

★ Roll Call Number

Agenda Item Number

37

June 22, 2015

Date

Receive and file communication from Greater Des Moines Sister Cities Commission and refer to the City Manager to work with the Community Foundation to establish a funding agreement for account management in conjunction with the summer visit of delegates from our Sister City, Shijiazhuang, China.

Moved by _____ to approve.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MAHAFFEY				
MOORE				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED

APPROVED

Mayor

City Clerk

Rauh, Diane I.

From: Timothy Woods <tim.tmi@gmail.com>
Sent: Thursday, June 18, 2015 8:51 AM
To: Rauh, Diane I.
Subject: Fwd: Council Agenda Item

Thank you Diane!
Tim

----- Forwarded message -----

From: "Timothy Woods" <tim.tmi@gmail.com>
Date: Jun 17, 2015 4:56 PM
Subject: Council Agenda Item
To: <aromer@dmgov.org>
Cc: "Joyce M. Warburton" <JMWarburton@dmgov.org>, "Sam Reno" <samreno@gmail.com>, "Roger Nowadzky" <NOMADINTL@aol.com>, <ccoleman@dmgov.org>, <wsgray@dmgov.org>

Dear Mr. Sanders,

This request is for an agenda item for the Des Moines City Council on June 22, 2015 to approve Community Foundation of Des Moines to establish a financial account for the Greater Des Moines Sister Cities Commission for activities associated with hosting and events in Summer 2015 with delegates from our Chinese sister city, Shijiazhuang.

Due to the impending arrival of guests from Shijiazhuang and the anticipated imminent income of donations from community members to support these activities we ask that this matter be fast-tracked to the city council.

In order to properly fund these activities, donations are being solicited from around the community. Preliminary meetings have identified that Community Foundation of Des Moines can establish a financial account into which charitable contributions can be received, and from which payments will be drawn to fund the activities. Commissioners of the Greater Des Moines Sister Commission will be designated as approvers of financial transactions, and account management will be performed by Community Foundation of Des Moines at a service fee. Documents will be provided for further review by city attorney staff and the city council.

My fellow commissioners as well as city council members that have advised on this process are copied into this email.

I would be happy to provide any additional information that you require.

Sincerely

Tim Woods
Commissioner and Chair of Shijiazhuang Committee
Greater Des Moines Sister Cities Commission



37

_____ Date

Passthrough Fund Information

FUND ADVISOR 1

*Full Name (Prefix, First, Middle Initial, Last, Suffix) Preferred Salutation (e.g. Dr. James L. Smith or Jim Smith)

*Home Address City State ZIP

*Preferred Phone Number *Date of Birth

Business or Organization Name/Position LifeTown Legacy Member Name Preference Yes No

Business Address City State ZIP

*Preferred Email Address Business Phone Number

FUND ADVISOR 2

*Full Name (Prefix, First, Middle Initial, Last, Suffix) Preferred Salutation (e.g. Dr. James L. Smith or Jim Smith)

*Home Address City State ZIP

*Preferred Phone Number *Date of Birth

Business or Organization Name Position

Business Address City State ZIP

*Preferred Email Address: Personal Business Business Phone Number Relationship Type

Account Manager Name: _____



Date _____

Passthrough Fund Information

FUND ADVISOR 3

*Full Name (Prefix, First, Middle Initial, Last, Suffix)

Preferred Salutation (e.g. Dr. James L. Smith or Jim Smith)

*Home Address

City

State

ZIP

*Preferred Phone Number

*Date of Birth

Business or Organization Name

Position

Business Address

City

State

ZIP

*Preferred Email Address: Personal Business

Business Phone Number

Relationship Type

FUND ADVISOR 4

*Full Name (Prefix, First, Middle Initial, Last, Suffix)

Preferred Salutation (e.g. Dr. James L. Smith or Jim Smith)

*Home Address

City

State

ZIP

*Preferred Phone Number

*Date of Birth

Business or Organization Name

Position

Business Address

City

State

ZIP

*Preferred Email Address: Personal Business

Business Phone Number

Relationship Type

- Send fund correspondence to: Fund Advisor 1 2 3 4 (Limited to two advisors.)
- Send mailings to: ____ Home Address ____ Business Address



PASSTHROUGH INFORMATION

INVESTMENTS

Our investment philosophy emphasizes long-term results using a diversified portfolio with a bias toward growth. Our objectives are to obtain investment returns that will:

- Provide reasonable funding for charitable distributions
- Increase the value of the corpus at a rate greater than inflation, net of charitable distributions and expenses
- Provide necessary funding to meet administrative expenses

For detailed information about the composition of this portfolio, please contact the Community Foundation.

FEES

Annual administrative fees are based on the type of fund and current administrative fee schedule.

When a fund participates in the pooled investment portfolio, the earnings in the fund are reduced by a proportionate share of the investment management fees. All investment returns are stated net of investment management fees.

MANAGE MY FUND & FUND STATEMENTS

All fund advisors have access to Manage My Fund, an online fund management program that allows donors to view fund activity and balances, download fund statements, make grant recommendations and research nonprofit organizations.

Access Manage My Fund: Read Only Full

Fund advisor to receive access to Manage My Fund: _____

Fund Statement Provided: Electronically Hard Copy

If you would like additional information about Manage My Fund contact Barb Hobson at 515-447-4206 or hobson@desmoinesfoundation.org.



**POLICY REGARDING DONOR-INITIATED FUNDRAISING FOR COMPONENT FUNDS OF THE
COMMUNITY FOUNDATION OF GREATER DES MOINES**

Thank you for expressing your confidence in the Community Foundation of Greater Des Moines by establishing a fund with us. We are pleased to work with you and strive to provide you with the best possible service. Among the chief responsibilities of the Community Foundation is to raise the community's endowment through acquisition of major and planned gifts. Unfortunately, the Community Foundation does not have the staff to operate public fundraising events for its component funds.

In establishing a Fund at the Community Foundation, we recognize there may be times when you would like to organize a fundraising opportunity to benefit the Fund. The IRS has developed strict requirements that impact any fundraising. We have developed this policy to ensure that your fundraising efforts (1) comply with IRS and other governmental regulations, (2) ensure that donors receive the appropriate acknowledgement, and (3) protect the integrity of the Community Foundation's nonprofit status and brand identity. This policy, which applies to all current and future Funds, is very important, and we are happy to assist you in assuring your fundraising complies with the guidelines stated herein. We reserve the right to refuse any assets that have been raised in violation of this policy.

Fundraising Options

Fundraising can occur in a variety of forms. These guidelines cover, but are not limited to, the following fundraising scenarios:

- 1) Direct, tax-deductible gifts to a Fund at the Community Foundation**
- 2) Independent fundraising event or solicitation by a 501(c)(3) organization**
- 3) Independent fundraising by an individual or non-exempt organization (not a 501(c)(3)) for which donors were not offered a tax deduction**
- 4) Fundraising conducted on behalf of a Fund where the event and budget were approved by the Community Foundation prior to the event and the possibility of a tax deduction for donors exists**

1) Direct, tax-deductible gifts to a Fund at the Community Foundation

You may promote your Fund through various forms of passive marketing including brochures, website, information sessions, or a request of money through an appeal letter.

In response to those marketing efforts, a donor may make a gift directly to the Fund. In that case, he/she should make their check payable to the Community Foundation of Greater Des Moines with the name of the Fund in the memo line and send it directly to the Community Foundation (gifts of cash, credit card donations online, and appreciated assets gifted directly to the Community Foundation are also acceptable). The donor will receive a gift acknowledgement letter from Community Foundation indicating that the gift is tax deductible. You, as the Fund Advisor, can view all fund activity online through Manage My Fund.

2) Independent fundraising event or solicitation by a 501(c)(3) organization with proceeds to benefit a Fund at the Community Foundation

You may make a gift of the proceeds from the event or solicitation that is sponsored by a 501(c)(3) organization which has a Fund at the Community Foundation for the benefit of that organization.

Organizations with their own 501(c)(3) status may sponsor a fundraising event or solicitation promoting their organization and deposit the net proceeds into the organization's Fund at the Community Foundation. The organization will issue its own acknowledgement letters to donors because the organization has its own charitable tax-exempt status and accepted the gift from the donor. In cases where gifts are sent directly to the Community Foundation, the Community Foundation will send a gift acknowledgement from the Community Foundation indicating the gift is tax deductible, minus the any quid pro quo benefit to the donor. You, as the Fund Advisor, can view all fund activity online through Manage My Fund.

Organizations should ensure they are in compliance with all applicable IRS and State of Iowa laws and regulations regarding solicitation, acknowledgement, and tax deductibility of gifts.

3) Independent fundraising by an individual or non-exempt organization (not a 501(c)(3)) for which donors are not offered a tax deduction

You may make a gift to the Fund from the proceeds of an event/solicitation for which donors were not offered a charitable tax deduction.

Fundraising may be conducted by an individual, a group of people, or an organization for the benefit of a Fund at the Community Foundation. Generally, the person or group that plans and executes the fundraiser (for example: dinner; golf tournaments; walk-a-thons; auctions; sales of products or services; requests for money from individuals or organizations through mailings, advertisements, or oral solicitations) makes one lump sum donation (net of expenses) to the Fund. Unless the event is sponsored by a qualified charitable organization which accepts and acknowledges the contributions, the donor may not take a charitable tax deduction for the contribution. The Community Foundation of Greater Des Moines will not acknowledge the individual contributors.

Guidelines applicable to non-tax-deductible fundraising

- An individual or group that plans and executes a fundraising event may state that the net proceeds will benefit the general purpose of the Fund.
- The individual or group may not use the Community Foundation's tax exempt number in connection with the event. Individual contributions made as a result of an event/solicitation will not qualify as a tax deductible charitable gift to the Community Foundation.
- Event organizers are responsible for obtaining and paying for any necessary insurance, permits, licenses, approvals, etc. Events or activities that include raffles or other games of chance are regulated by state and local governments and must be specifically reviewed and authorized by the appropriate branch of government.
- Fundraising events often require certificates of insurance or signed contracts. When events are sponsored independently of the Community Foundation, the name of the Community Foundation or the Fund name must not appear on any contract or agreement.
- Individual participants in the event (ticket purchasers, sponsors, golf players, etc.) make their payments to the organizing individual or group, not to Community Foundation or the Fund. The organizers may record the contributors' names and addresses, and provide a courtesy acknowledgement. The acknowledgement letter may not include any language stating that the letter serves as an official receipt for IRS purposes or include any reference to tax deductibility.
- The planning group will pay all expenses and send the net proceeds of the fundraiser to the Community Foundation for the benefit of the Fund. The Community Foundation will record the gift as coming from unnamed third-party donors. Please note that the Community Foundation is prohibited by law from reimbursing the planning group for its expenses, therefore, the group must deduct its expenses before sending the net proceeds to the Community Foundation.

4) Independent fundraising by an individual or non-exempt organization (not a 501(c)(3)) conducted on behalf of a Fund where the event and budget are approved by the Community Foundation prior to the event and the possibility of a tax deduction for the donor exists

The following guidelines have been developed to help guide those planning fundraising events and solicitations (referred to as Fundraising Groups).

When Fundraising Groups conduct fundraising activities and solicitations on behalf of a Fund at the Community Foundation, fundraising is being done *on behalf of* the Community Foundation, and a number of significant tax and accounting issues arise. For example, it is important that these activities be conducted under the observation and fiscal guidance of the Community Foundation to ensure that donors to the Fund are entitled to the appropriate tax deductions, to protect the Fundraising Groups from unintended tax consequences to themselves, and to ensure that the Community Foundation is not exposed to penalties for failing to make proper solicitation disclosures.

Before undertaking public fundraising events, the Fundraising Group must submit a written proposal (format in **Exhibit A** recommended), and attain advance approval from the Community Foundation. The proposal must be submitted and approved a minimum of 30 days prior to the event.

The proposal will define each program, event or other effort to raise money for the Fund. The Fundraising Group will then proceed according to the Community Foundation's guidelines. All fundraising materials should make clear, where applicable, that funds are being raised *on behalf of* the Fund at the Community Foundation rather than *by* the Community Foundation. An administrative fee may be charged if extra services will need to be expended by the Community Foundation.

The responsibility of the Community Foundation will be for:

- 1) the management of such money and property as it may accept into the Fund from donors, other contributors and sources;
- 2) payment of all costs and expenses to vendors;
- 3) the application of income and principal to charitable uses, all in accord with the governing documents of the Community Foundation; and
- 4) the provision of appropriate acknowledgements to donors.

The Fundraising Group will retain responsibility for all public fundraising events and matters related to them including:

- 1) presentation of a plan to the Community Foundation prior to the event for pre-approval and adherence to the plan to implement the event;
- 2) ensuring all fundraising expenses are submitted to the Community Foundation for payment;
- 3) maintaining appropriate financial controls and records related to fundraising expenses;
- 4) adherence to all relevant local, state and federal laws;
- 5) assessment of the need for liability insurance coverage (see G);
- 6) reporting to the Community Foundation, as required by the approved proposal.

Payment of Expenses

The Fundraising Group will establish a budget for submission to the Community Foundation prior to all events. In accordance with IRS regulations, the Community Foundation is prohibited from reimbursing expenses to a donor, advisor, or related party from a donor-advised fund. Thus, the Community Foundation requires that invoices for goods and services be submitted to the Community Foundation within 30 days of the event, and will then pay expenses directly from the Fund. If the Fundraising Group pays for expenses directly, the Community Foundation is not able to provide an acknowledgement to the Fundraising Group (or donor) for those expenses.

Designation of Checks and Receipt of Cash

Checks related to the event must be made payable to the Community Foundation of Greater Des Moines with the name of the Fund in the memo line. Cash receipts are to be sent to the Community Foundation intact and any cash received may not be used to pay expenses by the Fundraising Group. All proceeds, checks and cash must be delivered to the Community Foundation, along with an accounting of all monies received within one week of receipt.

Tax Requirements and Acknowledgments

The IRS has imposed strict requirements which impact any fundraising. If the steps outlined below are not taken, donors will be denied a tax deduction; the Fundraising Group might find themselves unexpectedly subjected to tax on the funds they raise; and/or either the Community Foundation or the Fundraising Group might be subjected to penalty.

Donors who contribute \$250 or more will need a written acknowledgement from the Community Foundation in order to claim a tax deduction for the contribution. The Community Foundation will provide the appropriate acknowledgement to the donors, but will require certain detailed information in order to do so. Specifically, the Fundraising Group will need to provide the Community Foundation with:

- 1) The donor's complete name and address;
- 2) The date and amount of the contribution;
- 3) Whether the contribution was in cash or property;
- 4) If property, a description of the type of property and a good faith estimate of the fair market value; and
- 5) A detailed description of any goods and services provided in exchange for the contribution.

Contributions of services, while appreciated, are generally not deductible.

If the Fundraising Group provides goods or services in exchange for a donation, certain disclosures are required to be made upon solicitation. For example, if the Fundraising Group is sponsoring a dinner, the donor can only deduct the excess of the ticket price above the fair market value of the dinner. This limitation on the deduction, known as a "quid pro quo disclosure", must be disclosed at the time of solicitation. Disclosure on the ticket to the event is a typical method for making this disclosure.

The Community Foundation will assist the Fundraising Group in determining the fair market value amounts and the appropriate disclosure language for the event. However, the Community Foundation will have to work with the group prior to the solicitation activity, and will need information pertaining to the event, such as the ticket prices and the values of the goods or services donors are to receive. *The Fundraising Group needs is responsible for providing the required quid pro quo disclosure information to the Community Foundation.*

Of note:

Raffle tickets are not tax-deductible.

Rummage Sale purchases are not tax-deductible.

Auctions – The Community Foundation will not assist with determining the value of items or acknowledging items donated for an auction.

Liability Insurance and Liability for Losses

The Fundraising Group will contact the Community Foundation prior to having a fundraising event to assess the need to secure liability insurance for him or herself and for the Community Foundation. Insurance coverage must be reviewed and approved by the Community Foundation.

The Fundraising Group will be responsible for all losses incurred by events. The Community Foundation will not be held responsible for such losses. The Community Foundation may require the Fundraising Group to purchase a line of credit or provide a written personal guarantee.

**Thank you for your interest in supporting your Fund.
If you have any questions about this policy, please contact the
Community Foundation of Greater Des Moines at 515.883.2626**

EXHIBIT A

Proposed Fundraising Activity Application Form and Budget

A minimum of thirty day prior to initiating your fundraising activities, you will need to provide the Community Foundation of Greater Des Moines with a description of the project and budget including information on anticipated revenues and expenses (including donated items to the event and their value), the number of people in attendance, and the fair market value of the goods and services a donor will receive when they participate in your event/project, i.e., the value of what they will receive in return for their contribution (for example, the fair market value of a dinner they are served). If sometime before the event, there are substantial changes to the budget, the new budget will require approval. The Community Foundation requires a final report listing the actual revenue/expenses and number of people attending and making contributions. The checks/contribution amounts deposited in your Fund need to correspond with the information provided.

Please complete the form below and submit to the Community Foundation for consideration and approval.

- 1) Purpose of fundraising effort:
- 2) Description of event:
- 3) Date of event:
- 4) Location of event:
- 5) Group or individuals who will conduct fundraising event. Indicate those who will authorize expenditures.
- 6) Primary contact person:
Name:
Address:
Phone:
Fax:
Email:
- 7) Do any of the above-named individuals expect to gain monetarily from conducting the event? Do any of these persons have connections to a business that will benefit from the proposed event? If so, explain?

- 8) Have these individuals or this group organized previous fundraising events? If the answer is yes, please give date, place and a brief explanation.
- 9) Is alcohol being served at the event?
- 10) Proposed project budget (*NOTE: Unauthorized expenditures will be the responsibility of the fundraising group*).

Expected Revenue \$ _____ Expected Expenses \$ _____

Net Proceeds (Revenue less Expenses) \$ _____

Number of Event/Project Participants/Donors _____

I. Please describe and list sources of event/project revenue (Attach separate sheet if necessary)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

II. Please describe and list sources of event/projected expenses (Attach separate sheet if necessary)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

III. Items donated for your fundraising event (for example food and/or cases of soft drinks) must be assessed at fair market value and included in the calculation determining the value of the benefit received by the donor for his/her contribution to your fund. Please describe and list donated goods/services to your event/project and their fair market value (note: fair market value is the amount the item/service would be worth if sold to the general public in the ordinary course of trade) (Attach separate sheet if necessary)

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

IV. Will you be paying any individual for services from this Fund? Yes No

If yes, whom and explain service(s) rendered:

V. Description of event/project and contribution levels (Please detail what benefit(s) a donor receives when they contribute to your event/project). Are there different benefits associated with different levels of contribution? What does a corporate sponsor receive for contribution, and are there different benefits for corporate sponsors? (Attach separate sheet if necessary).

A contribution/gift to your Fund is a voluntary transfer of money or property that is made with no expectation of a commensurate return. If a donor will receive a financial or economic benefit in return for making a contribution/gift (dinner and entertainment, etc.), the payment is not a tax deductible charitable contribution except to the extent that it exceeds the fair market of the benefit. Therefore, for the Community Foundation to properly acknowledge charitable contributions to your Fund from a fundraising event, the information in the proposed/actual budget and the corresponding value assigned to the contributions will need to be provided. Without this information, the Community Foundation will not be able to appropriately acknowledge the donor for his/her charitable contribution to your Fund.

I have read the Policy Regarding Donor-Initiated Fundraising at the Community Foundation of Greater Des Moines, agree to abide by them, and attest that all information presented here is true to the best of my knowledge.

Signature of Primary Contact

Date: _____

Signature of person who authorizes expenditures (if different than above)

Date: _____

Submit this form to:

Community Foundation of Greater Des Moines
1915 Grand Avenue
Des Moines, IA 50309
515.883.2626
Fax: 515.309.0704

OFFICE USE ONLY

_____ Date application received

Application approved by:

_____ Date: _____
CFO, Director of Administration
Community Foundation of Greater Des Moines

_____ Date fee proposal was provided to Fundraising Group

Fundraising Group has supplied:

_____ Proof of liability insurance covering the Community Foundation (if applicable)

_____ Proof of dram shop insurance (if alcohol is to be served)

_____ Other: _____