers demonstrate that the disclosures:

- Specify the purpose(s) of the gifts that are being solicited – this purpose will govern future use of the net proceeds. If more than one purpose is indicated, and these purposes are unrelated (e.g., scholarships and research), then it is recommended that the materials provide a disclosure explaining how the split to the multiple purposes will be determined (such as by percentages or a minimum dollar amount). If the proceeds from the material fundraising event are to be used for the purpose of purchasing alcohol, this intent must be disclosed in the publicity materials. Only gift monies restricted for "entertainment, donor cultivation and personnel recruitment" can be used to purchase alcohol. (This is demonstrated in the Finance System by a Gift Purpose Code 2 of Y on the Fund 34 SpeedType).
- Identify the portion of the revenue that is not a potentially tax-deductible gift (i.e., the fair market value of goods and services, the non-gift component of the event admission/registration fee, to be received at the material fundraising event).
- Identify the beneficiary of the gift as being the University of Colorado; the Org. Unit and/or program name may also be identified.
- If the net proceeds are intended to add to or establish either a University or CU Foundation pure or quasi-endowment, specific language should be used on all publicity materials to ensure proper disclosure.

If net proceeds are adding to a pure or quasi endowment:

- Publicity should disclose that net proceeds are supporting a specific endowed fund. The publicity should include the name of the endowed fund.
- For example, forpure endowments, publicity may state "Net proceeds will benefit the ABC School of XYZ Student Scholarship Endowment of the CU Foundation.
- For quasi-endowments, event publicity should not use the word "endowment. " A quasi-endowment does not have the same characteristics as a pure endowment, and may be misinterpreted as such. Event publicity may state "Net proceeds will benefit the ABC Scholarship Fund at the CU Foundation."

If net proceeds are establishing a pure endowment:

- Publicity should state, and donors advised, that their current gift will be invested in a permanent endowment, and likewise, what will happen to their gift in the event that the endowment minimum is not met.
- For example, publicity may state "Net proceeds will support our goal to create the ABC Scholarship Fund as a permanent endowment at the CU Foundation. If this goal is not

achieved within 5 years, your gift will be directed for scholarships on a current basis.

Org Unit staff should also work with campus Advancement and the CU Foundation to establish appropriate disclosure language if net proceeds are to go to an endowment.

The Campus Alcohol Authorization form must be submitted along with the FA form to activate or re-activate a fundraising event ST if alcohol will be provided at the event.

- Both UCD and UCCS alcohol authorization forms approve: (1) the provision/service of alcohol, (2) the purchase of alcohol with university funds, and, (3) the event location. The UCB alcohol authorization form approves: (1) the provision/service of alcohol, and, 2) the event location. Note: UCB organizational units requiring the purchase of alcohol using university funds will need to obtain the authorizing approval signature on the Fundraising Authorization form.

Additional Event Documentation

Fundraising Agent Agreement - If the organizational unit is using a fundraising agent, complete the Fundraising Agent Agreement, and submit the agreement to the organizational unit's officer for signature. The Fundraising Agent Agreement must undergo the campus' contract review process for execution, and a copy of the agreement must be submitted to the Office of University Controller (See the Fundraising Agent Agreement template in the Resource section below). The Fundraising Agent Agreement does not pertain to CU students.

Fundraising Event Process

Pre-Event Planning

- The organizational unit should contact the Procurement Service Center (purchasing agent responsible for official functions) for any vendor contracts that require University signatures.
- Organizational Units serving alcohol at the event are required to submit the approved campus alcohol authorization form. As the form requires the Org. Unit to identify the event venue, this form is often times completed prior to the submittal of the FA form.

Fundraising Event SpeedType Set-up

The Office of University Controller will review all submitted documentation and provide any needed changes in order to ensure the material fundraising event is authorized in a timely fashion.

- Only a material fundraising event demonstrating compliance with the requirements as set forth in the above procedures, will be authorized.
- The review by the Office of University Controller will include a determination as to whether the budget is reasonable given the planned activities of the material fundraising event. Where applicable, the actual results of the prior year's material fundraising event will be examined.
- Upon completion of its review, the Office of University Controller will activate the SpeedType for the material fundraising event.

Organizational Unit Ongoing Responsibilities

The hosting organizational unit will plan, conduct, and administer the fundraising event, which includes the responsibilities detailed below.

Note: If a donor is requesting to pay for an event using split payments, where the charitable gift portion is paid from a private foundation, donor advised fund, or qualified charitable distribution from an Individual Retirement Account, and the non-gift portion is paid by an individual or company, the University cannot accept these types of split payments for fundraising events, except in very limited circumstances. This applies to events with payments to the University or to the CU Foundation. Please contact the Fundraising Events & Gift Compliance Specialist if you have a donor requesting this type of payment for your event.

Responsibilities:

- Modifying all documents as required by the Office of University Controller.
- Making sure all individuals having responsibility for the material fundraising event are trained (e.g., Gift Fund Management Training, Cash Control, and Procurement Training).
- Resubmitting, according to applicable timeframes, any documents to the Office of University Controller if any of the following conditions are met: Changes to the budget. (This includes any increases in planned expenses or decreases in anticipated revenues. All budget adjustments require the completion of a budget journal entry to accurately reflect event finances.) Changes to the planned publicity materials affecting the purpose(s) of the gifts that are being solicited, or the portion of the revenue that will be considered to be a tax-deductible gift.
- Contacting the campus controller's office and the Office of University Treasurer, to request authorization to accept credit card payments. At least one month lead time is required to set up a credit card merchant account.
- Accepting sponsorship payments in compliance with procedures and guidance in the OUC Accounting Handbook: Sponsorship chapter.
- No less often than the end of each business week, depositing all associated revenues through regular campus gift deposit procedures into the campus gift clearing SpeedType, and directing the Office of University Treasurer to transfer the monies to the material fundraising event's SpeedType.
- The OFFICE OF UNIVERSITY TREASURER will transfer monies from the campus gift clearing SpeedType to the SpeedType for the material fundraising event upon each deposit and receipt of the supporting documentation.

- Ensuring that all revenues and expenses are accounted for in the designated SpeedType for the material fundraising event.
- Ensuring that applicable sales tax is remitted in accordance with the appropriate campus procedures.
- Donor/Gift List - Recording and maintaining a complete donor/gift listing of all receipts and donor information for the fundraising event. The list shall include the legal name(s) of each donor (as on the check), mailing address, email address, date of receipt, non-gift dollar amount, and, for company donors, a contact name (for a sample format, see Sample Donor List Spreadsheet in the Resources List below).
- On-line registration capability requires the same information fields above, in order for the OUC to generate automated gift tax receipts to registrants via email.

Event Auctions, then:

- Prior to the start of the auction, the organizational unit must provide notification to bidders of (1) the Fair Market Value (FMV) of the items up for bid and also of (2) that sales tax will be assessed on the lessor of the purchase bid price or FMV of the item. (See Sales Tax Guidance for Fundraising Events in the Resource section below).
- Organizational Unit should provide a receipt of sale to the buyer showing the split of the sales price and the amount of sales tax paid.
- Note: Buyers of auction items commonly pay for multiple items as one check, or charge card purchase. Doing such may trigger a payment of $ 75.00 or more and require that a tax receipt be issued by the University. Therefore, the purchaser’s address and purchase information must be maintained as described above under donor/gift list information.
- If the material fundraising event includes prizes or awards, then maintain the Recognition Reporting form for all recipients, according to the PSC Procedural Statement Recognition and Training.
- Ensure that all other applicable University policies and procedures are met.

Post-Event Closeout

No later than 60 days after the conclusion of the material fundraising event, the hosting organizational unit will submit the following documents to the Office of University Controller:

- A detailed donor/gift list of all event revenues in the event SpeedType. (see donor/gift list info. in Organizational Unit Ongoing Responsibilities)
- The Revenue and Expense Statement Summary (including a budget to actual comparison) for the SpeedType of the material fundraising event ensuring that all receipts and expenses have been properly recorded in the SpeedType.
- A listing of donors who remitted $250 or more, including the purpose of the payment (e.g., auction item, dinner) in accordance with Section 3.j., above. (For a sample format see Donor List Spreadsheet.in Resource section below)
- A reconciliation of the revenue included on the above donor listing with the revenues on the above Revenue and Expense Statement Summary. Detailed explanations must be provided for any differences (such as small donor remittances).
- Where applicable, the Recognition Reporting form

For donors remitting less than $75, where the donor received goods and/or services from the University, the hosting organizational unit may either:

- Provide a listing of these donors (in accordance with Section 3, above) to the Office of University Controller for a gift tax receipt, or
- Provide thank you letters (see allowable wording in Sample Thank You Procedures) to the donors.
- Create a cash transfer journal entry in the Finance System to transfer the net proceeds of the material fundraising event to the gift fund SpeedType that represents the intended, disclosed benefit of the event. (See below, for information about approval of this entry.)
- In the instance where the University is conducting a material fundraising event to add to a pure endowment that is legally owned by a supporting foundation, then a Payment Voucher should be created instead of the above journal entry. This Payment Voucher should be submitted to the Office of University Controller and requires the approval of the University Controller. Or, if the monies are to be wired electronically, the Organizational Unit should contact the Fundraising Events and Gift Compliance Specialist to arrange for this payment through the University Treasurer’s Office.
- If the material fundraising event resulted in a deficit, then a cash transfer journal entry should be prepared to transfer monies from another appropriate source to cover the deficit.

Office of University Controller Responsibilities

The Office of University Controller will:

- Request any other information needed to close the SpeedType of the material fundraising event.
- Provide gift tax receipts to all individuals included on the submitted donor listing (regardless of dollar value of payment). Gift tax receipts will be sent by email, unless otherwise instructed by the Organizational Unit.
- Approve the cash transfer journal entry in the Finance System to transfer the net proceeds of the material fundraising event to the gift fund SpeedType that represents the intended, disclosed benefit of the event.

- In the instance where the University is conducting a material fundraising event to add to a pure endowment that is legally owned by a supporting foundation, the organizational unit should either review the Payment Voucher payee and amount, approve the payment, and forward approval to the PSC for processing, or request the Office of Treasury to wire the transfer of funds.
- In the instance where a deficit occurred, approve the cash transfer journal entry prepared by the organizational unit for the purpose of covering the deficit.
- Inactivate the SpeedType of the material fundraising event.

Questions?

Questions about these procedures should be directed to FSS@cu.edu [2].

Exceptions

Unless approved by the Associate Vice President & University Controller, there are no exceptions to this procedural statement. Requests for exceptions must be submitted through the appropriate campus controller's office [3].

Questions & Feedback

For questions or feedback contact

Groups audience:
Controller
Right Sidebar:
AH Fundraising CTA Side
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OUC-Where Policies

Source URL:https://www.cu.edu/controller/procedures/accounting-handbook/fundraising-events-procedures

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