FUNDRAISING EVENTS: Advice for Donors
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The Wise Giving Guide is published three times a year to help donors make more informed giving decisions. This guide includes a compilation of the latest evaluation conclusions completed by the BBB Wise Giving Alliance.

If you would like to see a particular topic discussed in this guide, please email suggestions to givingcouncil@bbb.org.

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BWB Wise Giving Alliance
3635 Wilson Blvd.
Suite 600
Arlington, VA 22201
703.276.3100
www.bbb.org

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FUND RAISING EVENTS:

Advice for Donors

As the variety of fund raising events varies considerably from one charitable organization to another, it is likely that donors will have many opportunities from which to choose. While this issue cannot cover all the possibilities, the BBB Wise Giving Alliance has sought to provide some basic giving advice on some of the more popular forms.

There are also a number of different ways a donor might be involved. Some volunteer to help the charity put the fund raising event together, others may participate in the gala, walk, or entertainment that encourages individuals to pledge a gift. And, of course, some attend the event and make a donation or purchase to benefit the specified cause.

In turn, charities may have more than just a financial goal in mind. Some events can attract significant public attention which can be especially important for organizations that are not well known. Fund raising events also can develop strong bonds between donors and charities, since the involvement is often more than just a check. It is also a chance to interact with other contributors, meet charity staff members, and further explore the cause that gathers everyone together.

Whatever the connection, it is important for donors to look beyond the event attractive ness and take the time to find out more about the charity before getting involved. We hope the following will assist you in making that choice so that your next gala dance or walkathon does not turn out to be a misstep.

Q&A on Fund Raising Walkathons, Marathons and Other ’Thons

Q: What charity or charities does the event sponsor?
Some events are sponsored by a single charity. Others may involve several different organizations partnering for a shared cause.

Q: What activities or programs do the benefitting charities provide?
Do not assume you can tell what the charity does from the name alone. Check if the nature of the charity’s program/service activities. How is it specifically addressing the problem or need the event is promoting?

Q: How much money is required to participate?
This will vary depending on the charity and the event. Some may have no financial requirements. Others may ask participants to sign up donor pledges totaling $2,000 or more in order to be part of the event.

Q: Once I’ve signed up, can I change my mind?
Most events will allow the participants in the more athletic events to drop out at any time.

Q: What if I don’t raise enough money?
While each charity will have its own policy on this issue, some will accept any amount you are able to raise. Others may require you to make up any shortfall for the goal you pledged if you plan to participate in the event.

Q: If the event is physically demanding, will I be able to handle it?
Some events are strenuous enough to request raising; others, though demanding, do not. If you have any doubts about your ability to stay the course in good health, whatever the question is required, you may want to check with your doctor before you commit to participating.

Q: How much of the money I collect will go to the benefitting organization(s)?
This depends on how the event is organized. Is the charity one among a number of benefitting groups for the event? Did they organize it themselves or hire an outside fund raising firm? Whatever the circumstances, the charity should be able to clearly explain its answer to this question to all participants and donors.
QUICK QUIZ

And the topic is:
Tax Deductibility & Fund Raising Events

Would you be eligible for a charitable tax deduction in the following circumstances?

1. Jim purchases two $250 tickets to a Broadway show benefiting ABC charity. These particular seats normally sell for $250 apiece.
   - Yes
   - No

2. Jane pledges to donate $100 for her granddaughter’s walkathon participation benefiting a cancer charity.
   - Yes
   - No

3. Marge spends $85 playing bingo to benefit a local volunteer firefighter group that is raising funds to buy new fire equipment.
   - Yes
   - No

4. Steve pays $500 to participate in a golfing event to benefit a local nonprofit hospital.
   - Yes
   - No

5. Sally purchases a $200 ticket to attend a fund raising dinner being held by a local science museum.
   - Yes
   - No

Answers: In general, the answers below reflect the IRS deductibility rules that say you can only deduct the portion of the fund raising event purchase that is above the fair-market-value of whatever good or service you receive (for example, the value of the meal at a fund raising dinner).

1. No. Since Jim’s purchase is equivalent to the fair-market-value of the show tickets, none of the purchase is deductible.
2. Yes. Jane’s donation is deductible as long as the cancer charity is tax exempt as a charitable organization.
3. No. Purchases for games of chance are not deductible even though a charity is benefitting.
4. Yes, but for only part of the golfing purchase. Steve would need to subtract the value of the golfing fees and any other benefits (e.g., food and beverage) he receives at the event.
5. Yes, but Sally would need to subtract the value of the fund raising dinner from the total amount she paid. In general, the charity should inform her how much of her purchase is deductible.

Want more information on tax deductibility of fund raising events? Go to IRS Publication 526: Charitable Contributions.

Celebrities & Fund Raising Events

For over half a century, entertainers and other celebrities have helped raise millions for all types of charities. Whether it was Bob Hope for the USO, Jerry Lewis for Muscular Dystrophy Association, or Danny Thomas for St. Jude Children’s Research Hospital, Americans have responded generously. All of the above mentioned organizations meet BBB Charity Standards. Here are some tips to consider when giving to celebrity-related fund raising events.

1. Don’t rely on a celebrity as the sole indicator of a charity’s reliability. Earned press notices show how to please audiences, but not necessarily how to vet charities.
2. Be wary of newly established charities that offer a celebrity appearance. A good organization may be in the making, but only a thorough background can give assurance.
3. Fund raising events featuring stars can sometimes be expensive, but charities often consider that less-than-expected financial results can be offset by the value of publicity attainment brought to the cause.
4. A celebrity spokesperson’s misstep or misbehavior need not tarnish the name of the sponsoring charity. Weigh the whole situation and how it’s handled.
5. Length and depth of service to the charity are useful indicators of a celebrity’s artistic credibility, but in giving decisions, it’s the charity that must gain your confidence.
6. Celebrities can be involved with charities in a variety of ways. Don’t assume they all do the same thing. Some help raise funds by being present at a fund raising dinner, others may be involved in recording PIsA’s, or acting as a charity spokesperson in front of Congress or other forums. In some instances, a celebrity may help start a new charity and serve on a charity’s board of directors.
7. If charities can explain how they use considerate or insensitive behavior with fame by using celebrities or recognizing names to capture and maintain emotions, then reasons to reason they shouldn’t. Do not throw just one tip at it. If a celebrity is to get the stars get in your eyes.

1040
U.S. Individual Income Tax Return
Raffles, Bingo, and Other Games of Chance

The chance of winning cash or a prize while helping a charity sounds like a win-win circumstance for everyone. The BBB Wise Giving Alliance provides this advice for donors participating in such activities.

**Deductibility**

As noted in IRS Publication 526, “You can deduct as a charitable contribution amounts you pay to buy a raffle or lottery ticket or to play bingo or other games of chance.” While this may put a damper on some of the enthusiasm, charities still benefit from these activities.

**Raffles**

As long as local ordinances allow a charity can sell raffle tickets at a banquet or other fund raising function. It might be for a new car, television, or dinner for two at a local restaurant. If the charity uses the U.S. mail to market and distributes raffle tickets, however, it is in most cases illegal as noted in the sweepstakes section below.

**Direct Mail Sweepstakes**

Some charities use sweepstakes as part of their direct mail campaigns. To sell more, however, that such mailings do require the recipient to donate to the charity in order to participate in the sweepstakes. If the sweepstakes offer requires a donation or payment to participate, it could be subject to challenge under the U.S. Postal Service regulations. Under those regulations, one cannot use the U.S. mail to sell lottery or raffle tickets. In addition to federal statutes, some states have their own regulations concerning sweepstakes. The Alliance also reminds participants to read the official contest rules to determine the odds of winning and value of the offered prizes.

**Bingo!**

Bingo has been a favorite fund-raising approach by some local charities. In some cases it may be an ongoing weekly activity. One thing to keep in mind is that sometimes a lot of cash flows through games and in poorly managed events, some of the operators have been known to “skin off the top” and pocket some of the funds. If the charity implements proper internal controls, they can reduce the risk of this taking place.

Charity Auctions

With the rise of eBay and the popularity of “Antiques Roadshow” it’s not surprising that a growing number of charities have been effective in using auctions to raise funds. Here are some tips to consider when participating in such fund-raising events.

**Deductibility**

The deductibility question for auction purchases can get a little tricky, but in general the rule of thumb is that, at least, only the amount above the fair-market-value of your auction purchase would be deductible as a charitable gift. The example provided in IRS Publication 526 states as follows:

“An auction conducted by a charity, you pay $200 for a weekly stay at a beach house. The amount you pay is no more than the fair market value. You have not made a deductible contribution.”

What this IRS example suggests is that if the auction price was $400 for the week stay at the beach house, then $200 of the auction winner’s purchase would be deductible in this specific circumstance.

The tricky part comes when the auction involves items such as art and antiques where fair-market-value is not clear and the gavel price may, in fact, be determining the fair-market-value at that moment in time. Thus, none of the auction purchase would be deductible.

**In-Person**

A live auction can involve the fast-paced,.paddle-drawing and gavel pounding that is probably most familiar to everyone. In a silent auction, however, the bidding is not in front of a audience. Bidders view items on display, usually over the course of a viewing, and submit written bids, with the highest bid winning the item.

**On the Web**

eBay provides a means for everyone with Internet access to participate in auctions on everything ranging from used household items to luxury goods. Since 2003, charity auctions also have been available through the efforts of MissionFish, an organization that works to help charities raise funds through a program known as eBay Giving Works. Among other things, MissionFish verifies the organization’s charitable tax-exempt status and helps to submit donations to the benefiting organization.

Keep in mind that online charity auctions are as susceptible to misuse and abuse as any other Internet transaction. You always have the option of checking with the charity to verify if they are involved with the auction activity that you are considering.
Tips on Dinners, Galas and Balls

There is nothing like a social occasion such as a dinner or party to get people motivated to buy tickets or a good cause. Charities of all sizes have hosted events to raise funds. From fund raising dinners held by local volunteer firefightes to black-tie galas held by prestigious hospitals and educational institutions, we all can help bring in the money. The Alliance offers the following advice to consider.

1. Remember the deductibility rules. IRS Publication 526 explains that, for a charity event such as a banquet or ball, you can deduct only the amount that is more than the fair-market-value of the benefits you receive. For example, if you pay $200 for a ticket to a charity fund-raising dinner at a hotel, and the usual price for a similar meal at the hotel is $125, then only $75 of the ticket will be deductible. In most instances, the charity will disclose the amount of the purchase that is deductible on the receipt.

2. Some events may be on the expensive side. At black-tie events, between the cover, the wine and the entertainment, the charity’s expenses can add up quickly. In some cases, some organizations will note however, that certain events are not intended to raise huge sums of immediate cash, but to network with business executives and wealthy donors in order to serve as an introduction to a larger gift request in follow-up communications and meetings. The event may be seeking to plant the seed for a future gift.

3. In other instances, a charity may be seeking to get publicity for its cause. A gala celebration that includes a chance to meet a famous entertainer or popular figure is a help sell tickets as well as bring media attention.

4. Some organizations are concerned about the public perception of a fancy gala even if they yield significant financial benefits to the organization. This is especially true during tough economic times. The result—some charities hold virtual fund-raising dinners. On the Internet, the charity sends photos, elaborate menus, and makes a celebrity (or a charity) appear to participants, but still asks everyone to pay for “tickets.” Without the expense of a real dinner engagement, the charity gets to keep more of the money raised to carry out its good works.

5. Donors always have the option of making a direct donation to the charity instead of participating in a fund-raising dinner or similar event. Of course, the Alliance reminds donors not to be swayed by the popularity of a gala. Do not assume that popularity means the charity is well managed. Check out national charities with the BBB Wise Giving Alliance or consult local Better Business Bureaus if the charity has a local office in.

How to Read the List of National Charities

The following is an alphabetical listing of the charities that are the subjects of BBB Wise Giving Alliance evaluations. The list includes organizations that have requested to be evaluated as well as those that have received the highest volume of inquiries. The Alliance receives inquiries through the mail, phone, e-mail and referrals from local Better Business Bureaus.

Please note the following explanations about this list:

Name Inclusion: Inclusion on this list should not be interpreted as approval or disapproval of a charity. The information in this listing is intended solely to assist donors in exercising their own judgment.

Name Omission: Omission from this list should not be interpreted as meaning that a charity meets or does not meet standards. In general, it simply means that the Alliance has not developed a report because it has not received recent inquiries about a charity or a charity has not requested to be evaluated.

Latest Results: This list reflects the latest charity report results as of May 31, 2012. Charity reports are available until their expiration dates, generally two years after their completion. All reports are based on the BBB Wise Giving Alliance Standards for Charity Accountability.

Are you looking for a charity that’s not on our list? Ask us about specific national charities not currently included. Encourage national charities we don’t currently report about to contact us about enrolling online (there’s never a charge for evaluation). In either way, you can help expand the list.

Note to Readers about “See entry for...”

Charities sometimes use several names in their materials. In some cases the variation is only slight, such as using an acronym for the full name. In other cases, the names have no self-evident connection, as, for example, the official corporate name and a name used in fund raising. In still others, different individual names may denote different programs of the same organization. This list includes all names currently used by a charity, but the evaluation status of that charity appears only under the main entry. Yellow horizontal bars indicate an alternate name, and refer you to the evaluation listing.

Definitions for the List’s Column Headings

Met Standards — Charities with a check (✓) in the first column that appear next to their name met the Standards for Charity Accountability on pages 52-55.

Standards Not Met — Charities with number codes (1 or 2, for example) that appear in the Standards Not Met column did not meet the cited provision of the standards.

Unable to Verify — Charities with number codes (1 or 2, for example) that appear in the Unable to Verify column either did not provide all the requested information or the information provided was not sufficient to conclude that they met the cited standard.

Review in Progress — Charities with a “*” in the column marked Review in Progress are being routinely evaluated based on current materials provided by the organization to the Alliance.

“New Charity” Designation — Charities with the designation [“new charity”] after their names were recently established. As a result, some standards were not applicable in the current evaluation. For example, the charity’s first audit report may not yet be available.

See pages 46-48. — Charities listed with the notation “See pages 46-48” did not respond to the Alliance’s request for information or declined to be evaluated in relation to the Alliance’s Standards for Charity Accountability.