

3. FUNDRAISING AND DONATIONS



KNOW

There are four key areas of **law related to fundraising** for nonprofits to be aware of:



1. **Registration & Reporting:** In Washington, nonprofits that solicit members of the public for donations and raise at least \$50,000 annually or pay anyone to carry out the activities of the organization must (1) register as a Charitable Organization and (2) file yearly reports with the State.



2. **Written acknowledgement:** Certain donations require written acknowledgement for the donor to be able to take a deduction.



3. **Restricted gifts:** In some cases, donors may restrict how their gift can be used. An endowment is one kind of restricted gift.



4. **Fundraising activities:** A number of laws impact how an organization can raise money, from holding a raffle to serving alcohol.

KNOW MORE

1. Registration & Reporting

In Washington, nonprofits that solicit members of the public for donations and raise at least \$50,000 annually or pay anyone to carry out the activities of the organization must register as a Charitable Organization with the Secretary of State, and file yearly reports with the State. The report is due no later than the last business day of the 11th month after the end of the organization's accounting year. Registration is also required if the organization engages a commercial fundraiser. Churches are not required to register.



2. Written acknowledgement (substantiation)

Donations above a certain limit are only tax deductible if the donor has a written acknowledgement of the gift.



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- Single contribution of \$250 or more:
- Single contribution of \$75 or more where goods or services were received by the donor (unless the goods were incidental, such as a coffee mug)

There are also special rules around donations of certain types of property, such as vehicles, works of art, conservation easements and property valued at more than \$500.

Written Acknowledgement should include:

- Name of organization
- Amount of cash contribution
- Description (not value) of non-cash contribution
- Statement that no goods or services were provided, if that was the case
- Description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution

3. Restricted gifts

Contributions restricted by the donor must be used in accordance with any donor restrictions on that gift, whether the donor restricts a gift as to purpose or expenditure. Restricted gifts require additional tracking and accounting to ensure that they are stewarded appropriately and used for their intended purpose. One type of restricted gift is an endowment.



Nonprofits with income-producing assets of \$250,000 or more may need to register as a Charitable Trust with the Secretary of State.

4. Fundraising Activities

Many nonprofits hold events or conduct other fundraising activities in order to raise money. Some of those activities may be subject to other laws.



- Raffles:** May require a license. See WA State Gambling Commission.
- Gaming & gambling:** May require a license. See WA State Gambling Commission.
- Auctions:** May involve paying sales taxes on tangible property
- Alcohol:** requires a liquor license

KEY DOCUMENTS

- Quid Pro Quo Letter (that meets federal requirements)
- Thank You Letter (that meets federal requirements)

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ACTION

If Yes, Date sent or reviewed	No	Fundraising & Donations Checklist
REGISTRATION AS A CHARITY		
		If our Organization solicits charitable donations from the general public, it complies with Washington's Charitable Solicitations Act, including registration and annual reporting requirements.
GIFT ACKNOWLEDGEMENT		
		Our Organization acknowledges, in writing, gifts of \$250 or more.
IN-KIND		
		If our Organization provides any goods or services of more than a nominal value to a donor who makes a contribution in excess of \$75.00, our Organization provides a disclosure statement to the donor with a good faith estimate of the fair market value of any benefit that the donor received.
		If our Organization receives gifts of vehicles or other noncash gifts, it understands and follows the IRS regulations for substantiation of those gifts.