



*Last Updated: October 2007*

## **II.4 Procedures for Special Events**

### **Planning Your Event**

**Step One:** *Call your Development Office and let them know what you are doing.* They can help you avoid scheduling your event during other planned activities, give you advice about who should be invited, give suggestions about vendors to use, ensure that your event receives advance publicity, and otherwise help ensure that what you are planning is a success:

UA Statewide – Mary Rutherford 450-8030  
UAA – Megan Olsen 786-1764  
UAF – Judyth Wier 474-5750  
UAS – Lynne Johnson 796-6416

**Step Two:** *Notify the Foundation* - the Foundation, as the non-profit receiving the gifts and/or proceeds from the event or activity, needs to approve the event before it is conducted and before the printing of tickets and flyers etc. is accomplished. This approval is simply to ensure that the event's finances are set up so that donations made during the event will withstand scrutiny by the I.R.S. (a donor who has his or her income tax deduction disallowed will never forgive the University) and to ensure that both the Foundation and the University do not run afoul of the constantly changing I.R.S. rules regarding gifts and special events.

**Step Three:** *Decide how you will meet the expenses (if any) to put on the event.* The big question here is whether you need up-front money and where it comes from.

1. Let us first assume that you do need up-front money. (If you do not, skip to paragraph 2., below). There are several options for up-front money depending on the complexity of what you are doing and whether it will be repeated in future years.
  - A. **Fundraising Method** - Of course, the absolutely best way is to get the up front money in the form of "underwriting donations" which are placed into the Foundation (after which method B or C, below is used).
  - B. **Revolving Account Method** - If your event is recurring, the preferred method is to set up a generic Special Event Fundraising Revolving Account in the Foundation coupled with a university restricted account (fund two account). The revolving account would receive its funds from previous fundraising projects or through transfers from another Foundation account under your



control. The revolving account is then used to give budget authority to the university fund two account for meeting the up front costs. All expenditures for the event occur from that university account. All proceeds go into the Foundation revolving account. After the event, the net proceeds (after reimbursing the fund two expenditures) less the desired seed money for future events, is transferred to a Foundation endowment or restricted account maintained to support the program you are raising the money for.

- C. University Fund Two Account Method - A variation on the method outlined in B., is to omit the revolving account and just set up a fund two account using budget from a Foundation account in the Foundation under your control. As above, all expenditures for the event occur from the fund two account. All proceeds go into the Foundation account set up to support the department or purpose you are benefiting with the event. The fund two expenditures are then reimbursed from this account.
- D. University Fund One Account Method - This method assumes that the only front money you have is in a fund one account. Under this scheme you accomplish the up front expenditures from the fund one account, receive proceeds into the fund one account and send the net to the Foundation. If this method is chosen it is vitally important that the fund one expenditures be characterized as receivables to be offset by special event income.

2. Let us now assume that you do not need up-front money:

- A. Conventional Method - if no up-front money is needed, then the best way to conduct such events is to collect all the proceeds in a Foundation account, then pay your bills out of a fund one account and ask the Foundation to reimburse that account for such costs (see reimbursement process below).

Please bear in mind that if the method you use under either 1. or 2., above calls for Foundation reimbursement of a fund one or fund two account, you will need to initiate that reimbursement process yourself unless the account is handled through a grants and contracts office. The form to use and instructions for the process for obtaining such reimbursements is [Check Request/Account Reimbursement Form](#).

***Step Four: Inform the Foundation of the Details of the Event by Filling Out the Special Event Form and Determination of Income Taxability.*** Regardless of the method you choose to use for handling the funds of the event, the Foundation, as the non-profit receiving the funds from the event, needs to approve the event before it is conducted and before the printing of tickets and flyers etc. is accomplished. This approval is simply to ensure that the event's finances are set up so that donations made during the event will withstand scrutiny by



the I.R.S. (a donor who has his or her income tax deduction disallowed will never forgive the University) and to ensure that both the Foundation and the University do not run afoul of the constantly changing I.R.S. rules regarding gifts and special events. The mechanism for Foundation approval occurs through the Special Event Form and Determination Income Taxability. This needs to be filled out and sent to the Foundation for approval well in advance of the event.

***Step Five: Make Sure That Your Event is Set Up to Handle the Various Kinds of Income you may Receive:***

1. ***Raffle Proceeds*** State Law governs how raffles and other games of chance or skill need to be conducted. A permit is needed. The University has such permits for your use but you will need to consult with the permit administrator to ensure that your procedures are correctly followed. Income from raffles is handled separately from all other funds in accordance with instruction from the permit administrator. The permit administrators in the UA system are:

UAA - Jan Prindle, Administrative Services, Anchorage 786-6521

UAF - Ron Keyes, Wood Center Student Activities, Fairbanks 474-7037

UAS - Rick Bundy, Administrative Services, Juneau 796-6494

It is important to note that funds used to purchase raffle tickets or other tickets which are then used in drawings, door prizes, etc. are not gifts and may not be deducted by purchasers as charitable deductions. You need to be careful not to characterize such tickets as donations. Before Printing raffle tickets or any other tickets relating to a special event you should contact your raffle permit administrator, your Development Office or the Foundation. There are also rules governing the mailing of such tickets through the U.S. Postal Service.

2. ***Auctions*** - Your event may include a silent or vocal auction. For each item you accept for auction you will need to provide the information noted on the Auction Form. Summarize the total from all auction item forms on the single Summary Auction Form. Note that the auction proceeds should tie in with the Income and Expense statement noted above. The Foundation will provide receipts for all donors giving auction items which have been valued at \$250 or more (\$250 total amount for similar items or otherwise, per single item; e.g. for \$250 worth of potted geraniums at \$10.00 apiece or for one \$250 art print).
3. ***Entry Fees & Ticket Proceeds*** - You need to be careful about how you characterize payments you receive from attendees of events. If attendees receive a benefit in return for their payment (e.g. a dinner in return for their entrance fee) the value of what they receive needs to be set out on the ticket they purchase. You should not characterize



such entries as "suggested donations" or "minimum donation required" etc. For assistance call your development office or the Foundation before printing tickets, brochures or flyers for the event.

4. ***Use of Credit Cards*** - If you are going to accept credit cards at the event make arrangements with the Foundation to do this. WAYS TO GIVE TO THE UNIVERSITY OF ALASKA explains the credit card policy at the Foundation.

### **Conducting the Event**

**Step One:** *Provide for a safe and secure way to handle and account for the cash you receive at the event.* At least one University special event has been ruined by a loss through theft of the proceeds left unsecured.

**Step Two:** *Make sure you gather the information you need from attendees who win auctions (see Tangible Gift and Auction Donation Form) or who receive raffle winnings.*

**Step Three:** *Arrange to keep proceeds from different sources at the event separate (raffle proceeds, outright gifts, ticket sales, purchases, etc.)*

### **After the Event is Over**

**Step One:** *Transmit the proceeds to the Development Office on your campus or, in the case of raffle ticket proceeds, to the campus business office or other location designated by the Campus Raffle Permit Administrator.* Proceeds from an auction should be accompanied by the auction forms with the summary sheet on top. The amount on the summary sheet should tie into the income and expense statement (see Step Two, below) and should be the total of all the individual auction sheets submitted

**Step Two:** *Complete the Income and Expense Statement Form and send it to the Foundation.*

**Step Three:** *Provide Receipts to donors if required.* New laws require donors to have properly prepared receipts in order to make charitable deductions on their income tax. The canceled check is no longer sufficient for such deductions. If the event proceeds are handled under any method except the method described under Step 3, method D., above, the Foundation will be responsible for providing the proper receipts using the information you provide to us. If you use method D., however, you will be responsible for providing receipts on behalf of the University of Alaska in accordance with the I.R.S. Code.



### **Questions About Special Events**

Call your development office or the University of Alaska Foundation with questions about special events or about any fundraising activity you wish to conduct.