**Sample Policy and Procedure: Fundraising[[1]](#footnote-1)**

# **Policy.**

It is the policy of [*PCA-HCCN name*] (“PCA-HCCN”) to conduct all fundraising activities (including accessing private philanthropy and corporate sponsorship) in a manner that maximizes access to funds while minimizing financial and legal exposure pursuant to applicable federal and state laws and regulations governing charitable fundraising and solicitation.

**Procedure.[[2]](#footnote-2)**

**1. Registration.** The PCA-HCCN, through its Executive Director, will file appropriate registration forms (along with required financial documentation) in all states in which the PCA-HCCN intends to conduct fundraising activities. If the PCA-HCCN intends to conduct fundraising activities in more than one state, to the extent permitted by state law, the PCA-HCCN will file the Uniform Registration Statement in lieu of the state-specific registration form.

**2. Tax deductions.** The PCA-HCCN will conduct all fundraising activities in accordance with applicable Internal Revenue Code rules governing when and the extent to which a contribution is tax deductible.

1. Fundraising events. If a donor receives anything of value in return for a contribution (a “quid pro quo contribution”), the PCA-HCCN will make a reasonable determination of the fair market value of the benefit received by the donor in advance of the solicitation. The PCA-HCCN will inform all donors of the specific amount of their contribution that is deductible, if any. If the PCA-HCCN receives a quid pro quo contribution of $75 or more, it will provide the donor with a written statement that: (i) informs the donor that the amount of the contribution that is tax deductible is limited to the amount that the contribution exceeds the value of the goods or services that the donor receives, and (ii) provides the donor with a good faith estimate of the value of the goods and services received.
2. Auctions. If the PCA-HCCN holds an auction, it will distribute a brochure or catalog describing each item up for auction, including its fair market value.
3. Raffles and lotteries. The PCA-HCCN will report winnings of $600 or more from raffles and lotteries to the IRS and, if the proceeds exceed $1000, will withhold income tax equal to 20% of the proceeds.

The requirement to establish the fair market value of any benefit received by a donor does not apply to token items of inconsequential value, based upon the then current guidelines published by the IRS.

If a donor contributes a gift of $250 or more, the PCA-HCCN will provide the donor with a written acknowledgment of the contribution before the donor files his or her tax return on which he or she will claim a deduction for such contribution.

**3. Corporate sponsorship.** The PCA-HCCN’s Board of Directors will establish guidelines for soliciting financial support from businesses, including any businesses that are “off limits.” The PCA-HCCN will conduct reasonable “due diligence” into the background and business practices of a potential corporate sponsor. If the PCA-HCCN determines that the potential sponsor is appropriate for the PCA-HCCN, the PCA-HCCN may: (i) acknowledge the sponsor’s support by displaying its name, logo and slogan; (ii) include value-neutral descriptions of the sponsor’s product line and a list of locations, telephone numbers, website address, and brand or trade names; (iii) allow the sponsor to display or distribute samples of its products in conjunction with a sponsored event; and/or (iv) identify the sponsor as the “exclusive” sponsor of an event, so long as the sale, distribution or use of competing products is not limited in connection with the sponsorship.

**4. Financial support from vendors/suppliers.** The PCA-HCCN may solicit and accept financial support from vendors/suppliers, so long as such activity is conducted in accordance with the requirements of the federal Anti‑Kickback Statute. When soliciting vendors/suppliers, the R/SPCA will (i) ensure that the group of potential sponsors solicited represents a broad-based pool of civic leaders and business sources and (ii) certify that it will not take any support provided by vendors/suppliers into account in awarding or renewing contracts or in purchasing items or services.

**5. Internet fundraising.** If the PCA-HCCN uses internet-based fundraising techniques, it will ensure that the PCA-HCCN is registered in all states in which the internet site is accessed. The PCA-HCCN will establish appropriate security measures to protect, among other things, donor lists and online credit card transactions.

**6. Consultants.** If the PCA-HCCN decides to hire a fundraising consultant or professional solicitor to assist in its fundraising activities, the PCA-HCCN will verify such individual’s qualifications, experience, and whether s/he is properly registered, licensed, and bonded as required by state law, prior to hire. The PCA-HCCN will execute a written agreement with the consultant/solicitor, which will include the scope of services to be provided; the PCA-HCCN’s payment obligations; a statement that the PCA-HCCN owns any products or materials created in the course of the engagement; if the consultant/solicitor owns the copyright to the products or materials created during the engagement, a statement that s/he will assign all rights, title and interest in and to such materials, including the right to secure a copyright, to the PCA-HCCN; a requirement that the consultant/solicitor obtain the PCA-HCCN’s prior written approval of material published for the fundraising campaign; a requirement that the consultant indemnify the PCA-HCCN for any loss that it may incur on account of his or her activity on behalf of the PCA-HCCN; and a warranty from the consultant/ solicitor that s/he is properly registered in the state and licensed and bonded, if required by state law.

**7. Use of federal grant funds**. The PCA-HCCN will not use federal grant funds for fundraising purposes.

**This policy and procedure shall be periodically reviewed and updated consistent with the requirements and standards established by the Board of Directors and R/SPCA management, federal and state laws and regulations, and applicable accrediting and review organizations.**

**Responsible parties:**

### Signature Date

### Executive Director

Signature Date

1. The Authors of these materials include attorneys at the law firm of Feldesman Tucker Leifer Fidell LLP. The sample documents offer general guidance based on federal law and regulations and do not necessarily apply to all PCAs-HCCNs under all facts and circumstances. Further, these materials do not replace, and are not a substitute for, legal advice from qualified legal counsel. [↑](#footnote-ref-1)
2. Authors’ note: Using the following sample as a guide, PCAs-HCCNs should tailor the procedure to reflect their own structures and operations. [↑](#footnote-ref-2)