



SUBJECT	EFFECTIVE DATE
ACCOUNTING FOR SIGNATURE FUNDRAISING EVENTS	7/1/2017

Fundraising events are conducted to encourage additional support to Florida International University (FIU), and to communicate the mission and needs of FIU to the community. Revenue may be collected for events that support the mission of FIU and the FIU Foundation. Expenses for fundraising events may be paid from FIU Foundation funds.

All such expenses paid from FIU Foundation funds must be in accordance with donor restrictions on the specific fund from which they are to be paid, and must comply with IRS regulations and FIU policy as it applies to the activities of Direct Support Organizations.

REASON FOR PROCEDURES

This procedure defines the types of signature fundraising events appropriate for deposit at the FIU Foundation. Any revenue-raising events conducted through the FIU Foundation must have a *significant* charitable component, and must be *directly related* to donor cultivation. This makes the event directly related to the FIU Foundation’s mission to receive, administer and distribute gifts received that support the mission of FIU. For distinction of signature event classification, please refer to the [Presidential Memo](#).

The following events are considered to have a gift-giving or donor-cultivation component and are acceptable for deposit at the Foundation:

- Dinners, receptions and other events that include a charge for attendance that exceeds the value of the item(s) or benefit(s) received
- Auctions where most of the items are donated (refer to [Auction Worksheet](#))
- Raffles (Drawings of Chance) when *no* contribution is required (refer to [Raffle Worksheet](#))
- Banquets for awards ceremonies and graduation events
- Golf events and similar fundraising events

Events that do not have a gift component and/or are not related to donor cultivation ***shall not*** be deposited at the Foundation:

- Sales of tangible items such as tee-shirts, mugs or videos
 - Conference fees
 - Auction where most of the items are not donated
 - Rentals, license fees or consultant fees
- Note: If the event is a fundraising event and sale of promotional items is incidental to the entire event, it will be acceptable at the Foundation as part of the overall event. Sales tax may apply.*

If an event is *not* considered a fundraising event, but is considered to have a *significant* charitable component and is *directly related* to donor cultivation, a [Sponsorship Form](#) should be completed.

RELATED INFORMATION

[Instructions for IRS Form 990](#)

[University Office of General Counsel Guidance on Raffles](#)

[Foundation Purchasing Policy](#)

[Presidential Memo on Signature Events](#)

[Event Request for President Form](#)

DEFINITIONS

Fair Market Value (FMV): the cost for goods/services if obtained in an arms-length transaction in the general economy.

Net Income: when event revenues are greater than event expenses. Net income from an event must be used in support of the exempt purpose articulated, if any, as the major reason for the event.

Net Loss: when event revenues are less than event expenses. The department hosting the event must cover any net loss by transferring unrestricted funds from other Foundation projects, or by transferring cash from unrestricted FIU resources to the Foundation.

PROCEDURES

Event Planning:

- Departments holding a signature fundraising or donor cultivation event should fill out the [Foundation Signature Event In-Take Form](#) (In-Take Form) when a fundraising event is planned and on annual basis thereafter.
- A draft copy of the event invitation ***must be*** attached to the In-Take Form.
- If sales tax is included in the payment to the caterer for any food or beverage invoice(s), then sales tax does *not* have to be collected and remitted on an individual donor basis. The In-Take Form is also utilized to identify important tax issues such as unrelated business income.
- If the event is determined to be appropriate for the FIU Foundation, a Foundation Project ID number will be assigned to the event that must be included on all deposits and disbursements related to the event. If a Foundation Project ID number is already assigned (recurring annual event), include the existing project number on the form.
- Departments should also meet with DRS & Stewardship (DRS) and Gift Services & Data Processing (GSDP) while filling out the In-Take Form to ensure all required data is captured, review potential sponsorships (see below), and review event guidelines.
- If the attendance of the President is requested, the [Event Request for the President](#) must be completed and submitted to the Senior Vice President Howard Lipman's office for approval. Additional information can be found at the following website: <https://president.fiu.edu/contact-us/event-request-form/>.

Sponsorships:

- Events often incorporate sponsorships from businesses and corporations to help underwrite the cost of the event. All event sponsorship packages must be reviewed by the GSDP Director prior to soliciting the funds.
- The event sponsorship package will need to clearly state the FMV of the benefits to the donor (quid pro quo) and should include the amount of applicable sales tax, if applicable. Please use [Foundation Signature Event In-Take Form](#) to list out the package/sponsorships available for the Fundraising Events.

Deposits:

- The [Signature Event & Sponsorship Deposit Transmittal Form](#) (Deposit Form) must be completed when submitting any payments to the FIU Foundation related to signature events. The “gift”, “FMV”, and “sales tax” amounts needs to be completed with the correct amounts. This form will need to be submitted along with form of payment to ensure that it is entered correctly in the system and the donors receive proper tax receipts.
Please note that this deposit transmittal form for signature events is a separate form from the FIU Foundation Deposit Transmittal Form.
- An [Internal Transfer Form](#) must be completed if one internal department is remitting payment to the Foundation Event Project within the FIU Foundation.

Auctions:

- If an event auction is planned for the event, the Foundation recommends that a third party be used to handle the event day auction, inventory, and collection of winning bids. Please note that the [Auction Worksheet](#) must be completed.
- Generally, sales tax will be applicable for the auction of tangible personal property (goods).
- During the event, it is important that auction item FMV is transparent to the bidder. This can occur in the form of an auction bid sheet. This allows for proper tax preparations if the bidder purchases items for a price that is over the FMV.
- All auction documentation must confirm that the revenue will support the specific initiative within FIU via the FIU Foundation.

Raffles:

- If an event raffle is planned for the event, the unit must comply with the [University Office of General Counsel Guidance on Raffles](#). Please note that the [Raffle Worksheet](#) must be completed.
- Generally, raffle revenue is not considered charitable.

Solicitation of Donations during Event:

- It is appropriate to request that guests support a particular FIU cause during an event. Solicitations must occur in a transparent format, using either a pledge/donation card/form or university-approved device.
- Proper documentation should exist during the event promoting request for donations. Documentation should include what the funds will be used for and submitted to GSDP for gift processing.

Online Reservations and Payments:

- Departments must coordinate with GSDP to set up appropriate webpages to support RSVPs and credit card payments.
- All Foundation hosted events must have merchant IDs that link to the FIU Foundation bank account.
- Departments are not to use their own webpages, merchant IDs, or credit card terminals to process payments.
- Departments are not to deposit revenue into auxiliary accounts.

When is a Foundation Signature Event In-Take Form (In-Take Form) required?

- The FIU Foundation requires that departments holding a signature fundraising or donor cultivation event should fill out this form when a new fundraising event is planned.
- The FIU Foundation also requires this form be filled out each year for any recurring fundraising event, because the structure of fundraising event and applicable tax laws may change.

When is a Foundation Signature Event In-Take Form (In-Take Form) required? (Continued)

- Please ensure that a draft copy of the event invitation is attached to the In-Take Form.
- **Foundation's and Advancement's obligation is to ensure that donors receive proper tax receipts, when applicable. Event coordinators must ensure that they have determined and valued the FMV of the benefits to the donor and provided this information on the form.** The form must be forwarded to GSDP for their approval and subsequent use in generating tax receipts.

What form should be completed if an event is *not* considered a signature fundraising event (per the [Presidential Memo](#)), but there is a *significant* charitable component and the event is *directly related* to donor cultivation?

- The department must complete a [Sponsorship Form](#) for the FIU Foundation office and GSDP to review and approve.
- GSDP will review the merchant and Raisers Edge fund to ensure that all revenue for the event will be processed directly into the Foundation
- By submitting the [Sponsorship Form](#), the department is agreeing to pay sales tax to the caterer for any food and beverage purchases that are generating the benefit to the sponsor/donor.
- If there is an entrance fee to the event, a ticketing company (such as Complete Ticket Solution) must be used.

How to establish the value of the benefits received by the donor/sponsor?

Ex.: Donor/sponsor purchases (2) two tickets costing \$200 to a dinner reception at an event being catered by a local supplier

- Local supplier (restaurant) charges the FIU Foundation \$15 per person to cater the event
- Local supplier (restaurant) charges \$35 per person on their menu for same meal (FMV)

What is the amount of benefits received by the donor/sponsor? *\$35, which is the FMV of the dinner*

Would this amount change if the supplier donated the food? *No, the benefits are valued at the going market rate (FMV), not at the cost to the Foundation.*

Examples of appropriate language to use in event solicitations

APPROPRIATE WORDING	NOT APPROPRIATE WORDING
I cannot attend the dinner, but wish to make a gift of \$__.	The amount of your donation for this event is \$_____.
Tickets may be purchased at \$100 per person (\$80 tax deductible).	Tickets may be purchased at \$100 per person, tax deductible.
The amount of your payment, less the fair market value of goods and services received, may be tax deductible. Please consult your tax advisor.	The FIU Foundation is a 501(c)(3) organization and all payments to it are tax deductible.
A tax deduction for your payment is limited to the excess of any money contributed over the value of goods and services provided.	You can attend for a donation of _____ per person.

Accounting and Financial Results:

Generally speaking, all revenues and expenses related to an event will be gathered in one project as assigned by the FIU Foundation. All projects must be zeroed out within (90) ninety days after the event date.

Net income from an event must be used in accordance with the advertised purpose of the event. Therefore, the net income will be transferred to a project that has the appropriate donor restrictions. For example, if a gala advertised as supporting scholarships generates net income, the net income will be transferred to a project restricted to scholarship awards.

Net losses must be eliminated by the department hosting the event. The department can accomplish this by transferring unrestricted funds from another Foundation project or by transferring cash from an unrestricted, appropriate activity number available in University. This latter method will require the department to fill out a University Unencumbered Payment Form and provide the appropriate supporting documents required by the FIU Controller.

RESPONSIBILITIES

All Departments conducting activities within the scope of this policy must comply with this policy, specifically:

- Complete the In-Take Form at least (3) three months prior to the event including valid FMV calculations
- Deposit revenues and charge expenses to the project assigned by the Foundation Controller
- Utilize appropriate accounts on event deposit transmittal forms to deposit revenue into “gift”, “FMV” and “sales tax” components
- Close out the project within (90) ninety days after the event is held; to include covering deficits from other funding sources
- Work with DRS and GSDP on sponsorship agreements and websites and merchant IDs
- Submit all required Gift-in-Kind forms to GSDP
- Submit all attendee information to GSDP for proper recording in the event record.

Foundation’s Controller (or staff designated by the Foundation Controller) will:

- Review each In-Take Form for source of funds, expenses estimates, FMV calculations, tax implications
- Route approved In-Take Form to GSDP and DRS for their review
- Coordinate with GSDP on data tracking (e.g. use code for 619099 to track gifts and 611001 for sales tax)
- Ensure all projects used for events have the correct project type attribute (“Event”) in the project record
- Create/maintain the accounting structure to track event revenues and expenses appropriately, including opening of new projects
- Ensure the department correctly filled out the event deposit transmittal form differentiating “gift”, “FMV”, and “sales tax” by utilizing appropriate coding
- Ensure the Foundation’s annual insurance questionnaires reflect the appropriate level of the fundraising event
- Obtain certificates of insurance as needed by external suppliers
- Ensure sales tax is remitted to the state as required
- Ensure UBIT data is captured and reported on IRS Form 990T as required and reports appropriate information on the IRS Form 990
- Reconcile all deposits through event specific merchant ID provided by Advancement IT

DRS will:

- Review all sponsorship agreements
- Assist departments with event guidelines
- Assist departments in filling out the In-Take Form

GSDP will:

- Create java scripts to support event reservations and payments
- Assure proper merchant ID is selected to route deposits to Foundation bank
- Work with Foundation Controller to ensure bank reconciliations can be accomplished
- Capture all data from website and event module (as appropriate) as needed by GSDP or Foundation. Input all event data into Raiser's Edge utilizing "gift", "FMV", and "sales tax" categories using the information provided in the signature event deposit transmittal.
- Coordinate with GSDP on data tracking (e.g. use code for 619099 to track gifts and 611001 for sales tax)
- Use the FMV calculations on the approved form to structure appropriate gift receipts for participating donors
- Issue all gift receipts, as appropriate
- Assist departments in filling out the In-Take Form properly, so all needed data is accurately captured
- Assist departments in calculating the gift versus FMV amounts for non-signature events that are deemed necessary to be deposited in the FIU Foundation
- Assist departments in filling out the In-Take Form for non-signature events properly, so all needed data is accurately captured

RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT

FIU Foundation Inc.
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RESPONSIBLE ADMINISTRATIVE OVERSIGHT

305-348-3758

The FIU Foundation Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <https://give.fiu.edu/>.