Knights of Columbus

Charitable Giving Accountability Standards

To foster public confidence in the Order's charitable programs, promote transparency and accountability, encourage fair and honest solicitation practices at all levels of the organization, maximize the effectiveness of donations and promote ethical conduct, it is important that all Knights of Columbus entities, including related charitable corporations established by state councils, follow best practices when soliciting and receiving money for charitable purposes.

As a fraternal benefit society, the Knights of Columbus, including all of its subordinate councils, is exempt from federal taxation under section 501(c)(8) of the Internal Revenue Code. However, council officers should make clear that donations to any council are NOT deductible by the donor on his or her federal income tax return. Donors may only claim a tax deduction for contributions to charitable corporations that are tax exempt under section 501(c)(3) of the Internal Revenue Code.

The officers and directors of any Knights of Columbus organization that solicits and receives money for charitable purposes should ensure that the organization observes the following best practices, which are based on standards for charitable accountability established by the Better Business Bureau Wise Giving Alliance and the American Institute of Philanthropy:

1. Provide adequate oversight of the organization's operation and staff through regular appraisals, evidence of disbursement controls, establishment of a conflict of interest policy and accounting procedures to safeguard charity finances.
2. Dedicate at least 75 percent of the total amount collected to the cause for which the funds were raised.
3. Spend no more than $25 to raise $100 in public support.
4. Maintain an "open book" status for disclosure of basic financial information and documents. Financial statements should include a breakdown of expenses (e.g., salaries, travel, postage, etc.) that shows what portion of these expenses was allocated to the program, fund raising and administrative activities.
5. Avoid transactions in which any director, officer or staff member has a material conflict of interest with the organization. "Material conflict of interest" means not only personal financial gain in conflict with the duties owed to the organization by its directors, officers or staff members, but also conflicts arising from a director, officer or staff member's interest in or duty to another organization or person. In general, directors, officers and staff members shall neither seek to profit personally from their affiliations with the organization or favor the interests of themselves, relatives, friends, supporters or other organizations over the interests of the organization, nor will they bring their personal interests into conflict or competition with the interests of the organization.
6. Disclose clearly how the organization benefits from the sale of products or services.
7. Adhere to all applicable local, state and federal laws and regulations, including reporting of financial information.
8. Respond promptly to and act on complaints brought to the organization's attention about fund raising practices, privacy policy violations, or other issues.
9. Disburse as quickly as possible funds received from annual fund raising programs, and avoid accumulating funds that could be used for current program activities.
10. Limit the amount of unrestricted assets available for future use to three times the size of the past year's expenses or three times the size of the current year's budget, whichever is higher, where total funds raised are not needed in a given year. As an example, a state council charitable fund that conducts an annual appeal and does not disburse all the funds raised within a year following the appeal should disburse those unused funds during the next subsequent year. An exception may occur when a multi-year fund drive is held for a specific cause with an established end date.

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