POLICY STATEMENT (R*)

Fundraising activities are conducted to encourage additional support to the university, and to communicate the mission and needs of the University to the community. Revenue may be collected for activities that support the mission of the University and the FIU Foundation. Expenses for fundraising activities 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 University of South Florida (FIU) policy as it applies to the activities of Direct Support Organizations.

REASON FOR POLICY (O*)

This policy defines the types of signature activities and events appropriate for deposit at the FIU Foundation. Any revenue-raising activity conducted through the FIU Foundation must have a significant gift component, or must be directly related to donor cultivation. This makes the activity directly related to the FIU Foundation 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 activities 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) received
- Auctions where most of the items are donated (refer to Auction Worksheet)
- Raffles (Drawings of Chance) when no contribution is required
- Banquets for awards ceremonies and graduation events
- Golf events and similar friend-raising activities

Activities 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
- 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 past part of the overall event. Sales tax may apply.

RELATED INFORMATION (O*)

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 (R*)

**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 university resources to the Foundation.

PROCEDURES (O*)

**Event Planning:**

- Departments holding a fund raising or donor cultivation event/activity should fill out the Foundation Event Form (see below) when a fundraising activity is planned.
- The form is also utilized to identify important tax issues such as unrelated business income and sales tax.
- If the event/activity is determined to be appropriate for the Foundation, a project ID number will be assigned to the event that must be included on all deposits and disbursements related to the event/activity.
- Departments should also meet with DRS & Stewardship (DRS) and Gift Services & Data Processing(GSDP) while filling out the Foundation Event Form (FEF) to ensure all required data is captured, to review potential sponsorships (see below), and to review event guidelines
- At the option of requesting the attendance of the President, a separate form must be filled out (Event Request for President) in addition to the FEF.

**Sponsorships:**

- Events often incorporate sponsorships from local businesses and corporations to help underwrite the cost of the event. All event sponsorship agreements must be reviewed by Director of DRS, Foundation Controller and GSDP Director prior to execution (signing).
- The agreement will need to clearly state the FMV of the sponsorship and should include the appropriate tax language.

**Auctions:**

- If an event auction is contemplated, the inventory and process will be outsourced to a pre-approved FIU Supplier with the dedicated resources and compliance measures to handle such activity.

**Reservations and Payments via Website and Credit Card:**

- Departments must coordinate with University Advancement IT to set up appropriate webpages and merchant IDs to support RSVPs and credit card payments.
- New merchant IDs could take a long time to acquire so departments should meet with IT as soon as an event is conceived.
- All Foundation hosted events must have merchant IDs that link to the Foundation bank accounts.
- Departments may not use their own webpages, merchant IDs, or credit card terminals to process payments
- Departments may not deposit revenue into auxiliary accounts.

When is a Foundation Event Form required?
• If there is a charge for the event an event form should be completed. Forms are not required for gifts or for events that are free of charge.

• The FIU Foundation requires a renewed event form each year for any repeated revenue-raising activity, because the structure of fundraising events may change, and tax laws may change as well.

• Foundation’s and Advancement’s obligation is to ensure the donor to the event receives a proper tax receipt. Event coordinators must ensure they have determined and valued the donor’s return benefit and provided this information on the form. The approved form must be forwarded to GSDP for their use in generating gift receipts.

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

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

• Local supplier (restaurant) charges $15 per person to cater the event

• Local supplier (restaurant) charges $35 per person on their menu for same meal (fair market value)

What amount should be provided on the event form to issue the proper tax receipt to the donor? The FMV or $35

Would this change if Supplier donated the food? No, all benefits must be valued even if it did not cost anything to provide to the donor.

Examples of appropriate language to use in event solicitations

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

Accounting and Financial Results

Generally speaking, all revenues and expenses related to an event will be gathered in one project as assigned by the 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 available in the 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 University Controller.
RESPONSIBILITIES (O*)

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

- Complete Foundation Event 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 deposit forms to deposit revenue into “gift”, “non-gift” and “sales tax” components
- Obtain a certificate of insurance from the Foundation Controller, if needed;
- Close out the project within (60) sixty days after the event is held; to include covering deficits from other funding sources
- Work with DRS and GSDP on sponsorship agreements
- Work with Advancement IT on websites and merchant IDs
- Submit all required Gift-in-Kind forms to GSDP

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

- Review each Foundation Event Form for source of funds, expenses estimates, FMV calculations, tax implications
- Route approved Foundation Event Form (FEF) to GSDP and DRS for their review
- Coordinate with GSDP on data tracking (e.g. use code for 619099 to track gifts and 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 all projects used for events have the correct project type attribute (“Event”) in the project record
- Ensure department deposits clearly differentiate “gift”, “non-gift”, and “sales tax” by utilizing appropriate coding
- Ensure the Foundation’s annual insurance questionnaires reflect the appropriate level of event activity
- Obtain certificates of insurance as needed by external suppliers
- Ensure department deposits clearly differentiate “gift”, “non-gift”, and “sales tax” by utilizing appropriate coding
- 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 FEF

Advancement IT will:

- Create websites to support event reservations and payments
- Provide unique merchant IDs to events that 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

GSDP will:

- Input all event data into Raiser’s Edge utilizing “gift”, “non-gift”, and “tax” categories
- Coordinate with Foundation controller on data tracking (e.g. use code for 619099 to track gifts and 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 FEF properly, so that all needed data is accurately captured

HISTORY (R*)

First Draft    September 26, 2014
Second Draft   November 12, 2014
<table>
<thead>
<tr>
<th>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R*)</th>
<th>The University Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at <a href="http://www.policies.fiu.edu">www.policies.fiu.edu</a>.</th>
</tr>
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<tr>
<td>FIU Foundation Inc.</td>
<td></td>
</tr>
<tr>
<td>11200 SW 8th Street, MARC 530</td>
<td></td>
</tr>
<tr>
<td>Miami, FL 33199</td>
<td></td>
</tr>
<tr>
<td>RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R*)</td>
<td>For any questions or comments, the “Document Details” view for this policy online provides complete contact information.</td>
</tr>
<tr>
<td>305-348-4762</td>
<td></td>
</tr>
</tbody>
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**FORMS/ONLINE PROCESSES (O*)**

*R = Required  *O = Optional