

The Avondale Foundation

260 South Squirrel Road
Auburn Hills, MI 48326



Guidelines for Organizations Seeking to Sponsor Funds with Tax Deductible Designation

September, 2003

The Avondale Foundation

260 South Squirrel Road
Auburn Hills, MI 48326

The Avondale Foundation encourages groups to engage in activities that benefit the Avondale School District and its students. Consequently it will work with those interested in taking advantage of the tax and administrative advantages available by raising funds through the Foundation. The following Guidelines are designed to facilitate this process and ensure that laws and District policies and procedures are followed. While adherence requires some up front effort, experience shows that the benefits are many.

A. What must be understood about the tax-deductible nature of this solicitation?

As a private not-for-profit organization, incorporated under IRS code section 501(c) 3, donations made to the Avondale Foundation are eligible for tax deduction.

For business, donations will also be deductible as a promotional business expense.

For individuals, donations are deductible on Form 1040, Schedule A, if you qualify to use Schedule A.

For “in-kind” donations, the Foundation will send a letter acknowledging the receipt of the donated item or service, but the donor will be responsible for determining the value of the donation for tax purposes.

All donors should be instructed to consult with their tax advisor.

Advertising – If we are selling advertising, it will be considered a taxable activity to the Foundation. We will probably not approve sales of advertising. However, if structured right, we can thank donors for their support based on the level of the gifts they make. (The solicitation of sponsorship is a better structure.)

Example:

- Donations under \$100 to \$200 will be acknowledged in an athletic event program.
- \$200 to \$500 and a plaque will be placed on the gymnasium wall for the school year.
- Gifts \$500 to \$1,000 and a banner will be placed in the walk of fame.
- Gifts \$1,000 to \$5,000 and a banner will be placed above the floor in the gymnasium
Etc...(For \$100,000 we will put your name on the building)

All marketed displays, sponsor banners, plaques, etc., should include the Avondale Foundation logo and name somewhere on the display.

B. What must be stated on any solicitation material to represent the tax deduction, use of funds, the Foundation involvement, etc.?

Solicitation materials should:

Clearly state the manner in which the donations will be used, e.g., “to support athletic programs, or to support scholarships for art students, etc....”

State that “Donations to the Foundation are deductible under IRS Code Section 501 (c) 3”. Checks should be made payable to the **Avondale Foundation**. If the donation is to support a designated fund, e.g., The James P. Steeby Scholarship, Supporting Avondale Athletics, etc., there should be instructions notifying the donor to designate the specific fund in the memo section of the check.

Include in your solicitation materials a remittance section that can be torn off and returned with the donation, either by the donor directly or by an official committee representative. The remittance section should include the following information:

- name of the fundraiser or fund that will receive the benefit of this donation;
- name of the donor;
- donor’s complete address, including city and zip code;
- donor’s phone number;
- donor’s permission to acknowledge their contribution on the Avondale Foundation Web Page;
- amount of the donation; and,
- the Foundation’s address.

See Page 6 for Example 1: A Donation Remittance Form from the Foundation’s Brochure

In absence of solicitation materials, donors should be requested to provide a letter to the Foundation stating the purpose of their gift. *In absence of donor instructions, the gift will go into the Foundation’s General Fund.*

C. What are the donation submission and receipt guidelines?

Checks should be mailed or turned in to the Avondale Foundation office located in the Avondale Community Relations Department, in the district's administration building, 260 S. Squirrel Road, Auburn Hills, MI 48326.

A mail solicitation campaign would most likely request donations be mailed directly to the Foundation. Other campaigns may solicit donations or raise funds through face-to-face marketing, e.g., *The Rubber Ducky Race* ticket sales, *The Supporting Avondale Athletics Raffle*, etc. In these instances an official from the organization raising the funds must be designated to collect monies from the different members and submit the collected funds to the Foundation office. They should use the attached *Donation Submission Sheet*, or a form like it, to ensure proper accounting of their submission. Please **submit collected monies as soon as possible** after collection.

Note: The official in charge of this responsibility should be identified in the Fundraising Plan that is submitted to the Foundation Directors' for approval.

See Page 7 for Example 2: the Donation Submission Sheet.

The Foundation will provide a receipt to the organization official submitting the donations. The receipt will state the name of the person turning in the money, the date submitted, the name of the fund, and the amount submitted.

The Foundation will mail the donor a *Letter of Acknowledgement*, (***see Example 3, on Page 8, for an example of a Letter of Acknowledgement,***) that states the amount of the gift and reiterates the Foundation's understanding as to how the gift is to be used. (This provides the donor the opportunity to correct any misunderstandings.)

Note: Any acknowledgement must reflect the true value of the donation. For example, if the price of a ticket for the Avondale Foundation Golf Outing was \$100.00, which included golf, cart and dinner, which cost \$80.00 per player. The acknowledgement letter to the donor would note a donation of \$20.00. Only the portion of the money collected that will go directly to the Foundation funds can be considered a donation.

The Foundation will deposit the check(s) or cash submitted and credit the appropriate fund.

D. How will disbursement of funds be processed?

1. The Foundation will work with the fund raising group to develop a **Restricted Fund Profile** that outlines:

See Example 4 on Page 9: Restricted Fund Profile for C.U.T.S. Drama Scholarship Fund

See Example 5 on Page 13: Restricted Fund Profile for Supporting Avondale Athletics Fund

- The purpose and description of the Restricted Fund

- The Responsibilities of the fund raising group, including:
 - Identification of the official contacts for liaison to the Foundation;
 - Acknowledgment of Foundation solicitation guidelines;
 - Acknowledgement that the group is responsible for conducting their own fundraising activities;
 - Acknowledgement that the group understands they are responsible for any direct expenses incurred by the Foundation to administer the fund, e.g., postage, envelopes, etc.
- The Responsibilities of the Foundation, including:
 - Notice that the Foundation will provide accounting and management oversight for fund investment and will credit the fund for any interest earnings
- Criteria for disbursement of funds. The profile should identify what are the allowable circumstances and persons authorized to request disbursements, e.g., the Foundation Board will disburse funds at the request of the fund raising group's President or other designated authority identified in the fund's profile.

2. Upon approval, the Foundation will create a Restricted Fund Account into which donations will be placed. Monthly the Foundation Board of Directors review the fund accounts. A report can be forwarded to an official representative upon request.

3. The Foundation follows the disbursement rules and control procedures of the Avondale School District. These require the requestors to prepare a Check Request that:

- identifies the payee;
- explains the purpose of the request;
- has the signature(s) of the appropriate requestor, as per the Restricted Fund Profile, and,
- where applicable, supporting documentation must be attached.

See Example 6 on Page: Sample Check Request Form.

F. What does the Foundation have to approve, etc?

The Foundation will need to approve a fund profile in order to set up a restricted fund. Approval will be based on the Foundation Board's satisfaction that the purpose of the fund is consistent with the mission of the Avondale Foundation, and in accordance with District and IRS requirements.

The Foundation will also need to approve specific fundraising programs or plans developed by the committees or groups to ensure the activities and supporting materials meet the by-laws of the Avondale Foundation and the legal guidelines under which a 501 (c) (3) organization must operate. Officials from the committee should coordinate with Foundation officers to determine what documents and materials are necessary to support approval consideration.

EXAMPLE 1: *Donation Remittance Form from Brochure*

Donation Form

- Yes, I want to support the Avondale Foundation
- Yes, the Foundation can acknowledge my contribution on the Foundation Web Page.
- Yes, I want to assist with an Avondale Foundation event, please contact me.

Please accept my contribution in the amount of:

Cash \$ _____ Check \$ _____
Other (Please Specify) _____

- I would like to discuss a planned gift to the Avondale Foundation. Please contact me with further information.
Specify Fund _____

For fund descriptions, see the Avondale Foundation on the Avondale School District web site at www.avondale.k12.mi.us

Name _____
Address _____
City _____
St _____ Zip _____
Phone _____

**Please Make Check Payable To:
Avondale Foundation**

Mail this form and your donation to:
260 South Squirrel Road
Auburn Hills, Michigan 48326-3255
www.avondale.k12.mi.us

Donations are Tax Deductible!



The Foundation's Focus

Facilitate Student Development

- provide funding for enrichment activities for all students in the district
- provide support to students to pursue additional educational opportunities
- promote the well being of students
- develop employable students

Encourage Excellence through Creative Instruction

- support professional growth of employees
- provide venture capital for creative ideas and programs

Facilitate Community Programs

- promote community awareness of various programs
- develop enrichment programs to address the needs of Avondale Schools and the community it serves
- provide a vehicle for individuals, businesses and organizations to share resources and gifts with the Avondale School District

Questions/Answers

Q: What is the Avondale Foundation?

A: It is an independent non-profit 501(c)(3) organization which raises funds for education and other community programs.

Q: Who runs the foundation?

A: An independent non-paid Board of Directors, which represents the Avondale community, decides upon policies, fund raising activities and how monies are spent. Directors are appointed by the Avondale Board of Education.

Q: How does the foundation raise its funds?

A: Money is raised in several ways, including seeking individual, organizational and business contributions.

Q: Can I identify a specific project or scholarship that I wish my contribution to be used for?

A: The foundation will accept earmarked contributions as long as they are in keeping with major goals established in support of the Foundation's mission and authorized by the Board of Directors.

Q: How can I be sure that my money will go where I expect it to go?

A: The foundation operates as a public foundation under strict guidelines set up by the State of Michigan and the Federal Internal Revenue Service. It has been incorporated and approved under a set of bylaws which carefully controls the financial transactions. An audit is conducted annually.

EXAMPLE 2: Donation Remittance Form from Brochure

Avondale Foundation
Group Fund: _____
Donation Submission Sheet

DATE: _____

CASH

CHECKS

	AMOUNT	CHECK #	NAME
ONES	_____	_____	_____
FIVES	_____	_____	_____
TENS	_____	_____	_____
TWENTIES	_____	_____	_____
FIFTIES	_____	_____	_____
OTHER	_____	_____	_____
TOTAL	_____	_____	_____

COIN

QUARTERS	_____	_____	_____
DINES	_____	_____	_____
NICKELS	_____	_____	_____
TOTAL	_____	_____	_____

GRAND TOTAL CASH _____ **TOTAL CHECKS** _____ **CT.** _____

GRAND TOTAL _____

Committee Official's Signature _____

Page ____ of ____

Avondale Foundation Designee's Signature _____

Example 3: Donor Acknowledgement Letter

SAMPLE

September 9, 2003

Mr. John Doe
Address
City, State, Zip

Dear John:

Thank you for your generous contribution to the Avondale Foundation *Supporting Avondale Athletics Fund*.

The funds you have contributed will allow our school district to continue to cover the many expenses associated with offering a comprehensive athletic program for middle school and high school students. All donations will be administered under the guidelines established by the *Supporting Avondale Athletics Fund Profile* and the Avondale Foundation by-laws.

Avondale has continued to be a leader in developing programs that enhance the advantages of living in our community. Your generosity in supporting the programs sponsored by the Avondale Foundation is gratefully acknowledged.

Sincerely,



Donald Ingersoll
President

RECEIPT AVONDALE FOUNDATION

RECEIPT NO. 04-###
DESIGNATION: Supporting Avondale Athletics Fund
TOTAL: \$1000.00

Gifts are tax deductible
as provided by law. This
is your receipt for income tax purposes.

Example 4: Restricted Fund Profile for C.U.T.S. Scholarship Fund

The Avondale Foundation

SAMPLE

Board of Directors
260 South Squirrel Rd., Auburn Hills, Mi. 48326-3255
248-853-4411

RESTRICTED FUND PROFILE FOR THE DRAMA (CUTS) SCHOLARSHIP FUND

April 8, 1998

Restriction Description - Donations to the Clay, Ullman, Tezak and Sheldon Scholarship (CUTS Fund) are temporarily restricted to funding a scholarship for a student selected by the Avondale Theatre Company's Drama Boosters. The Drama Boosters is the parent support group for the Avondale Theatre Company.

Fund Raising Responsibility – Sole responsibility for fund raising belongs to the Drama Boosters.

Investment of Funds - The Avondale Foundation will invest the funds until such time as they are awarded. Any investment earning will also be restricted for the CUTS Fund.

Awarding Scholarships - Criteria for awarding scholarships are to be defined by the Drama Boosters. *

Disbursement of Funds - All funds will be disbursed with the approval of the President of the Drama Boosters and by majority vote of the Avondale Foundation Board.

Dissolution of Fund - In the event that, for any reason, the restriction defined above can no longer be met, i.e., dissolution of the Drama Boosters or Avondale Theatre Company, any unspent funds will be transferred to the Avondale Foundation Endowment Fund.

* See attached Criteria for Award Eligibility and Procedure for Award.

Approved - _____ Date _____
President, Drama Boosters

Approved - _____ Date _____
President, Avondale Foundation

The Avondale Theatre Company

4/8/98

The Drama Boosters

The Drama (CUTS) Scholarship – Selection Guidelines

SELECTION COMMITTEE - To be determined annually by the Drama Boosters. The selection committee should include five adults who are not the parents of any senior students.

PROCEDURE FOR AWARDING SCHOLARSHIP -

1. All students who meet the eligibility requirements may apply.

2. The Director should provide a complete packet of finalist applications for each selection committee member's use.

The list of finalists should remain confidential.

3. The selection committee should make its selection in time for the Drama Director to announce it during the Drama Awards.

a. Each committee member will be allowed one vote each for first through fifth place choices. (1 = 1st choice, 2 = 2nd choice, etc.)

b. Votes will be submitted anonymously on paper and then tallied.

c. The student with the lowest score will receive the scholarship. In the event of a tie, a run off vote should be performed between the students who have tied. In the event of a deadlock, the scholarship may be split.

d. **The names of finalists and their scores should remain confidential.** Following the selection, all applications and voting records should be destroyed.

e. The committee's selection should be placed in a sealed envelope, given to the Drama Boosters President and opened at the time of announcement at Drama Awards in May.

4. The scholarship will be presented at the Senior Honors Assembly.

CRITERIA FOR AWARDING SCHOLARSHIP:

Any or all of the following criteria may be considered in awarding the scholarship:

- * Experiences with the Avondale Theatre Company
- * Character/recommendations from others
- * Other school related activities and community service
- * Scholastic record
- * Future academic plans
- * Financial need

Awarding this scholarship will be done in a nondiscriminating manner regarding race, religion, gender or ethnic background.

SAMPLE

SCORE SHEET (to be filled out by each judge):

SAMPLE

1st choice - _____ = 1

2nd choice - _____ = 2

3rd choice - _____ = 3

4th choice - _____ = 4

5th choice - _____ = 5

VOTE TALLY SHEET (to be filled out by person totaling scores):

CANDIDATES NAMES	Judges Scores					TOTAL
	#1	#2	#3	#4	#5	
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

[HOME/FOUND] <dramasel >



The Avondale Theatre Company

Avondale High School 2800 Waukegan
Auburn Hills, MI 48326 248-853-9507
Edmond R. Guay, director

SAMPLE

Dear Drama Families, Supporters, Alumni,

Last year the Avondale Drama Boosters established and awarded the first Avondale Theatre Company CUTS Scholarship. The CUTS (Clay, Ullman, Tezak and Sheldon) Scholarship is awarded annually to the one senior who most exemplifies the spirit of students whose drive, dedication, leadership, ability and devotion have helped the Avondale Theatre Company achieve the heights and rewards it has and will continue to earn.

All senior students who meet eligibility requirements may apply. A selection committee (5 adults who are not parents of eligible students) evaluate the applicants and make a selection to be announced at the annual Drama Awards in May.

This year the Avondale Drama Boosters are asking for your support in funding the Avondale Theatre Company CUTS Scholarship. Our goal is to award more than one student the CUTS Scholarship in 1999.

Each CUTS Scholarship recipient may receive up to a \$500 for one year. At this time the scholarship is not renewable. The Avondale Foundation, which manages the CUTS Scholarship, is an IRS recognized 501 (c) 3 organization, therefore any donations are tax deductible.

If you have any questions concerning the CUTS Scholarship or Avondale Foundation, please call the Avondale administration offices at (248) 852-4411.

Thank you,

Avondale Drama Boosters

____ Yes, I would like to help fund the Drama CUTS Scholarship for 1999. Enclosed is a check made out to the "Avondale Foundation". Please indicate in the memo "CUTS Scholarship".

Name: _____

Address: _____

Phone: _____

Amount of donation: _____

Please mail by May 5, 1999 to:

Avondale Foundation
260 South Squirrel Road
Auburn Hills, MI 48326

Example 5: Restricted Fund Profile for Supporting Avondale Athletics Fund



Restricted Fund Profile For the Supporting Avondale Athletics Fund

Sample

July 15, 2003, *revised October 21, 2003*

Restriction Description – Donations to the Supporting Avondale Athletics Fund are temporarily restricted to funding expenses associated with supporting the Avondale High School and Middle School athletic co-curricular programs.

Committee Responsibility – Sole responsibility for the fund raising belongs to the Supporting Avondale Athletics Committee. The Committee shall provide in writing the names of the Committee officers, and the name of the official liaison to the Avondale Foundation for each associated fund raising activity. The Committee officers and official liaison will ensure Foundation by-laws and fund raising guidelines are followed.

Investment of Funds – The Avondale Foundation may invest fund until such time as they are awarding. Any investment earning will also be restricted for the Supporting Avondale Athletics Fund.

Disbursement of Funds - All monies contributed to the fund will be disbursed to the designated recipient(s), as allowed per IRS guidelines for a non-profit organization, and per official written request from the Supporting Avondale Athletics Committee Chair, and following a majority vote of the Avondale Foundation Board of Directors. *Attached is a detailed statement of guidelines for the use of this fund.*

Dissolution of Funds – In the event that, for any reason, the restriction defined above can no longer be met, i.e., the elimination of the Avondale Athletics program, any unspent funds will be transferred to the general fund of the Avondale Foundation.

Approved by majority vote of the Avondale Foundation on July 15, 2003. *Revised and approved on October 21, 2003.*

Supporting Avondale Athletics Committee Chair

Date

Avondale Foundation President

Date



Sample

**Restricted Fund Profile
For the Supporting Avondale Athletics Fund**

July 15, 2003, revised October 21, 2003

Designated Uses of Funds

All monies contributed to the Supporting Avondale Athletics Fund will be used according to the following guidelines:

- Equipment purchases
- Transportation expenses
- Uniform purchases
- Officiating expenses
- Pay-for-participation scholarships
- Contracted Services, e.g., field maintenance, expenses associated with coaching teams
- Supplies
- Reimbursement of school district payments for the above

Example 6: Check Request Form

**AVONDALE FOUNDATION
Check Request Form**

Check to: _____ Amount \$ _____

Fund to be used: _____

Notation in Memo portion: _____

Authorized by: _____

Date: _____ Date Completed _____

Sample

Check to: _____ Amount \$ _____

Fund to be used: _____

Notation in Memo portion: _____

Authorized by: _____

Date: _____ Date Completed _____

**AVONDALE FOUNDATION
Check Request Form**

Check to: _____ Amount \$ _____

Fund to be used: _____

Notation in Memo portion: _____

Authorized by: _____

Date: _____ Date Completed _____
