

Section 1 – Purpose

To comply with IRS regulations (IRC [Internal Revenue Code] Section 501(c)(3) governing SIUEF and in consideration of IRC Section 170 governing deductibility of contributions by individuals), SIUEF requires certain information and documentation for all events where both event revenue and expenses plan to be processed through a SIUEF fund.

When hosting an event with a fundraising component, approval must be granted by the SIUEF Donor Relations Operation Assistant (currently vacant), SIUEF Gift Records Manager (Amy Stewart) and SIUEF CFO (Jenell Wright) prior to event setup and solicitation. The fundraising event approval request should include the following:

Section 2 – Solicitation Materials Draft Wording

All flyers, solicitation emails, etc. being sent/provided to the public (or selected constituent target audience) for event solicitation purposes need to be submitted for review of the following:

- A. All solicitations must clearly indicate the purpose, area, and possibly the specific SIUEF fund to be supported by the net proceeds of the event.
- B. If net proceeds are desired to support the permanent portion of an endowment, the solicitation must clearly indicate to the potential donor: *Net proceeds of this event will support the principal portion of (stated) endowment fund.*
- C. If ticket purchase/sponsorship involves a gift as well as a benefit to the donor, all solicitation documents must include the dollar amount of the total solicited that is considered a benefit to the donor and verbiage of: *Donations will be tax-deductible to the extent allowable by law.* (Per IRS, please refrain from stating the possible tax-deductible dollar amount.)

Section 3 – SIUEF Fundraising Event Approval Form

This event planning template includes SIUE unit/department estimates of event-related costs, and any planned event solicitations in the form of sponsorships and ticket price. SIUEF requests units to work with their Director of Development (DOD) in completing the template. In the absence of a DOD, Amy Stewart with SIUEF may be contacted for questions.

- A. SIUEF is required to calculate and state the amount of benefit provided to the donor on an IRS compliant gift receipt issued to the donor relating to the fundraising event.
- B. The following expenses are considered to benefit the donor by IRS regulations and are referred to as Other Than Contributions (OTC) by SIUEF personnel. These expenses are aggregated on the template and utilized to reduce the gift portion of the event ticket purchase price per IRS requirement:
 - 1. Venue rental
 - 2. Catering fee/meal/beverages
 - 3. Giveaway/Swag to each person attending
 - 4. Depending on event purpose: equipment rental, professional services

- C. Expenses not considered to directly benefit the event ticket purchaser, thus not included in the IRS calculation of donor benefits:
 - 1. Printing and design of event invitations/signage; event video/photography
 - 2. Miscellaneous event expenses
 - 3. Door prizes not provided to each person attending the event
- D. Support must be provided regarding how each expense amount was calculated.
 - 1. For convenience to keep all documentation together, please provide the expense support to tabs of the event template. If this is not feasible, please include the support as attachments to the email containing the event template.
 - 2. If expenses are not yet known prior to the event, expenses from the event held the previous year may be used with a percentage increase for inflation.
 - 3. **Please ensure all event-related contracts are provided to the SIUE Foundation Chief Executive Officer for pre-approval and signature.**
- E. SIUEF must be notified at the time of this event approval if the event will contain a silent and/or live auction and if there intends to be a raffle drawing. Each of these items has a separate set of requirements that must be met. See “Auctions” and “Raffles” notes at the end of this document.

Section 4 – Fund Usage

- A. To track and remain compliant with all SIUEF reporting requirements, all events with **anticipated gross revenues of \$2,500 or above** should be processed through a unit-affiliated benefit fund.
- B. Start-up funds can be requested through a benefit fund even if the beginning spendable balance is negligible, provided all revenues and expenses from the event are processed through the benefit fund and a fundraising event profit is expected.
- C. Upon the event's conclusion (all revenue processed and related expenses paid), the fiscal officer and proprietary officer of the related benefit fund should request the event net proceeds be transferred to the appropriate programmatic fund (development, scholarship, or endowment solicited and shared with donors in 1. above) by emailing a transfer request form to siueffinaff@siue.edu.
- D. For all events with **anticipated gross proceeds of less than \$2,500**, the event will be considered an 'Affinity Builder' as opposed to a fundraising event, and associated expenses should be run through the appropriate programmatic development fund. Development funds must have an adequate spendable balance to absorb all event-related expense disbursements. *Submission of the fundraising template for SIUEF approval is required for affinity-building events where the attendee is requested to provide payment of \$75 or higher per IRS requirements.*

The completed SIUEF Fundraising Event Approval Form should be sent via email to:

Amy Stewart – amstewa@siue.edu

Jenell Wright – jenwrig@siue.edu

Section 5 – Auctions

If a department or unit is unable to provide the following information to SIUEF, then SIUEF will not be able to accept any funds in connection with the auction.

- A. Per the IRS and Not-for-Profit accounting regulations, SIUEF is required to record auction items received as gift in-kinds (GIKs), even if the donor of the item does not want a tax receipt.
 - 1. Provide SIUEF with the name and address of auction item donor along with a description of the auction item they donated.
 - 2. Provide SIUEF with support by showing the fair market value (FMV) of the auction item, as regulations require. This support can be:
 - a. Copies of receipts
 - b. Copies of gift cards (value shown on gift card)
 - c. Snips of online support showing the value of the items
 - d. If there is no support for the item, SIUEF would accept taking the average from finding similar values online.
 - e. Written (email) communication from a business stating the FMV.
 - 3. The required support can be provided to SIUEF in the form of:
 - a. Hard photocopies
 - b. Excel spreadsheet with snips of support provided on tabs. Tab one would contain a number listing of each item with corresponding tabs containing the FMV support for each auction item.
- B. SIUEF is required to record each purchase made from the auction.
 - 1. If an individual paid over the FMV of the auction item, SIUEF is required by the IRS to issue a gift receipt for the amount over the value.
 - 2. If the winning bid is equal to the FMV or under, this would be recognized as 100% Benefit/OTC (Other Than Contribution) and no IRS gift receipt would be issued.
- C. SIUEF will need to know if there are any unsold auction items at the conclusion of the auction. If yes, SIUEF will be required by FASB to report these items on a separate line on our balance sheet listed as "Auction Items held for resale". Ideally, SIUEF prefers not to have auction inventory at the end of the fiscal year.
 - 1. What is the unit's plan for unsold auction GIK items?
 - a. Look into selling the unsold items during the current fiscal year to close out the fundraiser.
 - b. If items are going to be held for a future auction fundraiser, SIUEF may reassess the FMV of the items at year end.
- D. Funds raised for an SIUEF fund should not be processed through a personal Venmo account or personal checking account. Funds should be collected by cash or check (made payable to SIUE Foundation) and delivered promptly to SIUEF. **SIUEF must approve any request to use a third-party vendor to process SIUEF funds.** Please communicate with SIUEF to see if help may be provided via another source to collect funds.

Section 6 – Raffles

Raffles, from an IRS standpoint, are revenue-generating activities which sell raffle tickets to participants, where the cost of the raffle ticket is essentially a wager by the participant for a chance to win a prize. Raffle proceeds are not in-line with approved IRS nonprofit status, can jeopardize the SIUEF 501(c)(3) status, and open the door to UBIT (Unrelated Business Income Taxes). All raffles are required to be reported as gaming revenue on IRS Form 990 tax return.

- A. SIUEF requires the following information from the Unit/Department planning to hold a raffle benefitting a SIUEF fund:
1. SIUEF must grant pre-approval to any raffle that will benefit a SIUEF fund.
 2. Licenses and Permits – obtain and provide copies of local city and county raffle licenses
 3. Total gross revenue received in connection with the raffle(s) (IRS Form 990, Schedule G, Part III, Line 1)
 4. Prize payout details (cash and non-cash prizes) (IRS Form 990, Schedule G, Part III, Lines 2 & 3)
 5. Location of the event
 6. Rent or costs of facilities and other direct gaming expenses (IRS Form 990, Schedule G, Part III, Line 4)
 7. Percentage of volunteer labor used during the event (IRS Form 990, Schedule G, Part III, Line 6)
 8. Names and addresses of the gaming manager and the person who prepares the gaming/special events books and records (IRS Form 990, Schedule G, Part III, Lines 14 & 16)
 9. If applicable, information about third parties that have been contracted to receive gaming revenue (IRS Form 990, Schedule G, Part III, Line 15 a, b, c)
 10. Names of prize winners and exactly how much they won as a prize
 - a. If the winner of the 50/50 drawing donates back their winnings, SIUEF will be required to issue a tax receipt for the amount they donated back.
 - i. Cash winnings – Winner must complete the “SIUEF Raffle Prize Acceptance and Voluntary Donor Acknowledgement Form”
 - ii. Check payment – Winner must complete the “SIUEF Raffle Prize Acceptance and Voluntary Donor Acknowledgement Form” along with the IRS Form W-9
- B. IRS Form Requirements
1. Form W-9
 - a. Required for each winner of a prize valued at \$600 or more. SIUEF will be required to issue the winner IRS Form 1099 to report earnings on tax return.
 - b. Required for each winner if winnings will be issued by a check from SIUEF
 2. Form W-2G
 - a. Required if winnings are \$600 or more **AND** winnings are at least 300x the ticket price
 3. IRS Withholding
 - b. Required if winnings exceed \$5,000. The prize payout must be issued directly from SIUEF to ensure proper withholding.

Part III Gaming. Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1 Gross revenue				
	2 Cash prizes				
Direct Expenses	3 Noncash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
7 Direct expense summary. Add lines 2 through 5 in column (d)					
8 Net gaming income summary. Subtract line 7 from line 1, column (d)					

9 Enter the state(s) in which the organization conducts gaming activities: _____

a Is the organization licensed to conduct gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain: _____

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain: _____

Schedule G (Form 990) (Rev. 12-2024)

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11 Does the organization conduct gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary, or trustee of a trust; or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity conducted in:

a The organization's facility	13a _____ %
b An outside facility	13b _____ %

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name _____

Address _____

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization \$ _____ and the amount of gaming revenue retained by the third party \$ _____

c If "Yes," enter the name and address of the third party:

Name _____

Address _____

16 Gaming manager information:

Name _____

Gaming manager compensation \$ _____

Description of services provided _____

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions:

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$ _____

- C. IRS support pertaining to raffles is found in IRS Publication 3079 Tax-Exempt Organization and Gaming (<https://www.irs.gov/pub/irs-pdf/p3079.pdf>). Excerpts to note:
- a. Gaming, itself, does not further the exempt purpose of most organizations. When gaming does not further the organization's exempt purpose, gaming is no different than the conduct of any other trade or business carried on for profit. (Chapter 1, Page 4)
 - b. A common misconception is that gaming is a "charitable" activity. There is nothing inherently charitable about gaming. It is a recreational activity and a business. Although the charity may use the proceeds from gaming to pay expenses associated with its charitable programs, gaming itself does not further any charitable purposes. Thus, gaming cannot be a more than insubstantial purpose of a 501(c)(3) organization. (Chapter 1, Page 4)
 - c. If an exempt organization regularly carries on a trade or business that is not substantially related to its exempt purpose, income from unrelated trade or business may be subject to tax (UBIT). (Chapter 2, Page 7)
 - i. Gaming is generally considered a "trade or business" if it generates revenue.
 - ii. Gaming is considered "regularly carried on" if it is conducted with a frequency and continuity similar to comparable activities of a non-exempt organization and if pursued in a manner similar to commercial gaming activities.
 - iii. Gaming is generally not an exempt activity
 - d. Organizations that conduct gaming must maintain records of gross receipts from gaming, prize payouts and other related disbursements to substantiate information submitted on the exempt organization information return, Form 990. (Chapter 3, Page 12)