



# Policies & Procedures

*Financial*

Confidential. All rights reserved. First edition 2020

Information in this document is subject to change without notice. The information described in this document is furnished under a membership agreement. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or any means electronic or mechanical, including photocopying and recording for any purpose, without the written permission of the Executive Director of Quilts of Valor Foundation or his/her representative.

Quilts of Valor, Quilt of Valor, QOV and QOVF are registered trademarks in the United States and sole property of the Foundation.

Direct any content questions or comments to:

Quilts of Valor® Foundation

PO Box 191

Winterset, IA 50273

[executive.director@qovf.org](mailto:executive.director@qovf.org)

Document Revision History		
Release Date	Document Edition	Document Name
4 JAN 2021	1.0	Policies & Procedure: Financial Policies
Revision Date	Revised By	Modification
2 FEB 2021	AED	Updated original release date from 2020 to 2021
22 NOV 2021	AED	Update to booth rental policy

# Table of Contents

Section 1:	Target Audience.....	5
Section 2:	501(c)(3) Status.....	5
Section 3:	Other 501(C) Organizations.....	5
Section 4:	Employer Identification Number (EIN).....	5
Section 4.01	Foundation Use of EIN.....	5
Section 4.02	State and Local Sales Taxes.....	5
Section 4.03	EIN For Local Groups.....	5
Section 5:	Authority to Spend or Obligate Funds.....	5
Section 6:	Alliances and Partnerships.....	6
Section 7:	Fundraising.....	6
Section 7.01	Principles for Support and Donations.....	6
Section 7.02	Expenditures and Obligation of Foundation Funds.....	6
Section 7.03	Registration for Fundraising.....	6
Section 7.04	Fundraising by Groups.....	6
Section 7.05	Receipts for Cash Contributions.....	7
Section 7.06	Acknowledging Donations.....	7
Section 8:	Group Leader’s Responsibilities.....	7
Section 9:	Acknowledging Donations.....	8
Section 10:	Submitting Donated Funds for Deposit.....	8
Section 10.01	What Funds must be Submitted for Deposit.....	8
Section 10.02	How to Submit the Funds.....	8
Section 10.03	Time to Submit Donations to the Foundation.....	8
Section 11:	Reimbursement for Expenses.....	8
Section 12:	Reimbursable Expenses.....	9
Section 13:	Non-Reimbursable Expenses.....	9
Section 14:	How to Request Reimbursement.....	9
Section 14.01	Expense Reimbursement Form.....	10
Section 14.02	Itemized Receipts.....	10
Section 14.03	Where to Submit the Form and Receipts.....	10
Section 15:	Gifts-in-Kind and Gift Cards.....	10
Section 15.01	What Are Gifts-in-Kind?.....	10
Section 15.02	Reporting Gifts-in-Kind.....	10
Section 15.03	Use of Gifts-in-Kind.....	10

Section 15.04 Gift Cards.....10  
Section 16: Quilting Industry Special-Offers.....12  
Section 17: Retail Use of Our Name or Marks.....12

## Section 1: Target Audience

*Financial Resources* was designed to encapsulate how the finances are structured to accomplish the Mission of the Foundation. While each member should be familiar with all of the Policies and Procedures, the main audience for *Financial Resources* contains Board of Directors, Executive Staff (paid and volunteer) and all Coordinators.

## Section 2: 501(c)(3) Status

The Quilts of Valor Foundation is a nonprofit organization registered with the Internal Revenue Service (IRS) as a 501(c)(3) entity. IRS has granted the Quilts of Valor Foundation 501(c)(3) status. No individual or group may create a separate non-profit entity using the words “Quilts of Valor Foundation” or “Quilts of Valor.”

## Section 3: Other 501(C) Organizations

Existing 501(c) organizations that wish to become members of the Foundation are not required to submit funds raised or to provide records of expenses for their supplies to make Quilts of Valor. Instead, the 501(c) organization must sign a Letter of Agreement acknowledging compliance with all non-financial policies and procedures of the Foundation and must provide verification of their 501(c) status. 501(c) organizations are responsible for filing a year-end report to the IRS. If you are a 501(c) organization that would like to become a member of the Foundation, please send an email to [Executive.Director@QOVF.org](mailto:Executive.Director@QOVF.org) to start the process.

## Section 4: Employer Identification Number (EIN)

An EIN is also known as a Federal Tax Identification Number. It is used by IRS to identify the Foundation as a nonprofit organization.

### *Section 4.01 Foundation Use of EIN*

The Foundation uses the EIN for its payroll tax filings and Form 990, an annual report to IRS.

### *Section 4.02 State and Local Sales Taxes*

The EIN does not excuse the Foundation or its groups from paying state or local sales taxes.

### *Section 4.03 EIN For Local Groups*

Local groups registered with the Foundation may not obtain a separate EIN for their group except in special circumstances and only with written permission of the Executive Director.

## Section 5: Authority to Spend or Obligate Funds

Executive Staff, State Coordinators and members of the Foundation do not have authority to spend or to obligate funds on behalf of the Foundation without prior written approval from the

Executive Director. The sole exception is the use of funds on deposit in a group's account, which may be spent through the reimbursement process.

## Section 6: Alliances and Partnerships

Alliances and partnerships with national corporations and national civilian or military organizations for fundraising purposes are the exclusive responsibility of the Board of Directors and Executive Staff. Members of local registered groups may contact the local outlets of such entities in order to participate in local fundraising opportunities.

## Section 7: Fundraising

### *Section 7.01 Principles for Support and Donations*

The Foundation solicits and accepts support only for activities that are consistent with its mission. The Foundation retains control of all donations provided by corporations, companies, organizations and individuals consistent with IRS requirements, generally acceptable accounting practices, and donor restrictions.

### *Section 7.02 Expenditures and Obligation of Foundation Funds*

Except for the use of funds on deposit in a group's account through the reimbursement process, all expenditures and commitments or obligations of Foundation funds must be pursuant to prior written authorization from the Foundation.

### *Section 7.03 Registration for Fundraising*

The Foundation maintains registrations in all U.S. states that require registration for non-profit fundraising.

### *Section 7.04 Fundraising by Groups*

Fundraising by local groups is encouraged. Alliances and partnerships with national corporations and national civilian or military organizations for the purposes of fundraising, however, are the exclusive responsibility of the Foundation. Local groups may contact the local outlets of such entities in order to participate in local fundraising opportunities. To maintain the Foundation's continuing compliance with the Internal Revenue Service (IRS) and to ensure transparency, all of the following requirements must be satisfied:

- A. The fundraising group must be registered with the Foundation as a group;
- B. The group leader, acting on behalf of the group, must submit a [Financial Responsibilities Form](#) and ensure that members participating in the fundraising are familiar with these policies;
- C. The group must request and receive written authorization from the Foundation to use the name of the Foundation in the fundraising activity; and
- D. All funds and/or donations received in the name of the Foundation must be submitted to the Foundation to be deposited in the Foundation's bank account or the approved group bank account, and recorded. Funds are the property of the Foundation, not member groups or individuals. After the funds are received and recorded by the Foundation, 100% of the funds become the group's designated funds and are available to the local group for reimbursement

for the group's authorized expenses including allowable business expenses and training expenses.

- E. No individual member or group leader may open or maintain bank accounts using the name of the Foundation or under the auspices of the Quilts of Valor Foundation's 501(c)(3) status unless the account is established in cooperation with the Foundation for the mutual convenience of the group and the Foundation.

### *Section 7.05 Receipts for Cash Contributions*

Cash includes any contributions made by a donor in cash, by check, electronic funds transfer, debit card, credit card, gift card, or payroll deduction by a donor. The donor cannot claim a tax deduction for the contribution to the Foundation without a bank record or receipt showing the date of contribution, the amount of contribution and that the contribution went to the Quilts of Valor Foundation. If the cash contribution is less than \$250, bank records acceptable to IRS include a cancelled check made out to Quilts of Valor Foundation, a credit card statement or a gift card receipt. If the contribution is more than \$250, the donor needs a written acknowledgment (such as a letter) from the Foundation.

### *Section 7.06 Acknowledging Donations*

Members are encouraged to acknowledge local donations via hand-written thank you notes (preferable) or email. Group Leaders are encouraged to write thank you notes for donations made to the local group. Donations for specific states should also be acknowledged by the State Coordinator whenever possible. The Foundation will also acknowledge the donation when it is received by the Foundation.

## **Section 8: Group Leader's Responsibilities**

Responsibilities of a Group Leader include:

- A. Registering the group with the Foundation.
- B. Completing, signing and submitting the [Financial Responsibilities Form](#) indicating that the group leader understands the financial responsibilities of the group.
- C. Receiving and keeping a record of the local group's account number.
- D. Communicating the financial requirement and fundraising policies and procedures of the Foundation to all group members.
- E. Submitting all financial donations, including local donations such as those received at a quilting event or in exchange for marketing items, to the Foundation.
- F. Submitting other information as needed or requested by the Foundation.
- G. Coordinating reimbursement requests to the Foundation for the group and receiving reimbursements for the group.
- H. Receiving monthly and/or quarterly reports on the group's funds available on account.
- I. Acknowledging donors for local donations.
- J. Complying with state and local laws concerning activities that may invoke gaming rules (e.g. Raffles).
- K. Setting a good example of fiscal responsibility and professional behavior at all times.

## Section 9: Acknowledging Donations

Members are encouraged to acknowledge local donations via hand-written thank you notes (preferable) or email. Group Leaders are encouraged to write thank you notes for donations made to the local group. Donations for specific states should be acknowledged by the State Coordination.

## Section 10: Submitting Donated Funds for Deposit

### *Section 10.01 What Funds must be Submitted for Deposit*

All funds raised or received on behalf of the Foundation must be deposited in the Foundation account within ten (10) business days of receipt. This specifically includes:

- A. Donations made by others and designated for the local group; and
- B. Money raised via local fundraising activities.

### *Section 10.02 How to Submit the Funds*

Use the correct information form when sending donation checks to the Foundation. Forms are on the Members Only page of the website at QOVF.org. Be sure to sign the form. Clearly identify the name and number of the local group. Using the correct form and completing the forms accurately will assure that the funds are correctly credited to the group's account. Provide as much information about the donor or donor organization as possible. Personal information will not be shared beyond the Foundation's Executive Staff and Board of Directors. Be sure to keep a record of all donations and donor information for the group's records. Mail the form and donation checks to:

Quilts of Valor Foundation  
PO Box 191  
Winterset, IA 50273

### *Section 10.03 Time to Submit Donations to the Foundation*

Donated funds and the submission form must be sent to the Foundation Accounting Office within ten (10) business days of receipt. Do not hold donation checks, as this will delay timely acknowledgment of donations.

## Section 11: Reimbursement for Expenses

Reimbursement is available for expenses incurred for creating quilts up to the total amount in the group's account containing fundraising proceeds submitted to the Foundation. Receipts more than 6 months old are not reimbursable. Receipts should detail purchases for Foundation purposes and not personal purchases. Whenever possible, reimbursable purchases and personal purchases should not appear on the same receipt.



## Section 12: Reimbursable Expenses

Examples of reimbursable expenses include, but are not necessarily limited to:

- A. Fabric for tops, backing, binding, labels and presentation cases;
- B. Batting;
- C. Labels purchased;
- D. Shipping expenses for shipping quilts to and from longarmers and to destinations when necessary;
- E. Quilt construction consumables (i.e., thread, rotary cutter blades, cutting mats, rulers, needles);
- F. Office supplies (i.e., paper, ink, envelopes, stamps);
- G. Fundraising expenses;
- H. Supplies for local/state/national quilt show booth. This includes skirting, banner and handouts. It does not include candy for handing out or prizes for donations;
- I. Printing as needed for talks, quilt shows and quilt shops;
- J. Donation boxes to distribute to quilt shops;
- K. Business cards;
- L. Lodging and registration for volunteer Annual Meeting. This is conditioned upon funds being raised specifically for this purpose and the donor knows that their donation will be used for the continuing education of Foundation leadership;
- M. Lodging when requested to travel overnight by the Executive or Assistant Executive Director. Prior written approval is necessary and must be attached to the reimbursement request;
- N. Toll fees/toll roads for travel
- O. Booth rental fees and fees to rent award venues, if either (1) the fee is paid for with money donated expressly for that purpose or (2) all attempts to negotiate free use were exhausted before the fee was incurred.

## Section 13: Non-Reimbursable Expenses

The following expenses are not reimbursable from group funds:

- A. Refreshments;
- B. Meals;
- C. Specialty printing (other than business cards);
- D. Clothing;
- E. Mileage (IRS information regarding deduction);
- F. Rent for a booth or award venue if either (1) the rent was not paid for with funds donated expressly for that purpose or (2) attempts to negotiate free use were not exhausted before the rent was incurred

## Section 14: How to Request Reimbursement

The group leader must submit an [Expense Reimbursement Form](#) and itemized receipts to request reimbursement. Reimbursement checks are issued 14-20 business days after receipt of the form and documentation.

## *Section 14.01 Expense Reimbursement Form*

The [Expense Reimbursement Form](#) is available on the Members Dashboard at [www.QOVF.org](http://www.QOVF.org). The form must be signed and clearly indicate to whom the reimbursement check should be made payable.

## *Section 14.02 Itemized Receipts*

Attach original, itemized receipts. Credit card statements are not acceptable for reimbursement, although the IRS may accept them for income tax purposes.

## *Section 14.03 Where to Submit the Form and Receipts*

Scan all receipts and submit the Expense Reimbursement Form and receipts electronically via email to [expense.reports@QOVF.org](mailto:expense.reports@QOVF.org).

# Section 15: Gifts-in-Kind and Gift Cards

## *Section 15.01 What Are Gifts-in-Kind?*

Gifts-in-kind are equipment, software, products or items with a value greater than \$250 which a donor voluntarily transfers to the Foundation without charge and without receiving any goods, services or favors in return. Once accepted, such gifts become the property of the Foundation even if they are physically in the possession of the member or group that received the gift on behalf of the Foundation.

## *Section 15.02 Reporting Gifts-in-Kind*

All gifts-in-kind must be reported with a **Gifts-In-Kind Monetary Donation** form, completed by the donor and submitted to the Foundation by the member or group accepting the donation on behalf of the Foundation. **The donor**, not the Foundation, must determine the value of the gift.

## *Section 15.03 Use of Gifts-in-Kind*

If the group keeps physical possession of the donated equipment, it is considered “on lease” to the group and must be transferred to the Foundation if the group disbands. If the equipment becomes non-functional, the Foundation must be notified. The Foundation retains the right to dispose of the equipment as it sees fit unless specific prior arrangements have been made with the donor.

## *Section 15.04 Gift Cards*

Gift cards may be used for the purchase of items used in the making of Quilts of Valor. The list of approved items is the same as for reimbursable expenses listed in Section 9 above. The value of the card, and the items purchased must be reported to the Foundation using the monthly financial statement form. Gift cards that cannot be used for preapproved quilt-making items (such as airfare, restaurants, hotels) may coordinate with the Foundation to trade the value of the card for a credit to their account if the item can be used for administrative/operational purposes.



## Section 16: Quilting Industry Special-Offers

From time to time, companies, vendors, or retailers within the quilting industry may wish to cooperate, partner, or create special programs or special offers for the Foundation or the Foundation's volunteer members. Offers made by such vendors are available to all members in good standing. Such special offers are exclusively for the construction of Quilts of Valor. Materials acquired via such special offers may not be used for other community or not for profit programs. Members who participate in such programs or offers are prohibited from advertising or reselling material made available through such programs or offers. Offers will be made available on the Members Only Page at [www.QOVF.org](http://www.QOVF.org).

## Section 17: Retail Use of Our Name or Marks

Use of the name Quilt of Valor, Quilts of Valor, QOV or Quilts of Valor Foundation is not allowed to be used without permission from the Executive Director for any type of retail. Offering a Quilt of Valor for sale is prohibited.