



SPECIAL EVENTS POLICIES AND PROCEDURES

Barbara Ann Karmanos Cancer Institute's staff must review and approve in writing any fundraising event or promotion on behalf of the Institute prior to the event. Event organizers must agree in writing to abide by all policies and procedures pertaining to that event.

I. PUBLICITY

Event organizers will establish a publicity/public plan for their event. Advertisement and promotion of the event is the sole responsibility of the Friends Raising Funds Event organizer. The Karmanos Cancer Institute's Friends Raising Funds approval council must review all copy (e.g. brochures, advertisement, etc.) before printing. If the Karmanos Cancer Institute's logo is to be used in publicity, the special events staff must approve any layout and design incorporating the logo prior to printing.

The full name of the Institute is "The Barbara Ann Karmanos Cancer Institute" and the Institute should be identified by full name in all materials pertaining to the event.

Events name may not incorporate the name, "The Barbara Ann Karmanos Cancer Institute" as in "Karmanos Cancer Institute Swimathon," but may use a second line identifying the relationship with the Institute, such as "Smith School Swimathon, benefiting the Barbara Ann Karmanos Cancer Institute."

II. DESIGNATION OF DONATION

The special events staff will provide a list of possible designations for the use of event proceeds to the organizers of the special event for their selection. If your group prefers, you may make an unrestricted gift, in which case the Institute will use the proceeds to meet needs identified by the Institute. A written statement describing the intended use of the funds should accompany the event proceeds when they are turned over to the Institute.

III. OBLIGATIONS AND CONTRACTS

Only an authorized development or public relations employee can enter into any contract on behalf of Karmanos Cancer Institute or obligate the Institute to pay for any service or item connected with the event.

IV. CONDUCT AND DECORUM

The Institute's mission: The Barbara Ann Karmanos Cancer Institute is a unique, urban-based, integrated system of research, care and education dedicated to the prevention, early detection, treatment and eventual eradication of cancer.

Each Friends Raising Funds Event shall be administered in a manner that is appropriate to the mission statement of the Barbara Ann Karmanos Cancer Institute. No offensive or unlawful conduct shall be associated with any Friends Raising Funds Event. For purposes of this contract, offensive and unlawful behavior shall pertain to any conduct deemed offensive to the Institute in light of the Institute's mission statement and the fund raising purposes for which the Friends Raising Funds Event is conducted. The Institute reserves the right to withdraw its endorsement of any Friends Raising Funds Events deemed offensive under the criteria above. The Institute also reserves the right to refuse any fund raising proceeds from Friends Raising Funds Events deemed offensive.

Special Events Policies and Procedures

Page 2

V. SOLICITATION OF DONATIONS

Organizations that solicit funds for charitable purposes in Michigan are generally required to obtain a charitable solicitation's license and to file certain reports with the Charitable Trust Division of the Michigan Attorney General's office. This license must be renewed annually.

VI. SOLICITATION OF CORPORATE DONATIONS

The special events staff must approve all solicitations of corporate gifts before the company is approached. This will avoid duplication of efforts and excessive request to any one potential donor.

VII. EXPENSE AND REVENUE REPORT

Within 60 days after the event the organizers must submit a revenue and expense statement to Karmanos Cancer Institute's special events staff. A preliminary report may be submitted if final figures are not available.

Net proceeds from the event should be turned over to the Institute no more than 60 days after the event.

You should be aware that both the IRS and Michigan Attorney General's (MAG) office monitor organizations which solicit funds for charities to ensure that funds received are utilized appropriately for the benefit of the charity in question. Your organization should strive to have at least two-thirds of the funds raised in connection with an event be "net" proceeds donated to the Institute. The IRS, MAG and other regulatory officials use this as a guide in monitoring groups for audits or other enforcement actions, although they are generally reasonable in recognizing that it can take a new event or group a period of time to achieve this objective.

VIII. TAX DEDUCTIBILITY

Most ticket prices for special events are not fully tax deductible. The special events staff will help organizers determine the deductible amount to be stated on the ticket and on the invitation. If any questions arise about the deductibility of non-monetary donations to the event, the special events staff will assist you in determining the appropriate treatment of such items, but please remember that each donor should rely on their own tax advisor for ultimate questions of deductibility.

The Omnibus Reconciliation Act of 1993 included two provisions concerning information to be provided by charities with respect to charitable contributions. First, charitable contributions of \$250.00 or more are now deductible by a donor only if the donor receives a written acknowledgment from the charity before the timely filing of his/her tax return. If the donation consists of assets other than cash, the acknowledgment must describe the donated assets, but the charity is not required to place a value on the property donated. No particular form or format is required for the acknowledgment. For example, a charitable event ticket could qualify if it contains the necessary information.

Second, a charity that receives a payment which is partly a contribution and partly in consideration for goods or services (termed a "quid pro quo") in excess of \$75 is required to provide the donor with a good faith estimate of the value of the goods or services furnished to the donor by the charity. Only the excess of the value of the payment over the value of the goods or services is deductible. The term "good faith estimate" is not defined; however, it does not appear that an extensive investigation would be required in order to arrive at a good faith estimate. For example: dinner event tickets are \$150 per person and a good faith estimate of the value of the dinner is \$50, then \$100 deductible.

Special Events Policies and Procedures

Page 3

IX. RAFFLES, MILLIONAIRE PARTIES, BINGOS

All raffles, Millionaire Parties, and Bingos **must be** licensed by the state lottery bureau. Your group must be recognized as exempt from tax as a 501(c)(3) organization to apply for a license.

A. Raffles

Tickets must have the license number and your group's MICS number (if appropriate) printed on it. Tickets cannot be printed before receiving the license (approximately 8 weeks after the application has been sent to the state).

Raffle winnings of \$600 or more must be reported on IRS Form W-2G. In addition, raffle winnings of \$5,000 or more are subject to withholding at a 28% rate if the amount of the winnings is at least 300 times the amount of the raffle wager.

After the raffle, a report must be completed for return to the lottery commission. Event organizers must return the raffle financial statement form completed to the Development office no later than 10 days after the raffle.

Door prizes at events with paid admission are considered raffles. Check with the special events staff if you are planning to have any drawing or contest to determine if you must apply for a raffle license.

B. Prizes Other Than Raffle Winnings

For prizes awarded other than through a raffle or other sweepstakes type drawing (e.g. door prizes), if the fair market value of the prize is \$600 or more the prize must be reported on IRS Form 1099 – MISC. In the event the fair market value is not readily ascertainable, a good faith estimate of the fair market value of the prize may be used.

C. BELOW – STATED VALUE WINNING BIDS AT AUCTION

Items are often purchased at charity auctions with winning bids of less than the value assigned to the item by the organization conducting the auction. In most cases, below – stated value winning bids should not give rise to any reporting obligations. The fact that the winning bid is below the stated value likely indicates only that the winning bidder happened to get a bargain.

Reporting obligations could arise, however, if the auction is conducted with purpose of facilitating or enabling bargain purchases instead of with the purpose of maximizing charitable fundraising. Accordingly, it is important that all auctions be conducted with the purpose of maximizing auction proceeds.

X. KARMANOS CANCER INSTITUTE LOGO USAGE

The Special Events staff shall determine the Karmanos Cancer Institute's logo usage on printed materials for all fundraising events/or related programs. Specific standards for use of the logos will be available from the Special Events staff.

XI. AVAILABILITY OF INSTITUTE VOLUNTEERS

The Institute will assist in providing volunteer staffing for events whenever possible. Please discuss your need for volunteers with the special events staff as early as possible, so they can recruit the needed number of volunteers.

Also let the staff know well in advance if you want a representative of the Institute to attend in an official capacity (to welcome guests, thank participants, make any remarks or join in the ceremonies).

Special Events Policies and Procedures

Page 4

XII. USE OF INSTITUTE LIST

The Karmanos Cancer Institute does not provide its donor mailing lists to others for fundraising. Event organizers should have their own lists of potential contributors or participants. Many events are highlighted in the Institute's on-line news received by all Karmanos's employees, so the employees have the opportunity to attend your event if they wish to do so.

XIII. YOUTH PARTICIPATION IN EVENTS

All events should be conducted with the safety of participants in mind, but special attention must be paid to the safety of any minors participating. All sports events must meet the standards of the American Association of Pediatrics. The special events staff will provide the appropriate guidelines and review them with event organizers.

XIV. LIQUOR LICENSE

Any event at which beer, wine or other alcoholic beverages will be served must be held at a location or facility, which has a liquor license. In extraordinary circumstances, such an event may be held at a location or facility that does not have a liquor license, provided that:

- 1) the Institute's special events staff approves the event and location in advance,
- 2) the necessary liability insurance is obtained (see the following section),
- 3) and the necessary liquor license is obtained.

Nonprofit religious, fraternal, civic or patriotic organizations may obtain one-day liquor license through application to the Michigan Liquor Control Commission.

The application must be filed at least 10 days prior to the date the license is desired. A \$1,000 surety bond must be furnished with the application. In addition, the written approval of the chief of police or sheriff of the city in which the event is to take place must be obtained. It is wise to allow at least 30 days for obtaining approval, especially for the City of Detroit.

Within 15 days following the event, an accounting statement showing receipts and disbursements in connection with the event must be filed with the Michigan Liquor Control Commission. The special events staff will assist in applying for the necessary liquor license and obtaining the necessary liability insurance.

XV. LIABILITY INSURANCE

Each event will be required to have in place general liability and property insurance limits of liability, which is reasonable in relation to the size, location, and nature of the event as determined by the special events staff.

In addition, at any event at which beer, wine or other alcoholic beverages will be served; the event must also have in place liability insurance against liability that may arise as a result of serving such beverages.

The Institute's special events staff must approve the limits of liability of insurance obtained with respect to any event at which alcoholic beverages will be served, in advance. Proof of all required insurance shall be submitted to the Karmanos Cancer Institute's special events staff prior to the event.

Special Events Policies and Procedures

Page 5

XVI. INDEMNITY

Friends Raising Funds Events Organizer agrees to indemnify and hold harmless, the Karmanos Cancer Institute, its affiliates, officers, employees, agents, representatives, contractors and licensees from and against all claims, losses, damages, liabilities and expenses, including reasonable attorney's fees, arising out of or occasioned by any act or omission of Friends Raising Funds Event Organizer, or its officers, partners, employees, agents, contractors, licensees, guests, invitees, or attendees, in connection with the Friends Raising Funds Event.

XVI. SALE OF ITEMS

If you will be selling items at your event (e.g. t-shirts, greeting cards, candy, etc.) you will need a Michigan Sales Tax License. This license is obtained for a nominal fee from the Michigan Department of Treasury. Your obligation to file sales tax returns and turn over the sales tax collected are dependent upon the volume of sales over a given period of time.

XVII. POST – EVENT EVALUATION

The organizers of each event will agree as a condition to conducting the event, to meet with one or more of the members of the Karmanos Cancer Institute's special events staff following the event, to generally review all aspects of the event, including the anticipated vs. actual results, effectiveness of event, feasibility/desirability of repeating event, any special opportunities or problems identified, as well as an analysis of the overall event. This includes completing a post – event revenue/expense report and submitting an annual report if an established 501(c)(3) group.

XVIII. LEGAL REQUIREMENTS

While the special events staff is pleased to provide you with the general information included in the Special Events packet and to assist you in meeting necessary legal requirements, the ultimate responsibility for meeting these obligations rests with your group. The Institute and the special events staff encourages your group to obtain qualified professional assistance in meeting these requirements, and the information provided should not be viewed as a substitute for such assistance or as legal advice.