



AMENDED AGENDA  
ARCADIA CITY COUNCIL  
CITY COUNCIL CHAMBERS  
23 NORTH POLK AVENUE, ARCADIA FL

TUESDAY, MARCH 1, 2016  
6:00 P.M.

**INVOCATION, PLEDGE, CALL TO ORDER AND ROLL CALL**

**CONSENT AGENDA**

1. City Council Minutes for Inventory Workshop on February 16, 2016 (Penny Delaney – City Clerk)
2. City Council Minutes for Regular Meeting on February 16, 2016 (Penny Delaney – City Clerk)
3. City of Arcadia Municipal Airport January Report (Terry Stewart – City Administrator)
4. Special Event Permit – Annual March Rodeo Parade (Terry Stewart – City Administrator)

**ACTION ITEMS**

5. Approval of Resolution 2016-05 – Adopting the City of Arcadia Investment Policy (Beth Carsten – Finance Director)
6. Approval of the First Amendment to the Retirement Plan for Employees of the City of Arcadia, dated December 31, 2001 but never signed (Beth Carsten – Finance Director)
7. RFP Number R2016-01 Golf Course Turf Management (Terry Stewart – City Administrator)

**COMMENTS FROM DEPARTMENTS**

8. City Marshal
9. City Attorney
10. City Administrator

**PUBLIC** (Please limit presentation to three minutes)

**MAYOR AND COUNCIL REPORTS**

**ADJOURN**

*NOTE: Any party desiring a verbatim record of the proceedings of this hearing for the purpose of appeal is advised to make private arrangements therefore.*

PLEASE TURN OFF OR SILENCE ALL CELL PHONES



CITY COUNCIL AGENDA ITEM  
Requested Council Meeting Date: March 1, 2016

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DEPARTMENT: Code Enforcement  
SUBJECT: Annual March Rodeo Parade

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RECOMMENDED MOTION:

**Motion to approve the special event permit for the annual March Rodeo Parade.**

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SUMMARY: The Arcadia Rodeo Association is requesting to hold the annual rodeo parade scheduled for March 12, 2016 at 10:00 am. The parade route will begin at the intersection of Oak Street and Orange Avenue. It will proceed East on Oak Street to Volusia Avenue and end at the intersection of Oak Street and Volusia Avenue.

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FISCAL IMPACT: \_\_\_\_\_ ( ) Capital Budget  
( ) Operating  
( ) Other

ATTACHMENTS: ( ) Ordinance ( ) Resolution ( ) Budget (x) Other

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Department Head: Carl A. McQuay *Carl A. McQuay* Date: 03/01/16

Finance Director (As to Budget Requirements) Date:

City Attorney (As to Form and Legality) Date:

City Administrator: Terry Stewart *[Signature]* Date: *2-23-16*

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COUNCIL ACTION: ( ) Approved as Recommended ( ) Disapproved  
( ) Tabled Indefinitely ( ) Tabled to Date Certain \_\_\_\_\_ ( ) Approved with Modifications

# **SPECIAL EVENTS**

A special event is defined as any event held in the City that is open and advertised to the public or which could limit the normal use and access to an area by the general public, or which is deemed to have an impact on the City right-of-ways or could affect public safety, and which is less than two weeks in duration. These events could be, but are not limited to:

|                             |                           |                          |
|-----------------------------|---------------------------|--------------------------|
| <b>Festivals</b>            | <b>Fairs</b>              | <b>Carnivals</b>         |
| <b>Flea Markets</b>         | <b>Expos</b>              | <b>Tent Sales</b>        |
| <b>Walk-a-thons</b>         | <b>Parades</b>            | <b>Road Races</b>        |
| <b>Tournaments</b>          | <b>Pony Rides</b>         | <b>Petting Zoos</b>      |
| <b>Concerts</b>             | <b>Car Shows</b>          | <b>Boat Shows</b>        |
| <b>Battles of the Bands</b> | <b>Fireworks Displays</b> | <b>Public Gatherings</b> |

All special events require a **SPECIAL EVENTS PERMIT**. Event organizers shall obtain a Special Event Permit application from the City Administrator's office, to be returned to that office at least thirty (30) days prior to the anticipated date of the event. Any required documentation or attachments should be included with the application. The completed application must include legible information detailing:

- a) A narrative describing the approximate number of people expected to attend;
- b) Whether signs will be placed in the City right-of-ways;
- c) Any special or unusual circumstances (cooking, alcoholic beverages, wildlife, fireworks, carnival type rides, outdoor music, ect.);
- d) Indicate whether additional electrical services will be required, and if so, where;
- e) Whether streets will be closed, or barricades erected;
- f) Include details of traffic control, emergency access and parking arrangements;
- g) Describe the provisions made for collection of trash, garbage, and recycling; and
- h) If applicable, specify the location and indicate whether or not you have the owner's permission to hold the event at that location and provide owner's contact information.

The event sponsor will be responsible for any costs incurred by the City for set-up or clean-up of the event, and any security provided by on-duty law enforcement. The sponsor will have the option of providing its own security, at its own cost, through a private security company or off-duty officers.

All special events are subject to final approval by the City Administrator, Police Department, and possibly the City Council.

**INSURANCE** – The event organizer shall provide proof of liability insurance coverage naming the City as an additional insured on the Comprehensive General Liability Policy. An Indemnification and Hold Harmless Agreement must be signed by an authorized representative of the organizing group and submitted along with the Certificate of Insurance and application packet.





City of Arcadia

SPECIAL EVENTS PERMIT APPLICATION

Date Submitted: 2/23/16
Event Name: March Rodeo Parade
Date(s) of Event: 03/12/16 Hours of Event: 9 to 11 a.m.
Expected Attendance: 2,000
Event Sponsor: Arcadia Rodeo Non Profit? Yes
Description of Event: Parade for Rodeo

Contact Person: Jackie Tucker Telephone: 863 990-6750
Email: t2000@desoto.net
Insurance Carrier:

Insurance Agent: Agent's Phone:

- Alcoholic Beverage? YES NO
Tents? YES NO
Cooking? YES NO
Outdoor Music? YES NO
Additional Electric? YES NO
Carnival Rides? YES NO
Wildlife? YES NO
Fireworks? YES NO
Signs Displayed? YES NO
Set-up/Clean-up by City? YES NO
City Police Required? YES NO
Road Closures? YES NO

If yes, please specify locations: it will begin at Orange Ave. to Volusia Ave & go down Oak Street
Other pertinent information:

\*\*\*\*\*FOR CITY USE ONLY\*\*\*\*\*
Received by: [Signature] Date: 2/23/16
City Marshal Approved Disapproved
City Administrator Approved Disapproved
City Council Approved Disapproved

*[Faint, illegible text]*

FLORIDA STATE BOARD OF PROFESSIONAL REGULATION  
Penny M. Delaney  
MY COMMISSION #FF087438  
EXPIRES March 3, 2018  
FloridaInjuryServices.com  
(807) 388-0100

INDEMNIFICATION & HOLD HARMLESS

I, Jaqueline W. Tucker, as Parade Chairman of  
(Printed Name) (Title or Office Held)

Arcadia Rodeo Ass., do hereby agree to hold the City of Arcadia,

its agents, and employees harmless and indemnify same from any civil actions or claims of any nature

made in connection with the event known as the Arcadia Rodeo to

be held at Oak St. (Orange to Volusia) on 03/12/16.  
(Location) (Name of Event) (Date)

By: Jaqueline W. Tucker  
(Signature)

Printed Name: Jaqueline W. Tucker

Entity Name: Arcadia Rodeo Ass.

Its: \_\_\_\_\_

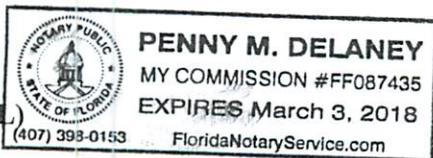
Date: 03/23/2016

STATE OF FLORIDA DeSoto  
COUNTY OF Broward

Sworn to and subscribed before me this 23 day of Feb., 2016, by

Jaqueline W. Tucker, as Parade Chairman,

who  is personally known to me or [ ] has produced nila as identification.



(SEAL)

Penny M. Delaney  
NOTARY PUBLIC  
Printed Name: Penny M. Delaney  
Commission No. FF087435  
Commission Expires: 3-3-18

Client#: 202

ARCADALL

**ACORD**

**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)  
2/11/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

|  |   |                                    |
|--|---|------------------------------------|
| <b>PRODUCER</b><br>Haas & Wilkerson Insurance<br>Specialty Program Insurors<br>4300 Shawnee Mission Parkway<br>Fairway, KS 66205 | <b>CONTACT NAME:</b> Stephanie Beggs<br><b>PHONE (A/C, No, Ext):</b> 913 676-9240<br><b>E-MAIL ADDRESS:</b> stephanie.beggs@hwins.com | <b>FAX (A/C, No):</b> 913 749-4740 |
|  | <b>INSURER(S) AFFORDING COVERAGE</b>  |                                    |
| <b>INSURED</b><br>Arcadia All FL Championship<br>All Stock Contractors Providing Stock<br>124 Heard Street<br>Arcadia, FL 34266  | <b>INSURER A:</b> ACE American Insurance Company  | <b>NAIC #</b><br>22667             |
|  | <b>INSURER B:</b>   |                                    |
|  | <b>INSURER C:</b>   |                                    |
|  | <b>INSURER D:</b>   |                                    |
|  | <b>INSURER E:</b>   |                                    |

**COVERAGES**                      **CERTIFICATE NUMBER:**                      **REVISION NUMBER:**

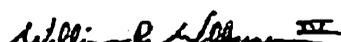
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE  | ADDL INSR | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS   |
|----------|--|-----------|----------|---------------|-------------------------|-------------------------|--|
| A        | GENERAL LIABILITY<br><input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY<br>CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR<br>GEN'L AGGREGATE LIMIT APPLIES PER:<br><input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | X         |          | G24608475     | 05/24/2015              | 05/24/2016              | EACH OCCURRENCE \$1,000,000<br>DAMAGE TO RENTED PREMISES (Ea occurrence) \$250,000<br>MED EXP (Any one person) \$Excluded<br>PERSONAL & ADV INJURY \$1,000,000<br>GENERAL AGGREGATE \$2,000,000<br>PRODUCTS - COM/OP AGG \$2,000,000<br>\$ |
|          | AUTOMOBILE LIABILITY<br><input type="checkbox"/> ANY AUTO<br><input type="checkbox"/> ALL OWNED AUTOS<br><input type="checkbox"/> HIRED AUTOS<br><input type="checkbox"/> SCHEDULED AUTOS<br><input type="checkbox"/> NON-OWNED AUTOS  |           |          |               |                         |                         | COMBINED SINGLE LIMIT (Ea accident) \$<br>BODILY INJURY (Per person) \$<br>BODILY INJURY (Per accident) \$<br>PROPERTY DAMAGE (Per accident) \$<br>\$  |
|          | UMBRELLA LIAB <input type="checkbox"/> OCCUR<br>EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE<br>DEC <input type="checkbox"/> RETENTION \$  |           |          |               |                         |                         | EACH OCCURRENCE \$<br>AGGREGATE \$<br>\$   |
|          | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY<br>ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N<br>(Mandatory in NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below   |           | N/A      |               |                         |                         | WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/><br>E.L. EACH ACCIDENT \$<br>E.L. DISEASE - EA EMPLOYEE \$<br>E.L. DISEASE - POLICY LIMIT \$  |
| A        | Participant Liab   | X         |          | G24608475     | 10/17/2015              | 05/24/2016              | Incl in GL limits above PRCA/WPRA only   |
| A        | Liquor Liability   | X         |          | G24608475     | 10/17/2015              | 05/24/2016              | 1,000,000  |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

EFFECTIVE 03/10/2016 - CERTIFICATE HOLDERS ARE ADDITIONAL INSURED  
 ARCADIA ALL-FLORIDA CHAMPIONSHIP RODEO; ARCADIA RODEO ARENA; ARCADIA, FL  
 (HOLDING PENS: SAME AS RODEO)  
 PRCA RODEO: 03/10/2016-03/13/2016

(See Attached Descriptions)

|   |  |
|---|--|
| <b>CERTIFICATE HOLDER</b><br><br>SEE ATTACHED - Arcadia<br>All-Florida Championship Rodeo | <b>CANCELLATION</b><br><br>SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.<br><br>AUTHORIZED REPRESENTATIVE<br> |
|---|--|

**DESCRIPTIONS (Continued from Page 1)**

**ADDITIONAL INSURED/CERTIFICATE HOLDER:**

**THE PROFESSIONAL RODEO COWBOYS ASSOCIATION, PRCA PROPERTIES, INC AND THEIR OFFICERS AND EMPLOYEES ARE ADDITIONAL INSUREDS WITH RESPECT TO SPECTATOR LIABILITY AT THE ABOVE EVENT**

**DESOTO COUNTY FAIR ASSOCIATION**

**CITY OF ARCADIA**

AUG-25-97 02:50 PM ARCADIA RODEO

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INTERNAL REVENUE SERVICE  
DISTRICT DIRECTOR  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

~~AUG 21 1997~~

THE ARCADIA ALL FLORIDA  
CHAMPIONSHIP RODEO INC  
124 HEARD ST  
ARCADIA, FL 34266

Employer Identification Number

DLN:

17053102720007

Contact Person:

AD: A. DOWNING

Contact Telephone Number:

(513) 241-5199

Accounting Period Ending:

August 31

Form 990 Required:

YES

Addendum Applies:

YES

**AUG 25 1997**

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1981, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please let us know.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

Donors may deduct contributions to you as provided in section 170 of the Code.

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THE ARCADIA ALL FLORIDA

~~Code: Requests, agencies, devices, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.~~

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 3 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

get a copy of these codes

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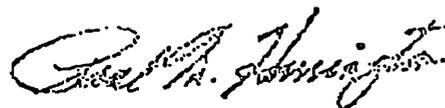
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THE ARCADIA ALL FLORIDA

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



District Director

Enclosure(s):  
Addendum

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## THE ARCADIA ALL FLORIDA

You are required to make available for public inspection a copy of your exemption application, and supporting documents, and this exemption letter. If you are required to file an annual information return, you are also required to make a copy of the return available for public inspection for three years after the return is due. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

Guidelines under which private foundations may rely on this determination, for gifts, grants, and contributions made after March 13, 1987, were liberalized and published in Rev. Proc. 89-23, Cumulative Bulletin 1989-1, page B49.

Since you have not indicated that you intend to finance your activities with the proceeds of tax exempt bond financing, in this letter we have not determined the effect of such financing on your tax exempt status. You may obtain a confirmation ruling concerning the effect of tax-exempt bond financing on your exempt status from the Exempt Organizations Technical Division, Internal Revenue Service, 1111 Constitution Ave., N.W., Washington, D. C. 20224, Attn: E:EO.

## *Contributions - ation and Disclosure Requirements*

**ER THE NEW LAW, CHARITIES WILL NEED TO PRO-  
E NEW KINDS OF INFORMATION TO DONORS.** Failure to  
so may result in denial of deductions to donors and the imposition of  
penalties on charities.

Legislation signed into law by the President on August 10, 1993, con-  
tains a number of significant provisions affecting tax-exempt charitable  
organizations described in section 501(c)(3) of the Internal Revenue  
Code. These provisions include: (1) new substantiation requirements for  
donors, and (2) new public disclosure requirements for charities (with  
potential penalties for failing to comply). Additionally, charities should  
note that donors could be penalized by loss of the deduction if they fail  
to substantiate. **THE SUBSTANTIATION AND DISCLOSURE  
PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER  
DECEMBER 31, 1993.**

Charities need to familiarize themselves with these tax law changes in  
order to bring themselves into compliance. This Publication alerts you  
to the new provisions affecting tax-exempt charitable organizations. Set  
forth below are brief descriptions of the new law's key provisions. The  
Internal Revenue Service plans to provide further guidance in the near  
future.

### *Donor's Substantiation Requirements*

**Documenting Certain Charitable Contributions.** — Beginning Janu-  
ary 1, 1994, no deduction will be allowed under section 170 of the Inter-  
nal Revenue Code for any charitable contribution of \$250 or more un-  
less the donor has contemporaneous written substantiation from the  
charity. In cases where the charity has provided goods or services to the  
donor in exchange for making the contribution, this contemporaneous  
written acknowledgement must include a good faith estimate of the  
value of such goods or services. Thus, taxpayers may no longer rely  
solely on a cancelled check to substantiate a cash contribution of \$250  
or more.

The substantiation must be "contemporaneous." That is, it must be ob-  
tained by the donor no later than the date the donor actually files a re-  
turn for the tax year in which the contribution was made. If the return is  
filed after the due date or extended due date, then the substantiation  
must have been obtained by the due date or extended due date.

The responsibility for obtaining this substantiation lies with the do-  
nor, who must request it from the charity. The charity is not required  
to record or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in  
accordance with regulations prescribed by the Secretary, the charity  
reports directly to the IRS the information required to be provided in the  
written substantiation. At present, there are no regulations establishing  
procedures for direct reporting by charities to the IRS of charitable con-  
tributions made in 1994. Consequently, charities and donors should be  
prepared to provide/obtain the described substantiation for 1994 contri-  
butions of \$250 or more.

There is no prescribed format for the written acknowledgement. For  
example, letters, postcards or computer-generated forms may be accept-  
able. The acknowledgement does not have to include the donor's social  
security or tax identification number. It must, however, provide suffi-  
cient information to substantiate the amount of the deductible contribu-  
tion. The acknowledgement should note the amount of any cash contri-  
bution. However, if the donation is in the form of property, then the  
acknowledgement must describe, but need not value, such property.

The written substantiation should also note whether the donee organiza-  
tion provided any goods or services in consideration, in whole or in part,  
for the contribution and, if so, must provide a description and good-faith  
estimate of the value of the goods or services. In the new law these are  
referred to as "quid pro quo contributions."

Please note that there is a new law requiring charities to furnish  
disclosure statements to donors for such quid pro quo donations in  
excess of \$75. This is addressed in the next section regarding Disclo-  
sure By Charity.

If the goods or services consist entirely of intangible religious benefits,  
the statement should indicate this, but the statement need not describe or  
provide an estimate of the value of these benefits. "Intangible religious  
benefits" are also discussed in the following section on Disclosure By  
Charity. If, on the other hand, the donor received nothing in return for  
the contribution, the written substantiation must so state.

The present law remains in effect that, generally, if the value of an item  
or group of like items exceeds \$5,000, the donor must obtain a qualified  
appraisal and submit an appraisal summary with the return claiming the  
deduction.

The organization may either provide separate statements for each contri-  
bution of \$250 or more from a taxpayer, or furnish periodic statements  
substantiating contributions of \$250 or more.

Separate payments are regarded as independent contributions and are  
not aggregated for purposes of measuring the \$250 threshold. However,  
the Service is authorized to establish anti-abuse rules to prevent avoid-  
ance of the substantiation requirement by taxpayers writing separate  
smaller checks on the same date.

If donations are made through payroll deductions, the deduction from  
each paycheck is regarded as a separate payment.

A charity that knowingly provides false written substantiation to a donor  
may be subject to the penalties for aiding and abetting an understatement  
of tax liability under section 6701 of the Code.

### *Disclosure by Charity of Receipt of Quid Pro Quo Contribution*

Beginning January 1, 1994, under new section 6115 of the Internal Re-  
venue Code, a charitable organization must provide a written disclo-  
sure statement to donors who make a payment, described as a "quid pro quo  
contribution," in excess of \$75. This requirement is separate from the  
written substantiation required for deductibility purposes as discussed  
above. While, in certain circumstances, an organization may be able to  
meet both requirements with the same written document, an organiza-  
tion must be careful to satisfy the section 6115 written disclosure state-  
ment requirement in a timely manner because of the penalties involved.

A quid pro quo contribution is a payment made partly as a contribution  
and partly for goods or services provided to the donor by the charity. An  
example of a quid pro quo contribution is where the donor gives a char-  
ity \$100 in consideration for a concert ticket valued at \$40. In this ex-  
ample, \$60 would be deductible. Because the donor's payment (quid pro  
quo contribution) exceeds \$75, the disclosure statement must be fur-  
nished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for  
separate fundraising events will not be aggregated for purposes of the  
\$75 threshold. However, the Service is authorized to develop anti-abuse  
rules to prevent avoidance of this disclosure requirement in situations  
such as the writing of multiple checks for the same transaction.

The required written disclosure statement must:

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ductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and

- (2) provide the donor with a good-faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

The disclosure must be in writing and must be made in a manner that is reasonably likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

In the following three circumstances, the disclosure statement is not required.

- (1) Where the only goods or services given to a donor meet the standards for "insubstantial value" set out in section 3.01, paragraph 2 of Rev. Proc. 90-12, 1990-1 C.B. 471, as amplified by section 2.01 of Rev. Proc. 92-49, 1992-1 C.B. 987 (or any updates or revisions thereof);
- (2) Where there is no donative element involved in a particular transaction with a charity, such as in a typical museum gift shop sale.
- (3) Where there is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to

the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context. An example of an intangible religious benefit would be admission to a religious ceremony. The exception also generally applies to certain tangible benefits, such as wine, provided in connection with a religious ceremony. The intangible religious benefit exception, however, does not apply to such items as payments for tuition for education leading to a recognized degree, or for other services, or consumer goods.

A penalty is imposed on charities that do not meet the disclosure requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a penalty of \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause.

Please note that the prevailing basic rule allowing donor deduction only to the extent that the payment exceeds the fair market value of the goods or services received in return still applies generally to all quid pro quo contributions. The \$75 threshold pertains only to the obligation to disclose and the imposition of the \$10 per contribution penalty, not the rule on deductibility of the payment.



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