

UNWLA Policies and Procedures

Part 6: General Fundraising Policies

Section 1: Rules Regarding Fundraising

Background

The Ukrainian National Women's League of America is a public charity, which means that we are an organization exempt from federal income taxation, thus, all donations to us are fully deductible for federal income tax purposes. In return for this tax-exempt status, we must abide by the federal laws and regulations governing such organizations by operating strictly in accordance with the exempt mission and purposes that are specified in our Bylaws.

We accomplish these essential purposes primarily by soliciting and accepting donations to the funds that UNWLA has established over the years. We may not solicit money, nor pay out money, for purposes that are not specifically spelled out in our Bylaws.

In order to better promote and coordinate the many UNWLA projects and to be accountable to both our donors and the Internal Revenue Service (IRS), Branches, Regional Councils and Headquarters are expected to adhere to UNWLA's fundraising guidelines to ensure responsible use of funds for designated purposes and to demonstrate our commitment to ethical practices.

This document will spell out general guidelines regarding the soliciting and distribution of funds. Based on these general guidelines, each Standing Committee has established specific guidelines that apply to their Committee's endeavors which you will find on the Member Portal (see Part 6: General Financial Policies; Sections: 2 through 8).

General Guidelines

A. The UNWLA does not:

- purchase automobiles, homes, renovations to government owned buildings, or create monuments;
- make donations to other organizations with a similar mission, unless a partnership with equal credit is established. If we partner with another organization, it is expected that the UNWLA will be given full credit in writing for its support;
- fund caretaker salaries or salary upgrades;
- donate to UNWLA National, Regional, or Branch accounts to directly benefit family members, relatives, friends, neighbors, or personal acquaintances of UNWLA members. Such an expenditure is strictly prohibited under IRS 501(c)(3) because it relieves the member (or her family) of the economic burden of providing financial or medical assistance to a family member, relative, or friend, etc., and, therefore, constitutes inurement to the benefit of a private individual.
- allow donors to designate money or gifts for a particular individual and passing the gift through a 501(c)(3) organization – considered “earmarking”. In essence, this amounts to allowing a donor to launder money by running a personal gift through a nonprofit

organization. If the nonprofit then gives this donor a receipt for a tax-deductible donation, it is potentially fraud.

- fund specific individuals through crowd-funding efforts, such as GoFundMe. These are not tax-deductible.

B. Rules Governing Donations to a Foreign Country:

We are a domestic 501(c)(3) organization where a large portion of our total expenditure involves providing funding or grants to individuals and other organizations located in several countries, including Ukraine. In such cases the IRS requires that we exercise adequate discretion and control over grants made to foreign recipients. Our tax-exempt status can be revoked if we cannot prove that the grants were actually used for exempt purposes. This requires that we keep adequate records by:

- maintaining procedures for properly vetting a foreign grantee – such as a written request/application and/or conducting background checks;
- entering into an agreement with the foreign grantee that actually spells out the purpose of the grant;
- exercising oversight to ensure that the grant is used as intended.

C. Rules Governing Donations/Grants to Individuals:

Of course, the UNWLA donates funds or awards grants to specific individuals which we select (not a donor) i.e. for scholarships, hardship cases, grants for cultural endeavors, etc. When donating to a specific individual, the Branch, Regional Council, or Headquarters must maintain adequate records and case histories to show the:

- name and address of each recipient,
- amount distributed to each,
- purpose for which the funds were given,
- manner in which the recipient was selected,
- relationship, if any, between the recipient and members, officers, or trustees of our own organization.

D. Things that can get us into trouble with the IRS:

- Bad recordkeeping or a lack of accountability;
- Spending too much on unrelated business activities;
- Distributing organizational funds to causes that are not within the organization's specified tax-exempt purposes in accordance with its Bylaws.

E. Final Caveat

From a federal tax standpoint, funds distributed without approval of our National Board of Directors may jeopardize the deductibility of donations by donors. Therefore, it is crucial that Regional Councils and Branches follow established procedures in communicating and **obtaining approval from the UNWLA's umbrella organization** before fundraising for a new project which has not been approved by the UNWLA.

The UNWLA has a host of approved projects in the areas of arts, culture, education and social welfare. These approved projects have trusted intermediaries in Ukraine who have ensured the integrity and legitimacy of each of these projects and through whom funds are delivered to recipients and appropriate documentation maintained.

If a Branch is considering a project that has not been officially approved, it must first seek approval by completing a *New Project Request Form* (see Part 1: Branch Policies & Procedures; Section 9: Attachments; E: New Project Proposal Form) and submitting it to the appropriate National Standing Chair for approval.