



## TENNESSEE EMPLOYEES CHARITABLE CAMPAIGN GUIDELINES

The purpose of the Guidelines for the Tennessee Employees Charitable Campaign (TECC) is to provide a framework for the administration of the charitable giving campaign in an ethical and non-discriminatory manner that is fair to all interested participants. The TECC requires all federations, independent charitable organizations, member charitable organizations, state agencies, and state employees to comply with the provisions of these guidelines.

### **SECTION I: DEFINITIONS**

**“Accrual Accounting”** – An accounting method that recognizes revenues when earned rather than when cash is received and recognizes expenditures when incurred rather than when paid.

**“Administrative Expense Percentage”** – Administrative expenses are the management, general, and fund-raising expenses of the charitable organization as described on IRS Form 990. The total expenses of the charitable organization for the last fiscal year are the basis for this percentage.

**“Affiliate, Branch Office or Chapter”** – A satellite office of a charitable organization. An affiliate, branch office or chapter must be located in Tennessee and managed by a local advisory governing board that acts under the auspices of the charitable organization’s Board of Directors.

**“Cash Basis of Accounting”** – An accounting method that recognizes revenues when the cash is received rather than earned and recognizes expenditures when paid rather than when incurred.

**“Charitable”** – A benevolent purpose, including environmental, health, educational, humane, patriotic, scientific, artistic, social welfare, and civic.

**“Charitable Organization”** – An organization that is registered as a non-profit organization in Tennessee by obtaining a Certificate of Authority from the Tennessee Department of State’s Division of Charitable Solicitations and is non-profit and tax-exempt as defined by 26 U.S.C. § 501(c)(3) and 26 C.F.R. § 1.501(c)(3). This includes federations, independent charitable organizations, and member charitable organizations.

**“De minimis”** – Lacking significance or importance; so minor as to be disregarded. Or, so small or minimal in difference that it does not matter or the law does not take it into consideration.

**“Donation”** – Money deducted from a state employee’s paycheck through state payroll and designated by that employee as a contribution to an approved TECC charitable organization.

**“Federation”** – A federation of charitable organizations that have voluntarily joined together for the purpose of raising and distributing contributions and where membership does not confer operating authority and control of the individual organization.

**“Fiduciary Agreement”** – A signed statement executed by a member charitable organization and a federation in which the member charitable organization assigns the federation as its fiduciary agent and representative in the TECC.

**“Independent Charitable Organization”** – An individually incorporated charitable organization that raises funds independent of other charitable organizations.

**“Local Advisory Governing Board”** – A committee with a Tennessee presence, acting under the auspices of the charitable organization’s Board of Directors, which meets at least quarterly and provides direction and guidance at the local level. A majority of the members must serve without compensation and reside in the State of Tennessee.

**“Member Charitable Organization”** – A charitable organization that has voluntarily joined together with a federation for the purpose of raising and distributing contributions.

**“Parent Organization”** – That part of a charitable organization that assists, coordinates, supervises or exercises control over policy, fund-raising, and expenditures for one or more of its affiliates, branch offices or chapters.

**“Pledge”** – A promise of money contributed through state payroll deduction by a state employee.

**“Significant Service”** – Providing a majority (51 percent or greater) of services directly to Tennesseans.

**“Substantial Financial Support”** – The charitable organization provides a majority (51 percent or greater) of its financial support directly to Tennesseans.

**“TECC Administrator”** – A designated staff employee of the Department of Human Resources who has primary responsibility for administering the Tennessee Employees Charitable Campaign.

**“TECC Coordinator”** – A state agency coordinator selected by the agency’s appointing authority and responsible for that agency’s campaign.

## **SECTION II: CHARITABLE ORGANIZATION REQUIREMENTS**

- 1) The federation or independent charitable organization must:
  - a) Be a charitable organization as defined by these guidelines, physically located in Tennessee, directly providing significant services that are available to state employees, their families, and other Tennesseans; and/or
  - b) Provide substantial financial support to charitable organizations, as defined by these guidelines, that have a direct and substantial presence operating through a physical office located in Tennessee and provide significant services that are available to state employees, their families, and other Tennesseans.

- 2) The charitable organization must have established and maintained a physical office in the State of Tennessee at least twelve (12) months prior to the date of application. Neither a toll-free telephone number nor a post office box constitutes a local presence.
- 3) The charitable organization must provide the administrative expense percentage of the organization's total expenses for the last fiscal year.
- 4) The charitable organization must have a board of directors that governs the affairs of the organization and meets at least quarterly. A majority of the members must serve without compensation and reside in the State of Tennessee. This requirement does not include de minimis compensation to board of director members.
- 5) The charitable organization must be non-profit and tax-exempt as defined by 26 U.S.C. § 501(c)(3) and 26 C.F.R. § 1.501(c)(3).
- 6) The charitable organization must be registered and maintain good standing with the Tennessee Department of State's Division of Charitable Solicitations. For the purpose of this guideline, the TECC recognizes the registration of a charitable organization on behalf of its affiliates.
- 7) Financial certification requirements for charitable organizations:
  - a) A charitable organization that receives less than \$25,000 in gross revenue during its fiscal year must provide a certified Treasurer's Report based on the most recent completed fiscal year. This Treasurer's Report must also indicate whether the charitable organization uses an Accrual Accounting or a Cash Basis of Accounting method.
  - b) A charitable organization that receives \$25,000 or greater, but less than \$300,000 in gross revenue during its fiscal year must submit a copy of its IRS Form 990 for its most recent completed fiscal year, along with any forms required to be filed with the Internal Revenue Service.
  - c) A charitable organization that receives \$300,000 or more in gross revenue during its fiscal year must submit a financial statement for its most recent completed fiscal year that has been audited by an independent certified public accountant (CPA) in accordance with generally accepted auditing standards resulting in an opinion audit that is favorable and indicates that the charitable organization conforms to Generally Accepted Accounting Principles.
- 8) Charitable organizations are limited in the use of funds for lobbying activities in that they may not attempt to influence legislation as a substantial part of their activities and may not participate at all in campaign activity for or against political candidates as described in 26 U.S.C. § 501(c)(3).
- 9) For the purposes of the TECC, the charitable organization does not knowingly employ individuals or contribute funds to entities or persons that appear on either the U.S. Department of Treasury's Office of Foreign Assets Control's Specially Designed Nationals List or the U.S. Department of State's Terrorist Exclusion List.

- 10) (For Federations Only) An approved parent organization may request to list a branch office or chapter in the campaign brochure with a separate identification number if the branch office or chapter has a local advisory governing board. An approved federation may make the request on behalf of a participating parent organization of the federation.
- 11) (For Federations Only) Participation in the TECC requires certification of a fiduciary relationship agreement between the federation and all participating member charitable organizations.
- 12) (For Federations Only) Approved federations must complete a Statement of Compliance certifying their member charitable organizations for inclusion in the campaign brochure are in compliance with TECC Guidelines 1–9. The federation must submit the Statement of Compliance and list member charitable organizations by the designated deadline date.
- 13) After initial approval for participation in the TECC by the Commissioner of the Department of Human Resources, federations and independent charitable organizations must annually recertify their continued compliance with the TECC Guidelines. Federations must certify continued compliance of their member charitable organizations. The federations and independent charitable organizations must recertify by the deadline date and on forms prescribed by the Commissioner for consideration to continue participation in the upcoming campaign. The Commissioner retains the discretion to require federations and/or independent charitable organizations to reapply for participation in lieu of annual recertification.
- 14) Approved federations and independent charitable organizations shall work together as a team (campaign team) to develop recommendations regarding the campaign materials that include brochures, pledge forms, training materials, and other associated campaign incidentals. All recommendations submitted by the campaign team require documentation that each federation and independent charitable organization has had the opportunity to participate in the development of the campaign materials and is in agreement with the proposed campaign materials. This agreement must accompany the campaign team's submission of proposed campaign materials. Approval of the campaign team's recommendations requires final authorization by the Commissioner of the Department of Human Resources.
- 15) Approved federations and independent charitable organizations shall share in the total expenses involved in the development, printing, and delivery of campaign materials. The federations and independent charitable organizations are responsible for agreeing to an equitable system for sharing such costs.
- 16) The TECC cannot approve and list charitable organizations in the TECC brochure as an independent charitable organization and as a member charitable organization of a federation.
- 17) All federations and independent charitable organizations receiving donations from the TECC shall participate in the direct deposit program.
- 18) If a charitable organization fails to furnish any required information by the designated deadlines, the organization shall not be eligible for participation in the upcoming campaign and shall be required to submit a new complete application for consideration in the subsequent year.

- 19) If the charitable organization furnishes information containing a material misrepresentation of fact in the application and/or statement of compliance, the organization shall not be eligible for participation for a full campaign year and shall submit a new complete application for consideration upon eligibility to participate in future campaigns.
- 20) The Commissioner of the Department of Human Resources retains the discretion to deny the application or revoke participation of any charitable organization that has participated in fraud.

### **SECTION III: STATE OF TENNESSEE OPERATIONAL REQUIREMENTS**

#### 1) Prohibited Discrimination:

Discrimination for or against any individual or group on account of race, color, religion, sex, national origin, age, handicap, pregnancy, veteran's status, or political affiliation is prohibited in all aspects of the management and the execution of the TECC. Nothing herein denies eligibility to any organization, which is otherwise eligible under this part to participate in the TECC, merely because such organization is organized by, on behalf of, or to serve persons of a particular race, color, religion, sex, national origin, age, handicap, pregnancy, or veteran's status.

#### 2) Responsibilities of the TECC Administrator:

- a) The TECC Administrator shall ensure compliance with the TECC Guidelines.
- b) The TECC Administrator shall provide a copy of the TECC Guidelines to federations and independent charitable organizations.
- c) The TECC Administrator shall review applications of federations and independent charitable organizations for compliance with the Charitable Organization Requirements cited above.
- d) The TECC Administrator shall develop a master list of participating federations, independent charitable organizations, and member charitable organizations.
- e) The TECC Administrator shall execute campaign deadlines in an efficient and effective manner.

#### 3) Participating Employees:

- a) Current employees may designate pledges during the annual campaign period.
- b) New employees may designate pledges upon employment.
- c) The TECC allows an employee to select up to three charitable organization pledges per campaign year.

d) Employees have two options for payroll deduction donations. Employees may select a one-time lump-sum deduction from the January paycheck or monthly deductions. For employees paid semi-monthly, the deduction occurs from the middle of the month paycheck.

4) Reporting Procedures for State Agencies:

a) The state agency TECC Coordinator is required to submit a Final Agency Report Form to the TECC Administrator indicating the total gross pledges for the agency's participating employees by the established deadline.

b) The state agency TECC Coordinator shall provide Central Payroll with the original copies of the employee pledge forms to enter in the State' Payroll System in compliance with the Department of Finance and Administration's Payroll Division schedule.

c) The state agency TECC Coordinator shall provide the appropriate copy of the employee pledge form to each federation and/or independent charitable organization indicated on the form by the employee.

