

LIVE UNITED



**United Way
of Greater Philadelphia
and Southern New Jersey**

**United Way of Greater Philadelphia
and Southern New Jersey**

DONOR CHOICE PROGRAM

***Guidelines on Agency Eligibility, Program Policies and
Administration***

OUR MISSION

To harness, leverage and strategically invest the collective power of donors, advocates and volunteers, to drive measurable results that improve the lives of people in our region.

ACHIEVING OUR MISSION

How can we accomplish so much in our community? The answer is simple: community agencies, volunteers and donors make it happen.

They allow us to achieve our goals and fulfill our mission.

As of July 2012

DONOR CHOICE PROGRAM

United Way of Greater Philadelphia and Southern New Jersey (United Way) mounts a community-wide campaign each year to raise funds from companies, foundations and individuals for human health and social services. Our Donor Choice program provides donors with an opportunity to direct their gift to specific non-profit organizations of personal interest to them. This program is a value-add to both our donors and participating agencies. For donors, this program provides the option to donate to their favorite charity through their workplace campaign in a simple, cost-effective manner. For agencies, not only does United Way's fundraising provide access to many venues, it also provides access to unrestricted funding. Unrestricted funding is traditionally the most difficult funding to raise in any community.

After more than 25 years of operation, the Donor Choice program continues to be a popular service with United Way donors, especially those who give at the workplace through payroll deduction. More than 8,000 such organizations receive gifts each year through the United Way Campaign.

United Way can only transmit to agencies those gifts that United Way actually receives. Some pledges are never paid in to United Way, because donors change jobs or move away. Of those gifts from the fall 2011 Campaign that United Way receives, we will pay over 87 cents of every dollar to the designated agency. The 12.5 percent administrative fee that we retain covers United Way's cost of raising the funds, funds that most recipient agencies would never collect if United Way's annual campaign did not take place.

Most donors pay their pledges through payroll deduction, a little at a time, over the course of a calendar year. Most employers aggregate these deductions and pay them in to United Way as monthly or quarterly payments. A pledge made in the fall of 2011 may not be fully paid in to United Way until the spring of 2013. This is why agencies may not fully collect a donor's gift until many months after it is pledged. United Way makes every effort to transmit donor designated gifts in as timely a manner as is consistent with low administrative fees for recipient agencies.

This booklet provides a full overview of Donor Choice policies and administrative procedures.

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SECTION I

REQUIREMENTS FOR AGENCY ELIGIBILITY DETERMINATION

APPLICATION PROCESS

An agency enters into the application process by one of two ways: (1) through a donor designation during our annual campaign, or (2) application by a non-profit organization directly.

The typical application flow is as follows:

- ⇒ Donor designation is received by United Way or request received from agency, either online at www.UnitedforImpact.org or through the mail. Requests directly from agencies must be accompanied by a \$100 check to cover processing costs, since there is no accompanying gift from a donor.
- ⇒ Link to application kit e-mailed to agency if insufficient information available to verify eligibility
 - ⇒ Application completed and returned to United Way, within two weeks, with all required attachments
 - ⇒ Application reviewed for completeness and compliance
- ⇒ Eligible or Ineligible status determined; agency notified of outcome in writing

Organizations that require additional time for application completion should request an extension of the due date by writing to Customer Operations Manager, United Way, 1709 Benjamin Franklin Parkway, Philadelphia, PA 19103. Email requests are acceptable and may be sent to agencyreporting@uwgpsnj.org. United Way holds all designated monies until such time as an eligibility decision has been determined. Donors who designate an ineligible organization or an organization who does not complete their application within the specified timeline are advised in writing that the organization they have designated is not eligible to receive funds, and the donor is asked to redirect the gift.

CORE ELIGIBILITY CRITERIA

For an agency to be eligible, each element of the core criteria must be met. An agency must:

- have 501(c)(3) tax exempt status and;
- be tax deductible in the United States and;
- comply with the provisions of the USA Patriot Act. USA Patriot Act compliance is assessed through review of the OFAC terror watch lists. USA Patriot Act compliance is re-assessed semi-annually.

Note: Agencies with tax exempt/tax deductible status other than 501(c)(3) are not eligible for designation through the United Way Campaign. This ruling by our Board of Directors insures a full tax deduction for our donors, and program consistency with the mission of United Way of Greater Philadelphia and Southern New Jersey.

CONTINUITY OF ELIGIBILITY

Eligible organizations retain their status until such time as there is a change in their original qualifying status. Payments to agencies are subject to ethics and legal scrutiny. Agencies having their 501(c)(3) status revoked by the IRS will be suspended from eligibility. Agencies under investigation for any criminal, fraudulent, or questionable behavior or having governmental revocation of their license will be suspended from eligibility. Verification of 501(c)(3) status takes place at various points during a given year. Additionally, a full formal review and verification of eligibility will occur on a semi-annual cycle or anytime eligibility is in question. All eligibility reviews will be conducted in advance of the campaign so agencies will know of their status before the official campaign period.

AGENCY ID NUMBER

All eligible organizations are assigned an ID or “book” number, which remains consistent from year to year. Use of this number increases accuracy on the donor’s part when designating, since many agencies have similar names. Occasionally, modifications to our agency database may require the assignment of a new ID number; if this occurs the agency will be notified in writing.

United Way of Greater Philadelphia and Southern New Jersey currently manages the local Combined Federal Campaign (CFC) under contract with the Office of Personnel Management of the Federal Government. A list of agencies approved for participation in the CFC is published as part of this work. The ID numbers assigned to agencies in this book are established by the Office of Personnel Management and may not correspond to IDs assigned by United Way.

APPEALS PROCESS

An applicant can appeal a decision that their agency is ineligible to receive designations by submitting in writing, all pertinent information that will clarify or supplement the original application, enabling UWGPSNJ to reach a favorable decision. Appeals may be submitted to:

Customer Operations Manager
United Way of Greater Philadelphia and Southern New Jersey
1709 Benjamin Franklin Parkway
Philadelphia, PA 19103

SECTION II

DONOR CHOICE PROGRAM ADMINISTRATION

DONOR CONFIRMATION

UWGPSNJ will confirm each pledge and designation directly with the donor, promptly upon processing of the donor's pledge information. Receipt of the confirmation is affected by delays in receiving the pledge data from the employer; however, every effort is made to promptly issue these notices. The confirmation provides the donor with an opportunity to verify the recorded information.

Except in situations in which the donor wishes to remain anonymous or prefers not to be acknowledged for his or her gift, United Way requests that agencies send a confirmation or thank-you letter to the donor. **Agencies are expected to thank and recognize donors for the gross amount of the gift as soon as the agency is notified of the gift.** This practice allows donors to be recognized for the full amount of their gift (made in good faith) regardless of United Way's distribution schedule. Additionally, the recognition amount should not be reduced by the United Way's administrative costs. The administrative fee is a cost to the organizations participating in this program – not a charge to the donor. Thanking donors for the full amount of the gift minimizes frustration and confusion for donors and helps to avoid the perception that the donor is being charged. No information pertaining to tax deductibility should be included in the agency thank-you letter because tax documentation is handled by United Way.

POLICY ON MINIMUM DONATION AMOUNT

The minimum donation to each Donor Choice agency is \$24 per donor, due to the fundraising, processing and administrative costs involved in managing each separate gift.

PLEDGE COLLECTIONS

UWGPSNJ is responsible for the collection process, which includes sending billing statements on a quarterly basis, as well as personal follow-up for higher dollar and consistently lagging pledge payments. **Agencies are not permitted to send billing or collection notices to any donors directly.**

DONOR TAX RECEIPTS

UWGPSNJ will send each donor a tax receipt for non-payroll payments as required by IRS regulations. **Agencies are not permitted to send tax documentation to any donors directly.**

AGENCY NOTIFICATION OF DESIGNATIONS AND DONOR INFORMATION

Lists of donors and their gifts to your agency are available through United Way's online Agency Reporting System. This system gives agencies up-to-date donor listings, as well as providing pay-out reports. Each agency is provided with a secure and unique access code to this system, which enables it to view just its own information and to view it as frequently as desired. **We strongly encourage you to visit the site frequently to ensure that you have the most up to date donor information.**

Instructions for UWGPSNJ's online Agency Reporting System

1. Go to: www.UnitedforImpact.org/reporting
2. Enter your User ID and Password. (See the frequently asked questions section if you need assistance in determining your user id or password.)
3. Click Login.

Reports (All reports are subject to change)

- **Donor List (Acknowledgements to Agencies Report):** This report lists all donors and amounts of designations to your organization and should be used when generating thank-you letters to your donors. The report is divided into three sections: (1) Donors who wish to remain anonymous, (2) Donors who have authorized the release of their name to the agency, but do not want to be acknowledged and (3) Donors who have authorized the release of their name and have requested an acknowledgement. This report can be generated at any time and is available in .PDF and .CSV.

This report should be used when generating thank you letters to your donors. It lists all the designations to your organization with the amounts designated and the number of donors.

- **Payment Detail (DCP Payee Report by Organization):** This report is automatically generated by UWGPSNJ and can be accessed from “My Submitted Reports.” The report shows the administrative expenses and payments due to the agency and lists all donors grouped by organization. It will assist the agency with determining how the payment was calculated for the current pay-out. The donor’s organization is not disclosed in the report.

Additional Portal Options

- **My Submitted Reports:** Once you have submitted a report, go here to view the completed report.
- **Maintain Contact Information:** Maintain your agency's employee contacts here. To receive email notifications when a deposit is made someone will need to be entered as the *Finance Contact*.

To add a Finance Contact:

Click on Add Contact

Click Add New Contact

Enter at least the Name, Email address, & Contact Type

Select Finance Contact as the Contact Type

Click Add Selected Contact

- **Maintain Banking Information (ACH):** You can enter your agency's banking information to receive ACH Deposits. Come here to maintain your banking information too.

Questions and concerns, login assistance, and technical support may be directed to the United Way Helpline at 215-665-2598 or 1-800-417-8742.

PROMOTIONAL GUIDELINES FOR PARTICIPATING AGENCIES

United Way administers a single Campaign at the workplace that mobilizes and facilitates giving to over 8000 agencies each year. In order to keep non-profit fundraising costs low and provide an equal opportunity for all participating organizations to compete, the following marketing guidelines have been established in the best interests of the system as a whole.

Agencies receiving funds from the United Way Campaign should not:

1. approach employer(s) with regard to mounting a workplace-based charitable giving campaign on the organization's behalf;
2. purchase advertising that promotes the organization's donor designation number during the period September 30 through November 30, in mass media targeted to the general public such as television, major newspapers or billboards; and/or

3. ask United Way donors to give to them directly instead of as part of the United Way Campaign, or otherwise discourage donors from participating in the United Way Campaign.

United Way asks that agencies receiving funds from the Campaign comply with these guidelines in order to be included in our Campaign marketing.

USE OF THE UNITED WAY LOGO

The United Way logo is a trademark copyright of United Way of America. Use of the logo is restricted to United Ways except by express written agreement.

SECTION III

PROGRAM COSTS & PAYMENT OF DONOR DESIGNATIONS

FUNDRAISING & ADMINISTRATIVE COSTS

Fundraising, processing and administrative costs are recovered through a charge that is applied as a percentage of each donor gift. The cost is calculated annually and approved by the United Way Board. This information is communicated to recipient agencies with the first payment on designations.

PAYMENT OF DESIGNATIONS

Payments to designated agencies for each fall's campaign will be issued according to the following schedule**:

		Minimum Payment*	Payment Type**
Payment #1	December	\$10	ACH & Paper Checks
Payment #2	February	\$10	ACH & Paper Checks
Payment #3	April	\$10	ACH Only
Payment #4	June	\$10	ACH & Paper Checks
Payment #5	August	\$10	ACH Only
Payment #6	October	\$10	ACH Only
Payment #7	December	\$10	ACH Only
Payment #8	February	\$10	ACH & Paper Checks
Payment #9	April	\$10	ACH Only
Final Payment	June	None	ACH & Paper Checks

*** Payment schedule for designations made through Atlantic/Cape May, Burlington, Camden, Cumberland and Southeast Delaware Counties will be on alternate months of this schedule, beginning in January. ***

* If amount does not meet the minimum threshold to be paid at that time, it will be rolled into the next payment. This policy is to limit the number of checks written for very small amounts, and help keep administrative costs low for agencies. At the end of the payment schedule, the minimum is lifted so that agencies with lower donation amounts will receive complete payment.

**Payments #1 & #2 will consist primarily of cash payments by donors; subsequent remittances will pay on campaign dollars received-to-date.

The payout is based on amounts actually received as of a given cutoff date, and a minimum dollar threshold for payment is set (\$10, except for final payment). As such, agencies may not receive a payment in each payout.

Agencies are encouraged to sign up for ACH payments via our online reporting site. Electronic payouts honor the donor's desire to get their donation forwarded quickly as possible, help maintain our low cost structure and enable United Way to reduce paper. Organizations that do not provide us with banking information may be limited in the frequency and quantity of their payments.

UNCOLLECTIBLE PLEDGES

United Way pays agencies based upon actual collections from donors whenever donor level detail is provided. When donor payment detail or termination data is not provided on payroll payments, those payments are applied proportionately to all payroll donors for that company. As such, all gifts will share in the overall uncollectible rate of the company's payroll deduction pledges. The application of that uncollectible rate may be spread across all donors in that company, but is not spread or projected across the entire Campaign. **It is important to note that uncollectible amounts are not a "charge" taken by United Way. United Way pays all dollars that are received above our administrative costs.**

Prior collection experience has demonstrated that approximately 7-8% of designated gifts that are pledged will not be paid to United Way. The primary reasons are pledge cancellation by the donor, corporate downsizings, plant or business closings, employer relocation, and donors who change employers during the payment cycle and cannot be located. Agencies should therefore expect to receive, on average, approximately 80 percent of total dollars pledged (the other 20 percent comprised of 7-8 percent never paid by the donor and the 12.5 percent administrative fee). It is important to note, however, that this will vary dramatically based upon the payment type. Donors paying by cash, check or credit card are less likely to be unpaid, as they are mostly collected up front. It is payroll donors who are more likely to have an uncollectible balance due to the fact that these dollars are collected over the course of the year FOLLOWING the year in which the pledge is generally made (see below) and the fact that their company may not provide United Way with employee payment detail (see above).

FUNDS AVAILABLE FOR PAYMENT

Because United Way payments to agencies are based on the amount **received** in any collection period, the donor's method of payment will impact when dollars reach the agency.

Designations paid by cash, check, credit cards, securities transfer, and directly billed donors

These pledge payments will be remitted to the recipient agency in the next regularly scheduled payment, less the standard administrative & fundraising cost, after receipt of the payment. For example, Donor X pledges \$100 through the fall 2012 United Way Campaign and pays the entire amount by check in November 2012. The recipient agency will then receive \$87.50 through the first payout in December, which represents the entire amount due to them.

Designations paid by payroll deduction withholdings

Approximately 80% of donors utilize payroll deduction as the method of payment. This method is often the most convenient for donors, as the gift is deducted over an entire year's payroll cycle. The following factors do influence the level of dollars that reach the agency:

- the frequency of payroll withholding payments from the company to United Way (does the company remit the withholding to United Way on a monthly, quarterly, semi-annual or annual basis?)
- the overall internal collection experience of each company (were there layoffs, or business reorganizations?)

United Way's administrative costs are recovered up front, since United Way's costs are incurred before the funds are collected. Example: an agency receives a \$1,000 designation and our fee is 12.5%. The first payment we receive is a check of \$200. United Way will retain \$125 (12.5% of \$1,000) and \$75 will be paid to the agency. Thereafter the agency will receive the entire amount of each payment.

Most companies remit payroll payments to United Way in lump sum, versus including payment detail by donor. As such, payroll payments are spread proportionately across ALL payroll donors for that company. The actual payment by donor may vary from the amount deducted from their pay as a result of the overall uncollectible payroll payment rate for that company being applied to ALL payroll donors at that company.

Following are several scenarios of how payroll deduction payments are remitted to agencies. It is important to note that there is almost always a timing difference between when a donor pledges, when they appear on an agency's donor list and when an agency is paid. If the donor pledges via payroll deduction in the fall, United Way will not begin to be paid until the following year, as the vast majority of payroll deductions take place on a calendar year basis. Depending on the frequency of payments from the company, this can create a significant lag between the time a donor pledges and the time an agency gets paid.

EXAMPLE 1:

John Doe works at Company X and pledges \$200 to Agency Y during the Company X Campaign. John writes a check for \$100 and turns that in with his pledge form on Sept 30, asking that the other \$100 be taken out of his pay. The \$100 check is turned in to United Way at the end of the Company X Campaign on October 30 (one month after the donor wrote their check). United Way sends a check for \$75.00 to Agency Y with the first payout in December (\$75.00 is calculated as the payment of \$100 less the overall fee of 12.5% * \$200, which is based upon the total pledge and recovered from the first dollars collected).

In January, Company X begins deducting John's \$100 payroll gift from his pay. Because Company X pays twice a month, the deduction is \$4.17 per pay. Company X transmits payroll deduction gifts to United Way on a quarterly basis, one month after the end of each quarter but without identifying which employees the payment covers.

At the end of the first quarter, the company sends the one quarter of all payroll gifts pledged to United Way, and United Way pays out \$25.00 in April to Agency Y on behalf of John Doe's gift. These same payments are again made at the end of the second quarter.

By July some of the Company X employees have left their jobs and are therefore not fulfilling their pledges. United Way receives only 92% of pledged payroll gifts in the next company payment. United Way spreads this reduction across donor gifts from that company proportionately, thereby calculating that John Doe has paid only 92% of his \$25 pledge that quarter, or \$23. United Way sends a check for \$23 to Agency Y with its next scheduled payout in October.

The same circumstances exist for the fourth quarter payment and United Way prorates the company payment such that John's final payment is recorded as another \$23 in January.

Overall, Agency Y will receive \$170.80 of a \$200 pledge. The net difference is \$29.00 – made up of \$25.00 relating to United Way's cost recovery and \$4 related to the uncollectible pledges distributed across all donors in that company's campaign (please note that this is not a "charge" by United Way, but simply the amount that is not collected – United Way pays out all dollars collected in excess of our cost recovery portion). The final payment on the company's payroll

gifts will be received by United Way approximately 16 months after it was pledged, and United Way will then pay Agency Y its final installment of the gift in February.

EXAMPLE 2:

Donor X works at Company Y and pledges \$200 in October to Agency Z through the Company Y Campaign. Donor X requests that his pledge be paid through payroll deduction. In January, Company Y begins deducting Donor X's \$200 payroll gift from his pay. Because Company Y pays twice a month, the deduction is \$8.33 per pay. Company Y transmits payroll deduction gifts to United Way on a quarterly basis, one month after the end of each quarter and includes termination information on donors that left the company since the prior payment, so that United Way can write off their remaining balances. When United Way receives Company Y's first quarter payment, \$50 is applied to Donor X's pledge. United Way then sends Agency Z a check for \$25 in April (\$25 is calculated as the payment of \$50 less the overall fee of 12.5% * \$200, which is based upon the total pledge and recovered from the first dollars collected). The same payment is made to United Way at the end of the second quarter, third and fourth quarters, with accompanying termination data. Since Donor X did not terminate, \$50 is remitted to Agency Z in July, October and February. Overall, Agency Z will receive \$175 of a \$200 pledge. The net difference is \$25, which represents United Way's administrative fee.

EXAMPLE 3:

Donor X's scenario begins as in Example 2. When the third quarter payment arrives however, Company Y notifies United Way that Donor X terminated on June 30th, and, as such, his balance should be written off. United Way writes off Donor X's remaining balance of \$100 and Agency Z receives no further payments on his gift. Overall, Agency Z receives \$75 of a \$200 pledge. The net difference is made up of the \$25 cost recovery and \$100 uncollectible amount resulting from Donor X's termination from Company Y.

FREQUENTLY ASKED QUESTIONS

1. How do I get a list of my donors?

An up-to date list of donors can be generated online at any time. This list can be obtained by running the Donor List (Acknowledgements to Agencies Report) in our online reporting tool.

2. How do I access online reporting?

- (1) Go to: www.UnitedforImpact.org/reporting
- (2) Enter your User ID and Password (see #3 below if you need assistance in determining your user id or password)
- (3) Click Login

3. I don't know my User ID and Password. How do I get that information?

If you don't know the agency's United Way account number or experience any problems logging in, please call the United Way Helpline at 215-665-2598 or 1-800-417-8742. Please select prompt #2 and then option #1 to speak with a representative from the Customer Operations group.

4. I don't see John Smith, but I know he designated to us. Why isn't he on the report?

There are several reasons that a donor may not appear on the report including, but not limited to:

- (1) The donor may have requested to be anonymous.
- (2) United Way may not have received the donor detail from the company.

5. Why haven't I received the money for Brian Q. Donor?

A lot of factors affect how quickly the agency will receive money for individual donations including, but not limited to:

- (1) The donor may have requested to be billed and United Way has not yet received the money.
- (2) The timing between when United Way receives the payroll check from the company or the payment from the donor and United Way's pay-out cycle.
- (3) The total amount due to the agency may be less than the pay-out check amount minimum.
- (4) United Way deducts expenses from first dollars in, which reduces the total amount due in the first pay-out.

6. Why are so many of my donors "anonymous"?

When large numbers of donors from a particular company are labeled anonymous, it is usually because of a decision that their employer has made with regard to confidentiality.

7. My report is blank. Does that mean I don't have any donors?

Please ensure the report was generated for the correct campaign year. There is a possibility that United Way has not processed any designations for your agency at the time the report was generated. If you know you have received designations but your report is still blank, please call the United Way Helpline at 215-665-2598 or 1-800-417-8742 and select prompt #2 and then option #1 to speak with a representative from the Customer Operations group.

8. When I ran my report in August, I had 5 donors. Now I only have 3 donors. What happened?

Online reporting allows the agency to view donor detail as quickly as it is processed by United Way. This means that results are subject to change. The donor may have changed their designation to a different agency or cancelled their pledge.