

FUNDRAISING ACTIVITIES

It is natural to associate the fez with Shriners Hospitals for Children. Because of this, meticulous attention must be given to all fundraising activities, including circuses, to make certain that such activities comply with the law of the land and that a contributor is not led to believe that his money will be used for the Hospitals when all or a portion thereof will be used otherwise. The integrity of our charity and of our fraternity must remain above reproach.

Your specific attention is called to the following fraternal and charitable bylaws:

§335.3 **USE OF NAME "SHRINERS HOSPITALS FOR CHILDREN."** The use of the name "Shriners Hospitals for Children" or reference to the Hospitals in connection with any fundraising activity by a temple or Noble without the written consent of the Imperial Potentate and the chairman of the board of trustees of the Hospitals is prohibited.

§503.11 **COMMERCIAL USE OF NAME.** The use of the name "Shriners Hospitals for Children" or reference to the Hospitals in connection with any commercial product or business enterprise is prohibited unless the written consent of the board of directors and trustees has been first obtained.

Now, therefore, IT IS HEREBY ORDERED:

1. Fundraising for Fraternal Purposes:

(a) No Noble (in his capacity as a Shriner), club, unit, organization of Nobles or affiliated or appendant corporations shall engage in any fundraising activity without the express written consent of the potentate of the temple having jurisdiction thereof.

(b) There can be no representation, express or implied, that the proceeds will be for the benefit of Shriners Hospitals for Children.

(c) The temple potentate shall carefully examine all phases of the advertising, promotion and solicitation to determine that it complies with §335.3 and §503.11 of the fraternal and charitable bylaws and that there is no representation, expressed or implied, that would lead a reasonably prudent person to believe that the proceeds will be for the benefit of Shriners Hospitals for Children. If the potentate is in doubt, he must receive the opinion of the Imperial Potentate who, after consultation with the Direct of Temple Accounting, shall make the final determination.

(d) The temple potentate must approve the terms and provisions of any contract for a fundraising activity after receiving the advice of the temple attorney, and additionally, as may be required by the temple bylaws.

(e) A copy of the temple potentate's written consent shall be mailed to the *Executive Vice President, Shriners International*. Further, such written material pertaining to the fundraising activity, as requested by the *Executive Vice President, Shriners International* shall be promptly mailed to him.

2. Fundraising for Charitable Purposes:

(a) No Noble (in his capacity as a Shriner), club, unit, organization of Nobles or affiliated or appendant corporations shall engage in any charitable fundraising activity other than for Shriners Hospitals for Children. Permission therefore must be first obtained in writing from the temple potentate. The temple potentate must then obtain written permission from the chairmen of the boards of directors and trustees. This request for written permission shall be sent to the *Executive Vice President, Shriners International, P.O. Box 31356, Tampa, FL 33631-3356*. *No charitable fundraising activity shall be held in the jurisdiction of another temple without the written permission of the potentate of that temple.*

(1) A joint charitable fundraising activity with another 501(c)(3) charity may be authorized, provided that a minimum of 50% of the net proceeds are for the benefit of Shriners Hospitals for Children, and the chairmen of the boards of directors and trustees determine, on a case by case basis, that it is in the best interest of Shriners Hospitals for Children and they grant their written permission for the activity.

(2) A charitable fundraising activity conducted by a temple located outside of the U.S.A. may be authorized for other charities, provided that the chairmen of the boards of directors and trustees determine, on a case by case basis, that it is in the best interest of Shriners Hospitals for Children and they grant their written permission for the activity.

(b) 100% of net proceeds (as defined in the *Charitable Fundraising-Approval And Reporting* provisions of any General Order) from charitable fundraising must be given to Shriners Hospitals for Children except for such portion thereof as may be permitted to be retained for the temple Shrine Hospital Patient Transportation Fund, pursuant to the *Special Purpose Funds* provisions of any General Order. Provided, however, if the chairmen of the boards of directors and trustees determine for good cause shown, that the law of the land requires that a portion of the net proceeds must be distributed

locally, then they may, if they determine it to be in the best interest of Shriners Hospitals for Children, grant their permission for such distribution. The remaining net proceeds from charitable fundraising must be given to Shriners Hospitals for Children and may not be designated or restricted in any way.

(c) The temple shall report the result of each charitable fundraising activity within sixty days of the activity, pursuant to the *Charitable Fundraising—Approval and Reporting* provision of any General Order.

(d) This section shall not apply to activities exempt under §335.4(b) of the bylaws of Shriners International.

(e) Each independent corporation or entity that receives the permission of the chairmen of the boards of directors and trustees to raise money for Shriners Hospitals for Children, and which does not have its financial statements reviewed pursuant to §334.6 & §337.8 of the bylaws of Shriners International, shall have its financial statements audited by a certified, chartered or licensed public accountant and shall submit such audit report to Shriners International within 120 days of the activity.

3. Statement of Purpose and Disclosure:

(a) Every fundraising activity must contain factual information on its solicitation material, tickets, programs and documents, including all electronically transmitted material, regarding the use of the proceeds.

Examples: "Proceeds are for the benefit of (___Shriners) (___ Shrine club) activities."
"Proceeds are for the benefit of Shriners Hospitals for Children."

(b) Every fundraising activity which is not entirely for the benefit of Shriners Hospitals for Children shall prominently state on all solicitation material, including tickets, programs, documents, and electronically transmitted material that "payments are not deductible as charitable contributions."

(c) There must be compliance with the *Revenue Act of 1987* provision of any general order by U.S. temples.

4. Compliance with Applicable Laws:

It is the responsibility of the temple potentate, after receiving the advice of the temple attorney, to determine that there is compliance with all applicable laws in its jurisdiction for the temple's fundraising activities.

5. Financial Records:

(a) The temple shall maintain detailed financial records pertaining to all fundraising activities involving Nobles, clubs, units, organizations of Nobles and affiliated and appendant corporations. Details of all revenues and expenditures shall be maintained in such financial records.

(b) The temple must retain such detailed financial records for a period of seven (7) years.

(c) There must be compliance with *Financial Reporting on Charitable Funds and Activities* provision of any existing general order.

6. Notification to Nobility:

A copy of the *Fundraising Activities* provisions of any General Order shall be printed in the temple publication at least once every calendar year. If there is no temple publication, then a copy shall be mailed to each Noble in the temple not later than the last day in March of each calendar year.

7. Discipline:

Any officer, Noble or temple which violates a provision of *Fundraising Activities* is subject to discipline pursuant to the bylaws of Shriners International.

CHARITABLE FUNDRAISING-APPROVAL AND REPORTING

1. **Approval.** Permission to engage in a charitable fundraising activity must be given by a temple potentate in writing. The temple potentate must then obtain written permission from the chairmen of the boards of directors and trustees of the Hospitals by writing to the Executive Vice President, Shriners International, P.O. Box 31356. Tampa, FL 33631-3356. If permission is granted, a written approval and financial reporting Charity Activity Form will be sent to the temple potentate.

2. **Reporting.** The temple shall report the results of the charitable fundraising activity on the Charity Activity Form and submit to the Executive Vice President within sixty (60) days of the activity. The net proceeds from the charitable fundraising activity must be remitted with the form, or proof of distribution to the previously authorized hospital must be attached to the form. Provided, however, if the chairmen of the boards of directors and trustees determine, for good cause shown, that the law of the land requires that a portion of the net proceeds must be distributed locally, then they may, if they determine it to be in the best interest of Shriners Hospitals for Children, grant their written permission for such distribution. The remaining net proceeds from charitable fundraising must be given to Shriners Hospitals for Children and may not be designated or restricted in any way. Also, gross receipts of \$200,000 or more must be audited by an independent public accountant.

3. **Net Proceeds.** The temple, in order to determine net proceeds, is allowed to deduct the ordinary, necessary and reasonable cost of the fundraising activity (direct and indirect expenses) from the gross receipts of the fundraising activity.

Checks collected during a charitable fundraiser made payable to Shriners Hospitals for Children must be forwarded directly to the Shriners Hospitals for Children and cannot be used by the temple to reimburse their expenses without prior approval of the chairmen of the boards of directors and trustees.

4. **Interest.** A temple which fails to remit the net proceeds from a charitable fundraising activity within sixty (60) days of the activity, without having been granted a written extension by the chairmen of the boards of directors and trustees, for good cause shown, shall be assessed interest at the legal rate allowable in the jurisdiction of the activity, or the amount earned on the net proceeds, whichever is higher, retroactive to the date of the activity.

5. **Limitation of Action.** The filing of a Charity Activity Form and the acceptance of the net proceeds is not presumptive evidence as to the accuracy of the financial reporting of the activity. The activity may be reviewed or audited by Shriners International at any future date and the temple is responsible for the amount of the net proceeds, as finally determined by the review or audit, as well as any interest thereon, assessed at the legal rate allowable in the jurisdiction of the activity, or the amount earned on the net proceeds, whichever is higher, retroactive to the date of the activity.