



SUBJECT PROCEDURE FOR FUNDRAISING EVENTS	EFFECTIVE DATE 7/1/2017
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Fundraising events are conducted to encourage support to Florida International University (University), and to communicate the mission and needs of the University to the community. For an event to be considered a fundraising event it must have a significant charitable component, must be directly related to donor engagement and cultivation, and must support the mission of the University and FIU Foundation. Revenue collected for fundraising events may be deposited in the FIU Foundation, in accordance with the procedures set forth below.

Expenses for fundraising events paid from FIU Foundation funds must be in accordance with donor restrictions on the specific fund from which they are to be paid from and must comply with IRS regulations and University policy as it applies to the activities of Direct Support Organizations.

**REASON FOR PROCEDURES**

This procedure defines the types of fundraising event revenues appropriate for deposit at the FIU Foundation. A fundraising event must have a significant charitable component, must be directly related to donor engagement and cultivation, and must support FIU Foundation’s mission to receive, administer, and distribute gifts received in support of the mission of the University. For distinction of signature event classification, please refer to the [Presidential Memo](#).

The following events are considered to have a charitable 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 charitable component and/or are not related to donor cultivation shall not be deposited at the Foundation:

- Sales of tangible items such as t-shirts, mugs, or videos
  - Conference fees
  - Auctions where most of the items are not donated
  - Rental fees 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 signature fundraising event, but is considered to have a significant charitable component and is directly related to donor cultivation, a [Sponsorship Form](#) should be completed.

If an event is considered a signature fundraising event, a [Foundation Signature Event In-Take 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](#)

## PROCEDURES

### Event Planning:

- Departments holding a signature fundraising event (as defined by the [Presidential Memo](#)) should fill out the [Foundation Signature Event In-Take Form](#) (In-Take Form) when a fundraising event is planned and on annual basis thereafter.
- If an event is *not* considered a signature fundraising event, but is considered to have a *significant* charitable component and is *directly related* to donor cultivation, a [Sponsorship Form](#) should be completed.
- A draft copy of the solicitation materials (for example, event invitation, flyer, etc.) ***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 and must be included on all deposits transmittals and disbursement requests related to the event. If a Foundation Project ID number is already assigned (for example, in the event of a recurring annual event), the existing project number must be included on the In-Take Form.
- Departments should also meet with Donor Relations & Stewardship (DRS) and Gift Services (GS) while filling out the In-Take Form to ensure all required data is captured, review potential sponsorships (see “Sponsorship” section below), and review event guidelines.
- The Foundation Office will review the In-Take Form and all supporting documentation to confirm if the event revenue may be received by the FIU Foundation.

### 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 Director of Gift Services prior to soliciting the funds.
- Sponsorships have a charitable and non-charitable component as sponsors typically receive benefits in return (quid pro quo). Any benefits received by the sponsor should be assigned a FMV (see “Calculating Fair Market Value (FMV)” section below). The total sponsorship amount minus the FMV of the tangible benefits would be considered charitable and may be tax-deductible. All solicitation materials should state the breakdown of FMV and the charitable portion.
- The solicitation materials for the sponsorship 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.

### How do I determine what is a significant charitable component?

- The total value of the benefit (non-gift items) cannot exceed 50% of the revenue received. The charitable portion must be at least 50% of the revenue received.

*Example 1:* A ticket to a dinner reception costs \$50 per person. The FMV of the dinner is \$20 per person. The charitable component of the dinner reception is \$30 per person. Since the charitable component received per ticket is more than 50% of the total revenue, this would be considered a significant charitable component.

*Example 2:* A ticket to a dinner reception costs \$25 per person. The FMV of the dinner is \$20 per person. The charitable component of the dinner reception is \$5 per person. Since the charitable component received per ticket is less than 50% of the total revenue, this would NOT be considered a significant charitable component.

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

- The FIU Foundation requires departments holding a signature fundraising event fill out the Foundation Signature Event In-Take Form when a new fundraising event is planned.
- The FIU Foundation also requires the In-Take Form be filled out each year for any recurring fundraising event because the structure of fundraising event and applicable tax laws may change.
- Please ensure that a draft copy of the solicitation materials (for example, event invitation, flyer, etc.) are attached to the In-Take Form.
- **FIU Foundation’s obligation is to ensure that donors receive proper tax receipts, when applicable. Event coordinators (department) 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 Gift Services 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 [Fundraising Event In-take Form](#) for the FIU Foundation Office and Gift Services to review and approve.
- Gift Services will review the merchant and Raiser’s Edge fund to ensure that all revenue for the event will be processed directly into the FIU Foundation.
- By submitting the [Fundraising Event In-take 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.

#### **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 need to be completed with the correct amounts. This form will need to be submitted along with form of payment to ensure it is entered correctly in the system and donors receive proper tax receipts.  
Please note: the 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.

#### **Sale of Tickets (Registration) for Events:**

- A department may charge a registration fee for events. Typically, registration fees do not include a charitable portion. However, departments may offer various sponsorship packages, which may include registration for various attendees. All solicitation materials should state the breakdown of FMV and the charitable portion. If there are no sponsorships associated with the event, the registration fee cannot be received by the FIU Foundation and must be received by the University.

**Auctions:**

- If an event auction is planned for the event, the FIU Foundation recommends a third party be used to handle the event day auction, inventory, and collection of winning bids. Please note: 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 an auction item's FMV is transparent to the bidder. This can be accomplished in the form of an auction bid sheet, allowing for proper tax preparations should a bidder purchases items for a price exceeding the FMV.
- All auction documentation must confirm revenue will support the specific initiative within University via the FIU Foundation.
- Auction revenue may be considered charitable if sale price is more than the FMV.

**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: the [Raffle Worksheet](#) must be completed.
- Generally, raffle revenue is not considered charitable and therefore not tax deductible.
- Any items included in the raffle over the IRS allowed amount of \$600 may be subject to IRS tax reporting.

**Merchandise (as stewardship or sale):**

- Please note: merchandise can be provided to donors as a thank you or stewardship gift. In this scenario, a donor would donate willingly to a designation within the FIU Foundation with no expectation of receiving anything in return. Donations received in this manner would be considered 100% charitable and benefit the designation chosen by the donor and should not be used to pay for the merchandise.
- A department may conduct a fundraising activity which involves selling merchandise (for example, hats, shirts, etc.) where a portion of the sale is charitable and the other portion of the sale is to offset the cost of the merchandise. Note: these funds are to be received by the University directly. Any amount received in excess of the FMV of the merchandise would be considered charitable. **However, if the sale of merchandise is occurring as part of a fundraising event, the funds may be received by FIU Foundation directly.** Please ensure this information is included in the In-Take Form.

**Solicitation of Donations during Event:**

- It is appropriate to request that guests support a particular University 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 requests for donations. Documentation should include what the funds will be used for and submitted to Gift Services for gift processing.

**Online RSVP and Payments:**

- Departments must coordinate with Gift Services to set up appropriate webpages to support RSVPs and credit card payments.
- All Foundation hosted events must have merchant IDs linked to the FIU Foundation bank account.
- Departments are not to use their own webpages, merchant IDs, or credit card terminals to process payments.

### Calculating Fair Market Value (FMV):

- All tangible items should have a calculated FMV. As part of sponsorship agreement, the sponsor may receive various benefits in return (quid pro quo). These benefits may be in the form of a registration fee, event ticket, food and beverage, etc. When calculating the FMV of the sponsorship package, the value of these benefits must be calculated when the In-take Form is submitted to the FIU Foundation and before the event has occurred. For example, for food and beverage - the department can obtain the value of the food and beverage by reaching out to the catering vendor and obtain the price per person. If unavailable, the department can calculate the average cost per person for the food and beverage by obtaining various prices (from a local restaurant or similar venue). The FMV will be calculated by obtaining the cost per person (in dollars \$) multiplied by the event tickets provided to the sponsor. For example, if the FMV is \$30/per person and the sponsor received 10 tickets to the event, it would be calculated as such:  $\$30 \times 10 = \$300$  FMV. Event sponsors can also receive tangible items, such as t-shirts, hats, souvenirs, and other miscellaneous items. The FMV or cost for these items must be disclosed to the Foundation.
- Once the FMV is calculated for all sponsorship benefits (quid pro quo), the department must determine if the FMV exceeds 2% of their total sponsorship amount. If the FMV exceeds 2% of the total sponsorship amount, the event revenue will include both a gift (charitable) and non-gift portion. The Foundation must collect and submit sales tax to the State of Florida for the non-gift portion.
- When the [Event Deposit Transmittal](#) is submitted to the Foundation, it is important that the “gift,” “FMV,” and “sales tax” amounts are correctly listed. The accuracy of this form will ensure that the event sponsor will receive an accurate tax receipt.

### FMV Examples:

- 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.***

### Suggested Language for Solicitation Materials (such as flyers, website, e-mails, etc.):

“Your contribution may be considered tax deductible, where allowed, to the fullest extent under the law as allowed by IRS regulations. Any and all net proceeds from this event, after payment of associated expenses, may be used to support the [*insert program or project ID name*] through the FIU Foundation, Inc. The amount of your contribution that is deductible is limited to the excess of your contribution over the value of the goods and services provided to you. In accordance with Foundation policy, the Foundation may assess a one-time Advancement Initiative fee in the amount of 3% of the Gift (“Initiative”) to support the University’s general fundraising and capital campaign expenditures. The Initiative will be collected with the first installment of the Gift (and any subsequent installment, if necessary) in order to fulfill the Initiative as soon as practicable.

### Suggested Language for the Sale of Merchandise and / or Registration fees:

“\$5 from every t-shirt or registration sold will support student success via the [*insert program or project ID name*] through the FIU Foundation.” It is important to highlight the donation aspect of the sale or registration fee so that individuals are aware they are making a donation.

**Suggested Language for Departmental Thank you Letters (where a good or service was provided):**

“We estimate that the Fair Market Value (FMV) of the goods or services you have received from *(name of the organization that provided a benefit to the donor)* is \$(*FMV*). The amount of your contribution that is deductible as a charitable contribution for the federal income tax purposes is \$(*deductible amount =the excess of the amount of your contribution over the value of the goods or services we provided to you*). Please consult your tax advisor.”

**Suggested Language for Departmental Thank you Letters (where no goods or services were provided):**

“As no goods or services were provided to you in return for your charitable contribution, the entire amount of your contribution is tax deductible to the full extent otherwise allowed by law.”

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.

## **RESPONSIBILITIES**

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

- Complete the In-Take Form at least three (3) 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, including covering deficits from other funding sources.
- Work with Donor Relations & Stewardship and Gift Services on sponsorship agreements, websites, and merchant IDs.
- Submit all required Gift-in-Kind forms to Gift Services.
- Submit all attendee information to Gift Services for proper recording in the event record.
- Transfer net charitable revenue to the FIU Foundation, along with list of donors. This is especially applicable in the scenario where the revenue is deposited into the University.

**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.
- Review and approve In-Take form.
- Coordinate with Gift Services 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.

**Gift Services (GS) will:**

- Review all sponsorship agreements.
- Assist departments with event guidelines.
- Assist departments in filling out the In-Take Form properly, so all necessary data is accurately captured.
- Review and approve In-Take form.
- Work with departments on appropriate platform to accept revenues.
- Create javascripts to support event reservations and payments via Raiser’s Edge NXT.
- 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 GS or FIU Foundation. Input all event data into Raiser’s Edge utilizing “gift,” “FMV,” and “sales tax” categories using the information provided in the event deposit transmittal.
- Coordinate with Finance on GL tracking (e.g. use code for 619099 to track gifts and 611001 for sales tax).
- Assist departments in calculating the gift versus FMV amounts for non-signature events that are deemed necessary to be deposited in the FIU Foundation.
- Use the FMV calculations on the approved form to structure appropriate gift receipts for participating donors.
- Issue all gift receipts, as appropriate.

**RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT**

FIU Foundation Inc.  
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Miami, FL 33199

**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/>.