

## Quick Reference Guide to Fundraising

- 1. Funds must support the organization's public tax-exempt purpose.**
  - For example: amateur athletics, K-12 education, or performing arts
  - Funds must support the entire team, band, etc., not just individuals who raised the money.
  - May not purchase equipment (provide assets to) a for-profit school.
- 2. Steer clear of IFAs (individual fundraising accounts).**
  - IFAs are credits given to individuals for funds raised.
  - IFAs are not tax-exempt activities.
  - They often result in illegal private benefit.
- 3. Know & advise donors what is tax-deductible.**
  - Deduct from contribution the value of anything received.
  - The 501(c)(3) is responsible for telling the donor the deductible portion.
- 4. "Fair share" donations.**
  - Voluntary payment of amount suggested by an organization as the cost per student to participate in an activity.
- 5. Raffles, Bingo and other "games of chance" have special rules.**
  - Many states, counties and/or cities require you to register.
  - In many places, games of chance are not legal.
- 6. Register & collect sales tax if required.**
  - Know the difference (check your state and local rules).
    - Tax on items purchased
    - Tax on items sold