



Series:

Public Relations

COA: RPM 2.01;
ETH 3, 3.01, 3.05; GOV 6;
FIN 2, 3, 4

CFOP:

Procedure Name: Quid Pro Quo Contributions

Procedure Number: PBR - 3005

Revision #/Date: N/A

Effective Date: January 1, 2009

SUBJECT: To correctly account for and record quid pro quo contributions.

PURPOSE: To establish a procedure to identify and record quid pro quo contributions solicited for support of CBCB activities which will provide reasonable assurance regarding the achievement of donor objectives and conforming to all federal, state, county, and local statutes governing the solicitation of funds.

References

CBCB Policies/Procedures: GOV-202, GOV-203, GOV-205, GOV-208

Definitions

Donor: An individual or organization that gives tangible or intangible property or services.

Fair Market Value (FMV): The value of a property between a willing buyer and seller, neither of which must buy or sell the property or use of the property.

Quid Pro Quo Contribution: A donor's payment to a charitable organization that is \$75 or more and is partly a contribution and partly for goods or services. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution part of the payment is \$60. Even though the deductible part of the payment is not more than \$75, a disclosure statement (below) must be provided by the organization to the donor because the donor's payment (quid pro quo contribution) is more than \$75

Scope

This procedure applies to all fund raising ventures and other applicable business transactions of CBCB. Responsibility for the daily management of CBCB's fund raising is delegated to the Public Relations Department (PRD) under the direction of the Chief Executive Officer (CEO).

PDR staff will establish and maintain written procedures for the promotion and recording of fund raising activities consistent with governance policies GOV-205, Fundraising Management, and GOV-208, Accounting Practices. Such procedures shall include explicit delegation of authority to persons responsible for these functions.

Procedure

Disclosure Statement

In any CBCB fundraising event or other business transaction where a quid pro quo contribution is received, the PRD will provide the donor a disclosure statement which will include the following:

Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the FMV of goods or services provided by the charity.

Provide the donor with a "good faith estimate" of the FMV of the goods or services that the donor received within the guidelines mandated by the Board of Directors in governance policy GOV-205, Fundraising Management. PRD staff will determine the FMV of the goods or services as outlined in procedure PBR3006, Fair Market Value Measurements.

The PRD will furnish the disclosure statement upon receipt of the quid pro quo contribution.

It should be noted that CBCB will not provide a disclosure statement if any of the following is true:

The goods or services given to a donor have insubstantial value as described in Revenue Procedures 90-12 and 92-49.

There is no donative element involved in a particular transaction with CBCB (for example, there is generally no donative element involved in a visitor's purchase from a museum gift shop).

The donor makes a payment of \$75 or less per year and receives only annual membership benefits that consist of either of the following scenarios:

- Any rights or privileges (other than the right to purchase tickets for college athletic events) that the taxpayer can exercise often during the membership period, such as free or discounted admissions or parking or preferred access to goods or services.
- Admission to events that are open only to members and the cost per person of which is within the limits for low-cost articles described in Revenue Procedures 90-12 and 92-49 (as adjusted for inflation).

Accounting for Quid Pro Quo Contributions

Once the PRD issues a disclosure statement to a donor, a copy of the statement will be forwarded to the Accounting Department for the transaction to be recorded in the general ledger. In addition

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to the contents of the disclosure, the PRD will identify on the statement the subaccount assigned to the fundraising event.

Upon receiving the statement, the Accounting Department will issue a companion subaccount to identify the "cost of direct benefits" for this fundraising event. Each event matching contribution will be identified with these subaccount identifiers. Each statement will be used as back up documentation for each journal entry required to record the contribution and be filed with each journal entry.

BY DIRECTION OF THE CHIEF EXECUTIVE OFFICER:



DR. PATRICIA NELLIUS-GUTHRIE
Chief Executive Officer
CBC of Brevard, Inc.

DATE: 3/26/09