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### **INTRODUCTION**

Family Resources' first formal constitution was established in 1869 but the organization is actually older than that, tracing its roots to the earliest white settlement of the river villages that have become the Quad Cities. For all of this formidable history, it has been recognized as a public charity serving the needs of those families and children having difficulty meeting the challenges of their time. For most of this time the work was supported totally by charitable giving from the communities served. Fee for service revenue, largely government based, has grown over the last thirty years to the point where it now represents more than half of our operating funds, but that fact has not changed our essential nature. Whether coming through United Way, grants, or individual contributions, the generosity of the more fortunate members of the community we serve will remain our financial backbone and will always fuel our mission. For these reasons assuring the vitality of that support is as much a part of our work as the direct client service we provide. Fundraising, development and marketing are the operational terms for that work, and the procedures that follow will assure that we do that work in a coordinated, productive and ethical manner.

### **AGENCY LEVEL FUNCTIONS**

In its modern form, Family Resources is a non profit corporation which is recognized as exempt from taxation by the Internal Revenue Service. This means that not only do we not pay taxes, but also that contributions we receive are guaranteed to be tax deductible to the contributor. To maintain that status, we have to abide by some legal requirements that can be fairly complex. We also need to make sure that our fundraising efforts are effective and coordinated. All such activities, for that reason, require the approval

of agency administration. Responsibility for facilitating these processes lies with the Development Office which reports directly to the President/CEO. The responsibilities of this office include:

- ✓ Coordinating and conducting agency wide solicitation and fundraising activities.
- ✓ Maintaining the donor database and overseeing donor relations.
- ✓ Providing documentation required to meet legal requirements.

## **PROGRAM LEVEL FUNCTIONS**

Programs have a vital interest in these activities and have a vital role to play. Some programs may be more dependent on them for operational assistance than others, but all benefit from capital solicitations and from the improved community recognition and relations which flow from them. Program level responsibilities include:

- ✓ Providing cooperation and support through staff time and logistics for agency wide solicitations and fundraising events.
- ✓ Receiving prior approval for all program level solicitations and special events.
- ✓ Coordinating approved solicitation activities with the Development Office.
- ✓ Reporting all contributions promptly and in detail to the agency Development Office.

The following sections provide some detail for how these functions should operate:

## **CONTRIBUTIONS**

Because of our position as a public charity, we may, and should, accept contributions and the contributor may be assured that their donation will be eligible for treatment as a charitable contribution deduction under the applicable tax rules. There are some general rules that apply to how we deal with contributions. While any significant solicitations or campaigns are coordinated through the Development Office, offers or unsolicited contributions are often received at the program level. The following procedures apply:

- 1) The law provides that a receipt be given for any contribution over \$250.00 Our practice, however, is to provide the receipt for any contribution. Everyone receiving a contribution should be supplied with the Agency Contribution Form which serves that purpose. Once completed in full, the yellow copy is to be given to the donor and the white copy forwarded to the Development Office. The donor will also then receive a personalized letter generated by the agency office and signed by the Director of Fund Development. To effect this, the required information must be promptly reported. A program level note of appreciation may also be sent in approved form but does not supplant the need for the official letter and receipt.
- 2) There are special rules relating to contributions of property or services (other than cash). These are known as 'gifts in kind'. In general, in addition to the receipt (yellow copy of the donation form), the contributor of property or service will be given a letter which describes the date and nature of the



contribution, specifically describes the property or service contributed, and acknowledges it's estimated value as determined by the donor. The emphasis is on the statement 'as determined by the donor'. We are not in a position to establish values, and under the tax law, it will be the responsibility of the donor to prove value if challenged by IRS. Property worth more than \$5,000 kicks in even more special rules. Any donor of property worth more than \$5000.00 should be advised to discuss the matter with their tax advisor if deductibility is an important criteria for them. Any contribution of real estate must be first coordinated with the Director of Fund Development and the Legal Office. Contributions of used motor vehicles should never be accepted without consultation and approval from the legal office and the Director of Fund Development. All programs which experience or can expect unsolicited 'in kind' contributions must develop an agency approved protocol concerning what may be accepted, what may not be accepted, and the appropriate method of expressing appreciation for those that may not be accepted.

- 3) Family Resources has reporting responsibilities of its own with regard to contributions and it is extremely important to the overall success of our development efforts that we be able keep track of those generous donors who are willing to help us. This data is maintained in a donor database by the Development Office. This important function only underscores the importance of the reporting responsibilities previously discussed.
- 4) Contributions with conditions, or which are made in return for something are special cases. They may not be accepted without prior approval of the Development Office.
- 5) Uncompensated services and expenses provided by volunteers can, under certain circumstances, be treated as contributions but whether or not this is true will be fact dependent. Review any situation with the Development Office before making such a determination.

## **GRANTS, SOLICITATIONS AND UNITED WAY**

**Grants:** Grants by private and public foundations, or governmental units are one important way we receive contributions to our capital and operating budget. In essence, a grant is a gift or contribution of an identified sum of money with the expectation that we use it for an identified purpose.

**Solicitation:** A solicitation is a direct or indirect request made to any individual or organization for the purpose of encouraging or inducing them to make a contribution to us. A solicitation may or may not be part of an organized 'campaign'.

**United Way:** United Way of the Quad Cities and of Muscatine is a major source of operating revenue for us and in a way falls into both of these categories. United Way makes the solicitation on behalf of all supported programs and then provides grants of operational funding.

There are some procedures that apply in common to both solicitation campaigns and to grants:

- 1) All aspects of solicitation campaigns, grant application and receipt, and United Way interaction must be coordinated with the overall Family Resources development effort through the collaboration of the



President/CEO, Vice President of Programs, and the Development Office. This is essential to maintain uniformity and consistency.

- 2) All major campaigns and grant applications must be pre analyzed to determine the costs and benefits of its activities, the reasonableness of costs compared to dollars raised, true fundraising costs, and the ethics of the fundraising methodology. Before any such campaign may become operational, it must be reviewed and approved by the Board of Directors.
- 3) No solicitation of funds may be made in direct competition to the United Way Community Campaign. Our agreement with United Way requires this and provides a time window known as the fall 'black out period' during which no external fundraising may be conducted. It is not inappropriate, however, to request donors to make designated or restricted use gifts to their United Way campaign. Contact the Director of Fund Development for more information concerning this option.
- 4) Public relations activities are only one step away from fundraising. Significant public relations efforts must be coordinated with agency efforts and approved by the Marketing and Development Offices. Public information and education activities may be distinguished from public relations for this purpose, but still should be developed in collaboration with the agency offices.

## **FUNDRAISING EVENTS**

Fund raising events often serve the purpose of enhancing public awareness as well as raising funds. They can therefore be valuable tools. At the same time, they can be traps which use vital staff time which could otherwise be devoted to program operations with very little financial return. For this reason any proposed event is to be subjected to careful scrutiny before it is produced. In addition to the general rules concerning publicity, solicitation and contributions already discussed the following requirements apply specifically to fundraising events:

- 1) All, repeat all, fundraising events must be presented to and approved by the President CEO through the Development Office, before they may be produced. No exceptions.
- 2) The same restrictions apply to offers from external sources to hold events for our benefit. We have every right to withhold permission for the use of our name or to decline a contribution from an inappropriate source. Those decisions, however are to be made at the agency level to assure consistency.

## **BEQUESTS AND TRUSTS**

Family Resources receives some support through bequests and trusts. It is also a stated development goal to increase activity in this arena known as 'planned giving', whether through the community foundation or by direct gift. The laws and regulations which make this an attractive way in which to exercise philanthropy also make it a complex subject. Any expression of interest in donation by bequest or trust should be immediately referred to the Director of Fund Development who will work with the prospective donor, the donor's legal advisor, and the Family Resources legal office to facilitate the gift.

## **THE ESSENTIAL ROLE OF TRANSPARENCY AND OUTCOMES IN FUNDRAISING**

Donors and potential donors both want to know and are entitled to be assured that their contribution is used wisely for the purpose for which it was given and that the programs they support produce results. Consistent with the increasing emphasis on transparency evident in corporate and philanthropic law which has been evident over the years, Family Resources has adopted the following guidelines relevant to fundraising and related activities:

- 1) Solicitation of funding for a particular service should be accompanied by research or outcomes based evidence of its effectiveness.
- 2) Consistent with the provisions of the Institutional Funds Management Act, the content of a solicitation which produces a contribution is to be viewed as part of a gift instrument and appropriate care taken to make sure the funds are used in the manner for which they were solicited.
- 3) Subject only to the limitations of client confidentiality and of reasonableness in light of the amount of the gift, donors are to be treated as investors in our mission and provided financial information for which they ask relating to the program or service to which they contribute.
- 4) Family Resources adopts and will abide by the ethical standards of charitable fundraising and the 'Donor Bill of Rights' as adopted by the Association of Fundraising Executives and endorsed by the National Committee on Planned Giving, Council for Resource Development, and the United Way of America.