



UNITED WAY OF LARIMER COUNTY

**TOCQUEVILLE**

SOCIETY

# DESIGNATION POLICIES AND GUIDELINES

Alexis de Tocqueville Society Members have the option to direct charitable dollars to all U.S. 501(c)(3) public charities, including churches, university foundations and service organizations, for exclusively charitable purposes. Although the vast majority of designations made by donors are honored by United Way, under federal tax law, certain types of distributions, including distributions that result in a benefit to the member or a related party, are restricted.

## DESIGNATION PROCEDURES

Designations will be made by check, payable to the recipient organization's legal name and generally mailed to the organization's official address, or by Electronic Funds Transfer (EFT). Designations will be accompanied by a letter from United Way recognizing the donor, unless the donor requests anonymity. The letter will specify that the distribution must be used for charitable purposes and may not benefit the donor or any related party. If the letter identifies the donor, the letter will instruct the recipient not to issue a tax substantiation letter to the donor. After a designation has been made, United Way will send the donor a confirmation of the designation via an emailed account summary.

Donors to United Way who designate their gifts are eligible to take a charitable contribution deduction at the time of their contribution to United Way. Thus, any tax receipt that may be received by a donor from the designated charity should be disregarded.

- There is no minimum amount for designations.
- For auditing purposes, designations shall be submitted to United Way via pledge card or email and should include the name, address, telephone number and contact name for the recommended charity along with any special purpose for the gift (e.g., annual fund, scholarships, etc.)
- **Administration Cost and Expenses:**
  - New members joining the Alexis de Tocqueville Society are asked to contribute at least \$2,500 to one of United Way of Larimer County's programs (Collective Impact Fund, WomenGive, Colorado Reading Corps, 2-1-1 or Child Care Fund) and are exempt from any administrative expenses on their external gift designations. New Members who are enrolled in the Emerging Leaders are asked to contribute a prorated amount of their gift based on their placement in the program.
- **Designations are paid on the following schedule:**
  - Designations are paid in full upon receipt of gift on a monthly basis, with more frequent payouts at year-end. Please contact your United Way representative for a more specific payout schedule.
  - Payroll deduction distributions are paid quarterly, based on payroll payments received from the employer, unless otherwise specified by the donor.
  - Donors with multiple designations may indicate in what order gifts are to be paid or if they want them to be paid proportionately.

## PERMITTED DISTRIBUTEES

A permitted distributee is a U.S. § 501(c)(3) organization that qualifies as a public charity pursuant to § 170(b)(1)(A) of the Internal Revenue Code of 1986 (the "Code") (including a U.S. private operating foundation as described in § 4942(j)(3) of the Code).

## PROHIBITED DISTRIBUTIONS

- Distributions to individuals, including to a permitted distributee where the contribution is designated to a specific person
- Distributions that result in a "more than incidental" benefit to a donor or a related party
- Including payments for tickets for the donor or a related party to attend a fundraising event (even if the donor or related party pays the non-charitable portion of the ticket price and United Way pays only the charitable portion of the ticket price)
- Including payments for which the donor or a related party receives (directly or indirectly) the right to purchase tickets for seating at an athletic event (unless approved by staff, never allowed from Philanthropy Funds)
- Including items purchased at charitable auctions
- Including tuition payments
- Including dues and membership fees (e.g., country club and alumni club membership dues)
- Distributions for any non-charitable purpose
- Including distributions for lobbying purposes, and distributions to support political campaign activities
- Distributions to non-charities (e.g., a § 501(c)(4) organization), even if for a charitable purpose
- Distributions to private grant-making (i.e., non-operating) foundations

## PHILANTHROPY FUND POLICIES AND GUIDELINES

A Philanthropy Fund is intended to qualify as a donor advised fund as defined in § 4966(d)(2) of the Code. Thus, contributions to a Philanthropy Fund are irrevocable and for federal income tax purposes are treated as contributions to United Way, deductible to the fullest extent allowed by law. A Philanthropy Fund is subject to the same designation policies and guidelines as outlined above.

### ***Establishing a Philanthropy Fund***

All members of the Alexis de Tocqueville Society are eligible to open a Philanthropy Fund. Donors may establish a Philanthropy Fund by entering into a Philanthropy Fund Agreement. Donors may contribute cash, mutual fund shares, stocks, bonds and other securities to a Philanthropy Fund. Contributed securities will be sold by United Way as soon as reasonably possible and the proceeds will be added to the donor's Philanthropy Fund. Donors may agree to make contributions to a Philanthropy Fund via payroll deductions.

Donors establishing a Philanthropy Fund should be informed that their contributions are irrevocable, and that United Way has exclusive legal control over the assets contributed to the Account. United Way's fiscal year is July 1st - June 30th. Any contributions to a Philanthropy Fund that have not been distributed by June 30th of the fiscal year following the fiscal year in which the contributions were made will be transferred to United Way's Community Impact Fund. United Way staff shall notify the donor prior to such deadlines. In the event all of the donors that are a party to a Philanthropy Fund Agreement have died, all remaining funds in the Philanthropy Fund will be transferred to United Way's Collective Impact Fund.

### ***Distributions***

There is no minimum amount for distribution recommendations. If the amount of a distribution recommendation exceeds the balance of a Philanthropy Fund, the distribution will not be made, and the donor will be contacted.

Donors may recommend distributions from the Philanthropy Fund to permitted distributees (as described above). United Way's Board of Directors has designated the Senior Vice President of Resource Development as the staff member eligible to review and approve distribution recommendations. Recommendations shall be submitted to United Way in writing, including via email, and should include the name, address, telephone number and contact name for the recommended charity along with any special purpose for the gift (e.g., annual fund, scholarships, etc.).

Before making a distribution from a Philanthropy Fund, the staff shall verify that the recommended distributee is a permitted distributee (as described above), and that the recommended distribution is not a prohibited distribution (as described above). In the event that a recommended distribution cannot be approved, staff members shall notify the donor as soon as possible.

Distribution recommendations to a non-permitted distributee or for a prohibited distribution will not be approved. If at any point in time United Way discovers that a distribution has been made to a non-permitted distributee or a prohibited distribution has been made, United Way will take immediate action to correct such distribution including, but not limited to, requiring that the distribution be returned or that the donor make an additional non-deductible contribution.

### ***Acknowledgments***

The acknowledgment letter issued to a donor for contributions to a Philanthropy Fund will contain the following language: "Receipt of [THE PROPERTY] on [DATE] is hereby acknowledged by United Way of Larimer County, Inc. No goods or services were provided to you in consideration, in whole or in part, for the contribution of such property. United Way of Larimer County, Inc. has exclusive legal control over the property contributed."

United Way will issue a Form DR1317, "Child Care Contribution Tax Credit Certification," to a donor for distributions to eligible agencies and programs from that donor's Philanthropy Fund, so long as the distributions are made in the same calendar year as the donor's contribution to the Philanthropy Fund.

### ***Form 990 Reporting***

United Way will keep such records with regard to the Philanthropy Fund as necessary to fulfill the reporting obligations on its Form 990, including:

- The total number of Philanthropy Funds that it owns at the end of the tax year
- The aggregate value of assets held in such Funds at the end of the tax year
- The aggregate value of contributions to such Funds during the tax year
- The aggregate value of distributions made from such Funds during the tax year

