

Special Fund Raising Events Policy

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I. What is a Special Fund Raising Event?

A Special Fund Raising Event is defined as an event where the primary motive is to raise charitable contributions and private funds for the benefit of Auburn University and/or the Auburn University Foundation. In order for an event to be considered a Special Fund Raising Event, an actual event occurs where donors purchase some kind of ticket or pay an admission fee. They then participate in an event and as a result receive a quid pro quo, also known as a donor benefit. With a Special Fund Raising Event, there are expenses directly related to conducting the event, including sales tax on the non-gift portion of the admission payment that must be paid before the net event proceeds can be used for the purpose for which the event was held.

Because of these characteristics, a Special Fund Raising Event is distinguishable from other University program or alumni relations activities. Examples of Special Fund Raising Events include golf tournaments, fund raising dinners and charity auctions. Because Special Fund Raising Events must adhere to certain IRS and AUF accounting guidelines, it is important to familiarize yourself with the Special Fund Raising Events policy and submit all related forms and documents within the stated timeframe.

II. Exceptions and Exemptions to the Special Fund Raising Events Policy

There are instances where a fund raising activity does not fall under the Special Fund Raising Events Policy. Please review the following exceptions and exemptions to ensure that your event does not fall under one of these categories before proceeding with planning your event.

- Gifts that do not entail an event but entitle the donor to benefits (such as a Dean's Club membership) are covered under the policy for "Gifts with Donor Benefits." For further clarification, See [http://www.auburn.edu/administration/oadss/devacct/pdf/Determining%20the%20Value%20of%20Donor%20Benefits%20March %202012.pdf](http://www.auburn.edu/administration/oadss/devacct/pdf/Determining%20the%20Value%20of%20Donor%20Benefits%20March%202012.pdf).
- Student fund raising events are approved by and conducted under policies of the Office of Student Affairs. See http://www.auburn.edu/student_info/student_affairs/students/permits.html. These events generally do not result in gifts to Auburn University. If a student event benefits Auburn University or the Auburn University Foundation and has an element of gift to be recorded, it must follow Development Office policies.
- Some non-event fundraising activities require expenditures to be paid from the receipts raised before the net proceeds may be identified. These activities may qualify for this policy and therefore use a special event fund and activity code. For example, if a donor agrees to give a gift that will be recognized on a donor wall, the cost of that donor's

name being engraved on the wall (expenditure) must be paid as well as relevant taxes before the net proceeds can be utilized.

- Some events may be conducted primarily for programmatic or donor relations purposes. These events are not subject to this policy. However, if they have a related silent auction or other fund raising activity, then this policy applies to the fund raising portion of the event.

III. I have decided to organize a Special Fund Raising Event. Now what?

Once you determine that you are going to organize and host a Special Fund Raising Event, there are many steps you must take and items of which you must be aware so that the accounting portion of your event goes smoothly. All resources and forms needed to complete the Special Fund Raising Event process can be found on the Development Accounting Web site at <http://www.auburn.edu/administration/oadss/devacct/specfunds.html>. The first step in organizing a Special Fund Raising Event is to seek approval for your event.

Approval of Event

Auburn University policy requires that all solicitations – including Special Fund Raising Events – be approved by the Vice President for Development. Special fund raising events must have a development officer responsible for the event, and this individual or his/her designee must request approval from the Vice President for Development or his/her designee by submitting the Request for Approval of Fund Raising Event Form. See <http://www.auburn.edu/administration/oadss/devacct/pdf/eventapprovalform.pdf>. The Request for Approval Form A must be received **a minimum of 90 days** before the event. Approval of the event must be obtained prior to printing any event-related solicitation materials or the signing of any contracts for facilities and/or services. Annual events must reapply for approval every year.

To apply for approval, the following materials must be submitted on Form A:

1. A brief description of the event, including the purpose, place, expected number of attendees and any available logistics information such as caterer, timing, flowers, etc.
2. The proposed date, time and duration of the event.
3. The projected budget for the event, or if not the initial year, a copy of the final accounting for the prior year's event. (See the Final Accounting section of this policy for information about accessing accounting information from last year's event in Banner.)
4. A description of donor benefits and a preliminary estimate of the fair market value of these benefits. For additional information, see Determining the Value of Donor Benefits at <http://www.auburn.edu/administration/oadss/devacct/pdf/valuebenefits.pdf>.

Once an event receives approval, a copy of Form A will be returned to the person who originally prepared the form and a copy will be forwarded to development accounting.

Receiving an Activity Code from Accounting

A Special Fund Raising Event Fund has been established in BANNER for each school or college to track all activities related to Special Fund Raising Events both for determination of the net proceeds, financial statement presentation and tax return purposes. A distinct Activity Code is assigned to each event and changes annually so that event revenues and expenses can be identified by specific event. Once you receive approval for your event, Development Accounting will assign you an Activity Code. Accounting cannot issue payment to any vendors (this includes payment to printing vendors for your initial solicitation materials) or record gifts related to your event until you have an Activity Code.

IV. I have received approval for my event and am ready to move into the active planning phase.

Once you have received approval for your event, you are ready to move into the active planning phase, which might include activities such as securing a venue and hiring a caterer.

Contracts for Services/Vendors

Whenever you are arranging for the services of caterers, musicians, bartenders, etc., the Foundation's policy on professional service contracts should be followed. This policy states:

Professional services for the benefit of AU or AUF may be paid from AUF funds. As this is subject to 1099 reporting, these expenditures must be paid directly to the provider of the services. Payments made by cash will not be reimbursed. Therefore, at the time of contracting for the services, the contractor should be directed to register as a vendor on the AU Web site. A letter or memorandum of understanding should be obtained to document the services to be provided and the agreed upon compensation. If the services are to exceed \$600, a professional services contract should be executed. Services provided to an AU unit that are to be paid from AUF funds may be documented with either an AU professional services contract or an AUF professional services contract.

You must fill out a Professional Services Contract form and submit it to Development Accounting prior to the event. The form is available at <http://www.auburn.edu/administration/oadss/devacct/pdf/AUFPSC.pdf>. Be sure that all entities to which payments must be made have registered as AU vendors at an early date to avoid problems.

Remember that employees cannot pay personally for rentals, services or other items for which 1099s are required and be reimbursed for these costs. Also, remember that you cannot use the Foundation credit card for purchases for Special Fund Raising events. These include professional services (i.e. using an event planner), rentals, contracted services, deposits, etc. Vendors should register at the AU vendor Web site as soon as the contract is signed for their services so that their payments can be processed in a timely manner. It is imperative that you make sure your vendor is approved and that the vendor information on file is accurate and up to date so that your vendor can be paid in a timely manner. We recommend that you double-check this information yourself from the outset of the planning phase when you initially contact the vendor. You can check this information with the Office of Procurement and Payment Services at http://www.auburn.edu/administration/business_office/pps/. New vendors can register with Auburn University's Vendor Center online at <https://secure.auburnuniversity.net/system/register.mv?type=Vendor&domain=vendor>.

Private clubs may sometimes be used when a member makes arrangements for us as his/her guest. These membership organizations can often sell only to their members, and they will not be able to register as a vendor. Arrangements for payments need to be clarified well in advance of the event in these cases.

Guidelines on Prizes for Participants

The value of prizes to participants should be minimized, and the use of plaques and/or trophies is preferred. For any part of a payment to qualify as tax-deductible, the donor's intent to make a gift must be demonstrated. Events should be avoided that have valuable prizes and take on the traits of for-profit events or events held for entertainment.

Raffles: Not Allowed

Never have a drawing for prizes into which you put the participants' names. This causes the event to fall into the raffle category, which negates any donor tax deduction for any portion of the payment because the IRS treats the excess payments as a purchase of a chance to win a prize rather than as a charitable contribution. In addition, because raffles are also illegal in the State of Alabama, Auburn University and the Auburn University Foundation do not conduct raffles.

Guidelines for Serving Alcohol

A liquor license is required whenever money changes hands and liquor is involved. Because of their nature, special fund raising events will need to be covered by a liquor license. Therefore, events should be held at a restaurant, club, event facility, etc. that has a valid liquor license. It is the responsibility of the event planner to ensure that a license is in effect.

Auburn University Foundation does not hold a liquor license. Although 7-day licenses can be obtained for individual special events, these licenses are not an option because they currently are not authorized by the Foundation Board. The only campus locations with a liquor license are the Hotel at Auburn University/ Dixon Conference Center, the Jule Collins Smith Museum of Fine Art and The Arena. Therefore, any event involving payment from attendees should not include a reception at the President's home or any campus location other than those holding a liquor license.

There are several ways to handle bars at special events. Since they are covered by the liquor license of another entity, include the specifics in the contract for the event so that no misunderstandings arise.

- 1) An Open Bar is provided and the participants do not pay separately for the alcohol or wine that is served at the event. The value of the alcohol is included as a donor benefit in determining the tax deduction. You should calculate two drinks per attendee when determining the donor benefit.
- 2) A "Cash Bar" is provided and the participants pay the bartender for their alcohol. In this instance, the drinks are not a donor benefit except for any drink tickets provided to certain attendees. AUF purchases the alcohol or has it donated and either the bartender collects cash or a "drink ticket" is sold/distributed by AUF for each drink. It is imperative to remember that the Foundation does not have an alcohol license and can't purchase alcohol at a wholesale rate. It must always purchase alcohol at a retail rate including sales tax.

If the bartender is not provided by the caterer or the facility, the bartender must register with AU as a vendor and preferably sign a professional services contract for the event. Please note that AUF policy prohibits alcohol at events that include students as guests.

Charity Auctions

Organizing and executing charity auctions is covered under a separate AUF policy. If the event you are planning is an auction or includes an auction component (either silent, live or both), please refer to the AUF policy for Charity Auctions at <http://www.auburn.edu/administration/oadss/devacct/pdf/CharityAuctionPolicy.pdf>.

Please take note of the following issues that often occur when holding an auction:

- Items to be sold at auction must be donated and not purchased for resell.
- In-kind gifts of tangible, personal property for sale at auctions qualify as charitable contributions only if they sell. Those in excess of \$250 will be recorded after the event at the lower of the actual selling price or the fair market value (FMV) published in the auction materials. Any time the FMV is not published, there can be no charitable

contribution per IRS regulations. A form to record any gift-in-kind contributions for your event is available under the “Forms” section at

<http://www.auburn.edu/administration/oadss/devacct/specfunds.html>.

- Gifts of services, use of property, travel packages, or partial interests in property will not be recorded as charitable contributions.
- Purchasers of the auction items are presumed to be making a purchase rather than making a gift absent evidence to the contrary and sales taxes apply to the purchase price. Sales taxes are not added to a donor’s bid but instead will be calculated and paid from proceeds collected. IRS guidelines require a donor to demonstrate that he/she had the actual intent of making a gift over and above the value of the item purchased. To assist auction participants in claiming a charitable deduction, publicize the fair market value of the auction items so that the buyer may knowingly make a gift if he/she chooses. Sales taxes will not apply to amounts paid in excess of the advertised FMV, nor to payments for services or rentals, unless the services or rentals are part of a package that includes tangible personal property, in which case the total price is subject to the tax.

On Site Credit Card Use and Processing

Master Card, VISA, Discover and American Express are accepted by the Auburn University Foundation. A portable credit card machine can be reserved for use at the event by e-mailing augifts@auburn.edu. A reconciliation of the sales receipts must agree with the total processed by the machine. The machine should be reserved well in advance of the event and be returned the first business day after the event along with the reconciliation of charges processed. An alternative is to set up an on-line giving Web site and to use a laptop to process charges at the event.

To comply with credit card security requirements, credit card numbers should not be written down. If it is necessary to do this, steps should be taken to ensure the security of the numbers. Any copies made of event records should black out all but the last 4 digits of the credit card number. Development Accounting will also do this to the original record after processing the charge.

For additional information and guidelines regarding reserving and using the Office of Development Accounting’s wireless credit card machine, see

<http://www.auburn.edu/administration/oadss/devacct/pdf/wirelesspolicy.pdf>.

Event Insurance Coverage

Approved fund raising events are covered under Auburn University’s insurance plans. If you are requested to provide evidence of this coverage, it can be provided by the AU Office of Risk Management. See <http://www.auburn.edu/administration/rms/>.

Participation by AU Employees in other AU events

There may be occasions when you will need to attend a Special Fund Raising Event that is outside your school or college. Or, you might have other Auburn University employees that want to attend your event and are required to purchase a ticket or pay a registration fee. Development Accounting has developed a special document to handle an internal campus transfer of funds in such cases. That document is the AUF Special Fund Raising Journal Entry form, which can be found online under the “Forms” section at <http://www.auburn.edu/administration/oadss/devacct/specfunds.html>.

Participation by AU Employees’ Spouses/Family Members

There are occasions when a Dean or an AVP requests/invites an AU employee to bring his/her spouse to attend an entertainment event as an official guest. In accordance with IRS regulations, the purchase of a ticket will be taxable to the employee. Tickets for children or other family members will not be reimbursed.

Funds Raised by Volunteer Groups

Outside groups that wish to preserve the tax deduction for their participants may request to hold their event under the oversight of the Auburn University Foundation with a development officer and coordinator responsible. All AUF policies and procedures must be followed. Registrations must be sent to AUF as they are received for timely deposit and processing, and collections at the event, if any, must be reconciled and remitted within three business days.

Volunteer groups normally raise funds by holding an event that they present as a “charity fund raiser.” They open an account, cash the participants’ checks, pay the bills and send the funds to AUF. These are recorded in the name of the “group” which will have a donor record as an “other entity” such as “XYZ Golf Tournament for Scholarships.” Unless the volunteer group has been recognized by the IRS under code section 501(c)(3), the sponsors and participants receive no tax deduction.

It is never appropriate for a group to host an event, provide benefits to individuals and instruct those participants to send a check to AUF without identifying that there were benefits provided. IRS penalties for participation in this type of transaction are prohibitive, as well as resulting in negative publicity. University employees who become aware of this occurring are required to communicate this to Development Accounting so that the transactions and resulting receipts will be accurate. To assist an individual in converting a non-gift transaction into a tax deductible contribution is illegal.

V. Accounting Procedures: Collecting Money for your event

With planning for your event well underway, keep in mind that certain accounting-related items must be in place and forms filled out prior to sending out solicitations by mail or by Web

and collecting money for your event. Form B, which outlines donor benefits and their fair market value, must be completed and approved at this point.

Development Accounting must be provided with all information needed to process registrations and sponsorships prior to any money arriving. You should verify that the following have been completed:

- The Advance allocation has been set up properly for your event, and it is mapped to the appropriate Banner FOP (including the new activity code).
- Development Accounting has been provided with final copies of all solicitation materials. (Consider adding Development Accounting, Attn: Donna Mitcham, 317 S. College St., Auburn, AL 36849, to your mailing list.)
- Development Accounting has been provided Form B.

Form B: Pricing and Benefits

At this point in your event preparations, it is imperative that you fill out Form B <http://www.auburn.edu/administration/oadss/devacct/xls/Form%20B.xlsx> and submit it to development accounting. Form B is used to describe and value actual donor benefits and to show the various prices being charged for admission to your event, sponsorships, etc. (example is included in the link above).

Requirements for Solicitation Materials

Solicitation materials include any collateral printed pieces directly related to advertising, soliciting and garnering funds via your planned Special Fund Raising Event. These might include brochures, posters, booklets, flyers, etc. Auburn University requires that all solicitation materials – including those related to Special Fund Raising Events – comply with Auburn University’s printing policy (see <https://sites.auburn.edu/admin/universypolicies/Policies/PrintingPolicyandProcedures.pdf>) and be in accordance with IRS guidelines. As such, they must be submitted for review to both the AU Office of Communications and Marketing and to Development Accounting prior to printing. Development Accounting maintains a copy of approved solicitation materials for IRS purposes. In addition to compliance with IRS requirements, solicitation pieces should be designed with a returnable portion that contains as much pre-printed information as possible to ensure speed and accuracy in the recording process. It is also important to include on any printed pieces related to your event where the funds raised will be designated (i.e. “to support scholarships in the School of Nursing.”) All printed solicitation materials should include the appeal code, the allocation code and the Development Officer Advance Number in order to facilitate all accounting procedures related to the event.

When designing and printing your solicitation materials, consider the following:

- Adding a refund policy disclaimer to the registration form in case the event is cancelled and not rescheduled due to circumstances beyond control, such as inclement weather. Since this a charity event, it is appropriate to have a policy that the payments will not be refunded.
- Adding a line to the form that allows a donor to “opt out” of benefits and make a contribution instead. The donor’s mere failure to attend the event will not convert the ticket price into a fully deductible contribution, nor will returning the tickets at a later date. Returned tickets can only be treated as a gift-in-kind when attendance is limited, the event is sold out and the tickets are actually resold.
- Adding a line that states that all applicable taxes are included.

Payments Received by Mail

Sponsorships and payments received in person or by mail should be accompanied by their corresponding registration cards and sent to Development Accounting when received. Use the Gift Accounting Multiple Gifts to Same Allocation Transmittal Form for recording and sending in these gifts to Development Accounting. See

<http://www.auburn.edu/administration/oadss/devacct/pdf/Multiple%20Gifts%20Transmittal%20Form.pdf>. You may also keep a copy for your records.

Preparing to Accept Web Payments

If the ability to accept credit card payments over the web for ticket purchases or for sponsorships is needed, this must be coordinated through the Information Management Services (IMS) Office. Email IMS@auburn.edu at least 90 days prior to the event. IMS will contact the requester to discuss the event and Touchnet uStore options. Do not use the AU Marketplace, as it directs money into Auburn University/chart A funds. IMS will create a TEST uStore for the requestor. After all approvals, IMS will recreate the site in the production instance of Auburn’s Touchnet system and provide the link to send out to Web sites, emails, etc. Prior to sending out solicitations by mail or by web, Form B

(<http://www.auburn.edu/administration/oadss/devacct/xls/Form%20B.xlsx>), which outlines donor benefits and their fair market value, must be completed and approved.

VI. After Action: Wrapping up Your Event

While the majority of paperwork related to holding a Special Fund Raising Event is filed in the weeks prior to the event itself, there are some accounting items that must be handled immediately following your event including submitting any monies collected during your event and paying any outstanding invoices to vendors. Please be aware of the following items that might be of issue at the conclusion of your event.

Final Accounting

It is anticipated that most tickets to events will be purchased in advance and not at the event itself. Tickets received at the event should be clearly identified as admissions. Food or alcohol sales, silent auction sales proceeds or any other event revenue should be clearly identified. All collections at the event should be received in Development Accounting no later than **three working days after the event**. All event bills should be paid as expediently as possible after the event.

Once the final bill is paid, submit the final budget status report to Development Accounting with a request to transfer the net proceeds to the appropriate BANNER FOP. If not done within 60 days of the event, Development Accounting will close the event. Expenses paid after the close of an event or a deficit created by costs in excess of event proceeds will be charged to the school/college/unit's AUF general gift fund.

If the event is scheduled close to September 30, the proceeds and invoices may need to be processed in less than the standard 60-day time due to fiscal year closing processes. Please coordinate with Development Accounting in this case.

If you are organizing a recurring event, accounting information from the prior year's event can be accessed by visiting the Self Service Menu in Banner.

Use of Net Proceeds

Upon completion of each event, it is the responsibility of the event coordinator to reconcile the fund and make a formal request to Development Accounting to transfer the net proceeds and close the event. The net proceeds from the event after payment of all related expenses will be transferred to the benefiting fund exactly as committed to the donors in the solicitation materials pending clarification for non-event activities that have related expenditures. Restrictions on donations can only be created by donor action, so any solicitation materials must be very specific for any restrictions to apply. For example:

- A brochure stating that net proceeds will be used to fund scholarships will result in all funds being transferred to a spendable scholarship award fund and will preclude them from being transferred to an endowed scholarship.
- A brochure stating that net proceeds will be used to benefit the XYZ Scholarship Endowment will cause all funds to go to the endowment and none to the spendable award fund or departmental operations.
- A brochure stating that net proceeds will be used for scholarships, faculty support and other needs of the College of ABC will result in all funds being transferred to the School/College's general gift fund due to the discretionary nature of the restrictions. The Dean will then authorize transfers of funds to the appropriate account.

- Endowments are donor-created legal entities and cannot be funded by the transfer of net proceeds that are at the discretion of an event coordinator, Dean or other AU employee. In order for proceeds to have a legally imposed permanent restriction, the brochure must be worded in such a manner that the required amount is indisputable, such as “50 percent of the net proceeds will be transferred to the XYZ Scholarship Endowment and the balance will be used for scholarships, faculty support and other needs of the College of ABC.”

VII. Contact Information

Should you have any questions or need additional information during the course of planning and executing your special fund raising event, do not hesitate to contact the Development Accounting Office for further guidance. People that may be of assistance to you include:

Donna Mitcham, 844-1299

Kathy Wilson, 844-7982

Linda Sayers, 844-1124