



UNIVERSITY OF HAWAI'I FOUNDATION

## Fundraisers Quick Reference Guide

### DEFINITIONS

#### CONTRIBUTIONS

A contribution is a nonreciprocal transfer in that there is no implicit or explicit statement of exchange, purchase of services, or provision of exclusive information. If the donor receives benefits in return for the contribution, the amount of the gift recorded and reported is reduced by the fair market value of all benefits given according to the IRS regulations (See Quid Pro Quo and Safe Harbor Index).

#### QUID PRO QUO

The IRS defines quid pro quo as, "a payment made partly as a contribution and partly in consideration for goods or services provided to the payer by the donee organization." The value of the benefits or "premiums" the donor receives is a key factor in determining the amount of the actual gift.

#### 80/20 RULE

For athletic events, if a donation is required prior to granting the ability to purchase sporting event tickets, only 80% of the donation is deductible to the donor for federal income tax purposes. The donation portion, to which the 80% applies, does not include the cost of the tickets.

### FORMS

#### *Account Establishment Form*

When is this form needed?

- This form must be submitted to establish an account at the Foundation. An account must be set up before the Foundation can accept deposits, make money transfers, or issue reimbursements.

#### *Why does the Foundation need this form?*

- This form provides the purpose of the account and those who will have responsibility for administering the account. This form must be completed in full, including all required signatures, before being submitted to the Foundation's Fiscal Office.

#### *Additional Information*

- Accounts for colleges and schools must be approved by the Dean or Chancellor.
- For all other accounts, the Director of the Cancer Research Center of Hawaii, the Director of the Institute for Astronomy, a Vice President, or the university President must approve the establishment of the account as appropriate.
- The account administrator is the individual who is responsible for expenditures from the account. For each account there should be a minimum of two, but not more than six, account administrators who are authorized to approve transactions.

#### DEDUCTIBILITY WORKSHEET FOR FUNDRAISERS FORM: SPECIAL EVENTS & MEMBERSHIP DRIVES

##### *When is this form needed?*

- This worksheet separates the payments for special events and memberships drives between the contribution portion and the non-contribution portion. This form is not needed if 100% of the payment is a contribution.
- This worksheet should be submitted prior to the printing of material or to publicizing the event. For annual events and membership drives, a new worksheet will be required each year prior to the start of the event.

##### *Why does the Foundation need this form?*

The information contained in this worksheet will assist the Foundation in complying with the IRS rules requiring that donors be informed of the amount of their "contribution" that may be deductible as a charitable gift. It also helps the Foundation comply with the additional IRS requirement that the fair market value of the benefits the donor received be stated on the gift receipts which are produced by the Foundation.

#### *Additional Information*

- Payment of goods or services over \$4,000 requires at least three verbal quotations or sole source justification.
- Fundraising event fees may be subject to Hawaii State general excise tax.

## SAFE HARBOR INDEX

This IRS index helps determine whether benefits to donors are of insubstantial value in comparison to their donation. Generally in order to be insubstantial, the value of the premium or benefit must be the lower of 2% of the value of the contribution or \$89 (2007 limit). These values are adjusted annually for inflation. When benefits are deemed insubstantial, the entire amount is considered a donation.

## TRANSMITTAL OF CONTRIBUTION FORM

### *When is this form needed?*

This form is needed when submitting contributions for the benefit of a university program or activity. This includes contributions that have a quid pro quo element to the payment.

### *Why does the Foundation need this form?*

This form is a key document which provides the Foundation with information necessary to receipt the donor, apply proper donor recognition credit, and allocate the income correctly into a Foundation account.

### *Additional Information*

- Gambling is considered illegal in the State of Hawai'i. A person engages in gambling, "if he stakes or risks something of value upon the outcome of a contest of chance or a future contingent event not under his control or influence, upon an agreement or understanding that he or someone else will receive something of value in the event of a certain outcome."
- Raffles at events are considered gambling, and therefore illegal, if you must purchase tickets to participate. This is because raffles have some item of value wagered (consideration), it is random chance which numbers are called, and if your number is called you receive something of value (reward).
- Games where tickets are given out to everyone without individuals having to pay, and the organizer receives no type of consideration, are considered legal.

## TRANSMITTAL OF OTHER INCOME FORM

### *When is this form needed?*

This form is needed when submitting funds that are not contributions such as reimbursements/refunds, royalties or proceeds from sale of materials.

### *Why does the Foundation need this form?*

This form is a key document which provides the Foundation with information necessary to allocate the income correctly into a Foundation account.

## TRANSMITTAL OF AUCTION PROCEEDS FORM

### *When is this form needed?*

This transmittal form should be submitted when depositing monies raised from auction sales. The transmittal should indicate the donor who had the winning bid for each auction item as well as the fair market value of each item auctioned.

### *Why does the Foundation need this form?*

The Foundation requires this transmittal in order to record items purchased at an auction and to recognize as donations amounts paid over the fair market value. If the total payment amount was \$75 or more, the Foundation will record and acknowledge it as a gift from the purchaser.

### *Additional Information*

The IRS requires the donor obtain documentation if any or all of the auction payment is a charitable contribution. A donor's payment that has a quid pro quo element, even though charitable, will not be tax deductible unless:

- 1)the donor intends to pay an amount that exceeds the fair market value of the goods or services; and
- 2)the donor pays the amount.

In order for the donor at an auction event to be aware his/her bid exceeds the fair market value, the fair market value must be displayed at the event (i.e. next to the item or in a catalog.)

## TRANSMITTAL OF DONATED ITEMS FOR AUCTIONS

### *When is this form needed?*

This transmittal form should be submitted for donated gifts towards an auction event with a fair market value of \$250 or more. This transmittal should be completed upon receipt of all donated items.

### *Why does the Foundation need this form?*

The Foundation requires this transmittal in order to properly recognize donors who have provided goods and services. Gift acknowledgements for donated items will only describe what was given and never include the estimated cash value or the appraised value of the gift.

## PRIZE ACKNOWLEDGEMENT FORM

### *When is this form needed?*

An individual, who wins a prize, with a fair market value of \$600 or more, whether purchased with funds held in the Foundation or donated to the event, will be required to sign this form. This should be done as soon as the event is completed.

### *Why does the Foundation need this form?*

The completed form is used to provide the Foundation with information required for the issuance of IRS Form "1099-Miscellaneous income" at calendar year-end.

## TRANSMITTAL OF NON CASH GIFTS

### *When is this form needed?*

This form is needed when the University School/College/Unit accepts a tangible gift-in-kind with the value of more than \$250.

### *Why does the Foundation need this form?*

The Foundation needs this form is to ensure the Foundation appropriately recognizes the donor's gift. If it is \$1,000 or more it is used to record the gift-in-kind onto UH's inventory.

## CHECK REQUEST FORM

### *When is this form needed?*

This form is needed when making a request for payments from one of the Foundation accounts.

### *Why does the Foundation need this form?*

The Foundation needs this form with proper documentation in order to properly pay for goods and services.

## PURCHASE ORDER FORM

### *When is this form needed?*

- This form is needed when the vendor may require a purchase order before providing goods and services.
- Purchase orders are generally issued one day after the requisition is received, provided all documentation is in order.
- A copy of the purchase order will be returned to the account administrator for use as a receiving report.
- If the actual amount of the invoice is the greater of 5% or \$100 more than the purchase order amount, the account administrator's approval will be required before payment can be made except for reasonable changes or modifications to taxes, shipping charges or insurance.

### *Why does the Foundation need this form?*

The Foundation needs this form with proper documentation in order to properly pay an expense.

## IFAS ACCESS AGREEMENT

### *When is this form needed?*

This form is needed to obtain access to the Foundation's financial system in order to monitor Foundation accounts. This form is required prior to obtaining access to the Foundation's financial system.

### *Why does the Foundation need this form?*

The Foundation needs this form to insure confidentiality of its information and to insure that only authorized users are given access to the appropriate accounts.