

GLOBAL FINALS DONATIONS

**IRS Rules and Regs
and CADI's Policies/Procedures**

Donations

- If the donor DOES NOT want a tax donation
 - No problem – Take the \$\$
 - Send a thank you note
 - Use the money for the team
- If the donor DOES want a tax donation
 - The donation comes under the IRS laws

FOLLOWING IS HOW TO DO IT CORRECTLY.

Tax-deductible GF Donations

Donations ARE NOT tax-deductible if:

- Given to an individual

Donations ARE tax-deductible if:

- Given to a tax-exempt (501c3) organization.

CADI:

- Is a nonprofit – a tax-exempt (501c3) organization.
- However, any donation checks MUST be made out to either **California Creativity** or **CA Destination Imagination (CADI)**, sent into CADI, and run through CADI's books.
- Only then can a team use CADI's tax ID number.
- Must issue a form IRS tax-deduction acknowledgement letter for donations >\$250.

Validation of CADI's Nonprofit Status

- A business will ask you for proof of CADI's tax-exempt status
 - CADI's EIN (Employer Identification Number).
 - CADI's Nonprofit Status IRS Determination Letter.
- CADI's EIN Number is: 33-0860160
- CADI's IRS Determination Letter:

Email Dick Pinney and/or Rosemary Bognar Pinney for a copy of the letter.

pinney@netnet.net
rbognar1@att.net

History

Over the past 10 years, almost all schools, PTA's, etc. have stopped allowing a non-501c3 organization from using its nonprofit EIN #.

WHY?

Reason #1

Liability

If a non-501c3 organization/group uses 501c3's EIN number and that organization/group misuses it and is sued, the 501c3 nonprofit is also liable.

A nonprofit must keep an arms-length transaction and simply be a vendor. It cannot allow a non-501c3 organization/group to independently use its EIN #.

Reason #2

Misuse of the EIN

The IRS has VERY STRICT rules as to what a 501c3 can do and what it cannot do. Any deviation from those rules can result in the loss of the organization's 501c3.

Per IRS regulations, all donations MUST pass through the nonprofit organization's books because disbursements must be:

- for the benefit of the recipient group, not to an individual.
- All donations must be passed through for only eligible “reimbursable” expenses.
- If the donation is acknowledged, it must be acknowledged with proper IRS wording or it can be disallowed as a tax deduction by the IRS.

Reason #3

TOO MUCH PAPERWORK & NOT ENOUGH STAFF TO DO THE WORK

To do Pass-Throughs per the IRS regulations takes a lot of time and paperwork. Most schools, PTA's, other 501c3's simply do not have the staff to do work like that anymore.

Therefore, they are simply saying NO, we can no longer allow you to use our 501c3.

OTHER THINGS YOU CANNOT DO

if you want to accept donations.

1. Open your own Team Bank Account and ask for tax deductible donations –
You are not a 501c3.
2. Open your own Team Bank Account using CADI's Tax Exempt Number -
CADI WILL NOT give you permission to do so and would ask the bank to close your account due to misappropriation of its Federal ID #. If you have already opened a bank account using CADI's Federal ID #, please close it immediately!

CADI

CADI MUST protect its 501c3 status and the only way it can confidently do that is to have 100% of its donations pass through its books. That way CADI can be assured that:

- The reimbursable expenses are eligible expenses per the IRS.
- The actual reimbursement is made to the correct person(s).
- The formal IRS acknowledgement letter is correct and true.

Last Year's Service to the Teams

- 25+ separate team accounts (fund accounting) into the CADI accounting system.
- 10+ donation account setups with various corporations.
- 10 grant documents filled out for the teams (1-10 pages each).
- 600+ checks to process, post, deposit.
- 70+ reimbursement checks to cut, get signed and then mailed.
- 9 bounced checks to track down, get reissued, and reprocess.
 - Note – Last year we had a \$1,000 corporate foundation check bounce 10 days after it was deposited.
- And – your CADI Accountant/CPA works full time in addition to DI.
- **A Change this Year:**
 - **CADI will write formal IRS acknowledgments for contributions of \$100 or more.**
 - **Reason for change –**
 - **CADI wrote 682 acknowledgements last year or which over 400 of them were for \$20 or less. A lot of time, a lot of paper, a lot of postage, stationary and envelopes.**

Glad to do it – However . . .

CADI is glad to do this service so the teams can get more donations and help defray some of the financial burden of going to GF.

However, it does mean, in order to this service, a team **MUST** follow the policies and procedures CADI has put into place to protect its 501c3 status.

Thank you for understanding . . .

And now – How to do it

Ways to obtain Donations

- Cash
 - (Do not send to CADI)
- Checks
 - (Only send checks to CADI if the donor wanting a tax donation)
- Credit Cards
- Company Donations
- Company Matching Donations

You will increase your donor contributions substantially if you offer a tax-deductible donation opportunity. Out of \$125,000 in donations run through CADI last year, approximately \$100,000 could not/would not have been given if it's donation was not given to a 501c3 nonprofit. That would have been a lost of \$100,000 to the teams.

Credit Card Payment Options

- Independent fund-raising organizations
 - E.g. Go-Fund-Me, Crowd Funding options
 - Not tax deductible – Goes directly to the team.
- Go through a nonprofit 501c3 organization
 - Tax deductible

Independent Fundraising Companies

- Go Fund Me, Crowd Funding, etc.
 - Be Careful!
 - Sign up – they ask for an EIN # and/or SS #. You must use your own or someone else's #.
 - You are not authorized to use CADI's #.
 - If you have used CADI's EIN#, please remove it from your account.
 - If you use your own personal SS#, at the end of the calendar year you will get a 1099 for the amount that passed through their company – it is INCOME to you for the year.

CADI's ***"DONATE"*** Button

Use CADI's ***"Donate"*** Button on CADI Website:

- Ask Dick Pinney to set up a separate account for your team in the Donation area of CALDI.org.
- A donor should click on your team's name. The donor will then be asked how much they would like to donate.
- Next the Donor will be asked if they would like to pay for the credit card processing fee.
 - If yes, they pay the fee.
 - If no, the donation will be sent to CADI less the processing fee.
 - Note: Approximately 80-90% of donors pay the processing fee for you.

Donate directly to DII (New Jersey)

- A person can also donate directly to DII (in New Jersey)
- Quoting DII:
 - “The donations we received for specific teams can only be used for charges from DII for that team – the charges are the registration and housing packages.”
 - “In all cases, the donations must be received in the same time schedules as non-donation payments.” (By May 1st).
 - Since DII cannot determine the relationship of the donor to the beneficiary, they will not be able to determine if it is a tax deductible donation and, therefore, will be unable to issue a tax deduction acknowledgement letter.
 - If more money is donated than the team’s registration, the surplus will be considered a donation to DII and will not be reimbursed to the donor or to the team.

Matching Funds Donations

Slide #1 of 3

- **AN EMPLOYEE MUST GIVE A DONATION FIRST:**

- **CHECK WITH YOUR COMPANY FIRST –**

- They will need to verify that [California Creativity Association](#) is listed in their Donation Database.

- An employee must make a donation to CADI, either directly or thru the company's matching funds program.

- If Employee donation is to be made directly to CADI, a check should be made out to CADI or a credit card donation can be made through the DONATE button on the CADI website.

- CADI will formally acknowledge the donation and will let your company know the donation has been made.

- If the Employee's donation is made through company, the company will pass through the donation to CADI.

- Notify Rosemary Bognar (rbognar1@att.net) that you are in the process of a Matching Funds donation .

- If CADI is not registered with your company, we must provide them with various needed information, i.e. CADI's EIN #, its determination letter, financial statements, official contact information, etc. verifying that we are a 501c3 nonprofit organization.

- This can take from 1 day to weeks, depending upon the company.

- CADI is already registered with many companies.

- You will be notified when CADI's registration process with your company is complete.

Matching Funds Donations

Slide #2 of 3

- Employer's Matching Fund will then "match" the donation given by the employee and send it to CADI. **Payouts are usually on a quarterly basis.**
- After receipt of the employee and employer donations, CADI will issue an official IRS donor acknowledgement form to the donor and notify the TM of the donation.
- CADI will then write a check reimbursing the TM (less the 5% processing fee). The Team Manager of Record disburses the funds within the team.
- **The "Matching Funds" process can take several months.**

Matching Funds Donations

Slide #3 of 3

CADI will NOT pay out matching funds until THE FUNDS ARRIVE AND HAVE CLEARED THE BANK.

WHY:

- Of the Matches CADI is told about, only approximately 70-75% of them actually happen.
Reasons:
 - The employee decides not contribute. **NO EMPLOYEE CONTRIBUTION, NO MATCH!**
 - The employee does not complete the Matching process with their Employer.
- A Corporate Match can take months to complete on the company level and for the money to arrive, especially when a company only pays out Matches on a quarterly basis.
- After a Match Check arrives and is deposited, CADI waits for 10-14 days to ensure the Match clears the bank.
 - We had several checks bounce last year, one of which was a Match check from a large company for \$1,000.

CADI can only serve as a nonprofit that passes-thru funds actually received in order to assist GF teams.

CADI does not have the funds to advance on “pledges”. Last year, that would have cost CADI over \$20,000 in unfulfilled matches, pledges and promises to pay that it were ultimately not have received.

2014 CADI Partnerships:



2014 DII Partnerships:



How do you get your money??

- Have all donation **checks** made out to CA Creativity Association or CA Destination Imagination.
- All credit card donations will automatically flow through to CADI from the CADI website.
- Complete the CADI Reimbursement Form.
 - Reimbursable Expenses:
 - GF housing, Registration, Travel, Pins, T-Shirts, etc. – See the Next Slide for Details
 - **ONLY FOR TEAM MEMBERS AND TEAM MANAGERS OF RECORD**
- Attach Receipts for all listed expenses to the back of the CADI Reimbursement Form.
- Photocopy all donations checks and submit the photocopy with the checks. (MUST DO)
- Send Reimbursement Form, Receipts, Photocopy of your donation checks, and the Donation checks to:
 - Rosemary Bognar Pinney, CADI Accountant
 - 14843 Priscilla Street
 - San Diego, CA 92129
- **DEADLINE for all reimbursement requests:**
 - Into CADI'S San Diego Office by **JULY 31, 2014**.
 - Requests will not be processed after that date due to the end of CADI's fiscal year.

ELIGIBLE, REIMBURSABLE EXPENSES

- DII Registration/Housing Packages
- Airline fares
- Ground Transportation Transfers
- Prop packaging and shipping expenses
- Rental car for the team's use
- Trading Pins
- T-Shirts
- Publicity, solicitation, thank you supplies, i.e. paper, stamps, envelopes, etc, etc.
- No food and snacks

**THE ONLY EXPENSES THAT WILL BE PAID MUST BE FOR:
THE TEAM AND/OR THE TEAM MANAGERS OF RECORD.**

- All Team Members names are checked against the CALDI Registration System Database.
- If a Team Manager's expenses are submitted and that person is NOT in CALDI's Database as a Team Manager, that person's expenses will NOT be paid.

California Creativity Association

Global Finals Fundraising Reimbursement Form

Send Rosemary Bognar, CADI Accountant
 To: 14843 Priscilla Street
 San Diego, CA 92129

rbognar1@att.net
 858-672-4167 (f)
 858-243-9340 (m)

Receipts or other supporting documentation must be provided.

Date: _____

Make Check Payable to: _____

Team Name: _____

Team Number: _____

Signature: _____

Expense Description	Amount Requested	Amount Paid

Total Requested: \$ _____

Mail Check to: _____

Accountant Info: Check Amount: _____ Date Paid _____ Check# _____

2013 Global Finals Team Pass-Through Account Detail

Team No:

EXAMPLE EXAMPLE

Team Name:

Organization:

Team Manager:

Address:

TM's Email Address:

TM's Cell Phone:

RECEIPTS(S) USED TO VALIDATE TEAM'S GFE EXPENSES		
Vendor	Purpose	Amount
DII	GF Team Registration	\$5,075.00
Southwest Airlines	Airfare for the team	\$3,000.00
Total Invoices:		\$8,075.00

DONATION CHECKS RECEIVED BY CADION BEHALF OF THE TEAM				
Donor	Address	Amount	Check Number	Acknowledgment Sent
ABC Company	xxx	\$500.00	47825	Yes
DEF Company	xxx	\$100.00	5876	Yes
Tim Green	xxx	\$75.00	3456	Yes
James Smith	xxx	\$2,000.00	38568	Yes
xxx Company (Matching Funds)	xxx	\$2,000.00	7682	Yes
Total Donations:		\$4,675.00		

PASS-THROUGH SERVICE FEE	
Total Donations:	\$4,675.00
Amount of Pass-Through Service Fee (5%)	\$233.75
Net Amount Reimbursed:	\$4,441.25

How long before you get a Reimbursement?

Regular Donations: Usually – 3-4 weeks

Need to:

“In the mail” time from the time it leaves your house until it gets to San Diego

Set up the team’s fund account

Record checks

Deposit checks

Wait for the checks to clear (10 days)

Write the reimbursement checks

Write the acknowledgements

Have the checks signed

Mail the checks

Plus “in the mail” time back to you.

FOR 25-30 TEAMS!!!

Matching Funds: Up to 2-6 months.

Matching funds are paid out on a quarterly basis.

Contact Information for CADI Donations:

Dick Pinney

Executive Director, CADI

pinney@netnet.net

office – 858-864-7172

Rosemary Bognar Pinney

CPA/CADI Accountant

rbognar1@att.net

cell – 858-243-9340

CONGRATULATIONS AND THE VERY BEST TO YOUR TEAMS!!!