VII. Revenues

A. Account Administrator Responsibilities

1. Ensure funds are deposited into the appropriate accounts and are consistent with the donor’s intent.

2. Establish a new account if the intent of a gift is not consistent with any existing account.

3. Unrestricted/discretionary accounts are of particular concern, since it provides broad support for a unit. Restricted funds should not be deposited into these accounts.

B. Definitions

1. 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 IRS regulations.

   a. Acceptable Contributions

      i. Contributions for a University of Hawai‘i program or activity are processed through the Foundation.

      ii. Contributions earmarked for a specific purpose must be deposited to an account with the same purpose.

      iii. Please see the Foundation’s “Gift Acceptance Policy” for the types of contributions the Foundation accepts.

   (a) Gift of securities – See also “Procedures for Accepting Gifts of Securities”

   (b) Gift-in-kind – See also “Gift-in-kind Procedures”
2. **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.

3. **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.

4. **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 $102 (2013 limit). These values are adjusted annually for inflation. When benefits are deemed insubstantial, the entire amount is considered a donation.

C. **Revenue Forms**

1. **“Deductibility Worksheet for Fundraisers Form: Special Events, Solicitations, and Membership Drives”**

   a. When is this form needed?

      i. This Worksheet separates the payments for special events, solicitation 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.

      ii. This Worksheet should be submitted prior to the printing of solicitation 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.

   b. Why does the Foundation need this form?
i 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.

c. Additional Information

i Fundraising event fees may be subject to Hawai‘i State general excise tax.

2. “Transmittal of Contribution Form”

a. When is this form needed?

i 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.

b. Why does the Foundation need this form?

i 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.

c. Additional Information

i 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.”
ii 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).

iii Games where tickets are given out to everyone without individuals having to pay, and the organizer receives no type of consideration, are considered legal.

3. “Transmittal of Other Income Form”

a. When is this form needed?

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

b. Why is this form needed?

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

c. Additional Information

i Other income eligible for deposit must benefit a University of Hawai‘i program or activity.

ii The following funds are considered other income acceptable for deposit into a Foundation account.

(a) Certain types of fundraising sale events such as craft fairs, t-shirt, cookbook, and huli huli chicken whose proceeds benefit the university.

(b) Membership dues to alumni associations.
(c) Sale of educational materials produced and/or purchased with Foundation funds.

(d) Reimbursements/refunds for items paid with Foundation funds.

(e) Royalty payments generated by Foundation-owned property.

(f) Income generated from special events that use university facilities and resources are not eligible for deposit in the Foundation unless:

(i) The university is reimbursed for the use of its resources; or

(ii) Manoa: A completed copy of the Application and Agreement for Evening and Holiday Use of University Facilities is submitted to the Foundation; or

(iii) Other Campuses: Chancellor provides written authorization is submitted to the Foundation in accordance with university policies.

The following funds are considered other income generally not acceptable for deposit into a Foundation account.

(a) Funds of a personal nature or an outside business activity not specifically generated for the benefit of the university.

(b) Proceeds from the sale of university owned property.

(c) Registration fees for university credit and non-credit courses, workshops, conferences.

(d) Reimbursements/refunds for items paid with university funds.
(e) Revenues generated from a university event unless it meets the criteria of VII B 3 c (ii) (f).

(f) Royalty payments generated by university owned property.

(g) Contracts and grants in exchange for specified benefits to the resource provider, i.e., funds that are an exchange transaction are not considered philanthropic.

(h) Grants from federal, state, and local government agencies.

(i) Any funds of a personal nature or an outside business activity not specifically generated for the benefit of the university.

4. “Transmittal of Auction Items Form”

a. When is this form needed?

i 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.

b. Why does the Foundation need this form?

i The Foundation requires this transmittal in order to properly recognize donors who have purchased an auction item. If the total payment amount was $75 or more, the Foundation will record and acknowledge it as a gift from the purchaser.

c. Additional Information
The IRS requires donors show all or part of a 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:

(a) the donor intends to pay an amount that exceeds the fair market value of the goods or services; and

(b) 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.)

5. “Transmittal of Donated Items”

a. When is this form needed?

i 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.

b. Why does the Foundation need this form?

i 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.

6. “Prize Acknowledgement Form”

a. 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.

b. Why does the Foundation need this form?

   i 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.

7. “Transmittal of Non Cash Gift Form”

a. When is this form needed?

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

b. Why does the Foundation need this form?

   i 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.