



Fundraising Do's and Don'ts

Many clubs ask questions regarding the things they should or should not do in relation to fundraising efforts. Unfortunately, some questions are asked AFTER certain actions have been taken, and it is too late to make the necessary changes to ensure proper procedures are followed. It is my hope that this article will give clubs the information to make correct decisions BEFORE any problems might arise.

Not every aspect of fundraising can be addressed in this article. I've only tried to shine the spotlight on some fundamental issues that seem to often arise for our clubs.

It is with thanks to Cynthia England, TFRW Treasurer from whom I have borrowed some ideas and incorporated them with my own for this article.

- 1. BEFORE deciding what your club wants to do with the funds raised, make sure your club members understand any limitations, reporting requirements, and restrictions that may exist and apply to your club and to these fundraising efforts.**
- 2. BEFORE your club embarks on any fundraising endeavor, ensure that whoever is making decisions as to venues, deposits, and any other monies expended has the express permission of the club first!**
- 3. Include the PAC treasurer on your fundraising committee. She can help guide the club as to proper reporting requirements and necessary information that must be obtained from any person or entity donating money or in-kind items for your fundraiser.**
- 4. Create good forms on which you can report the required information for PAC reporting, such as names, addresses, amounts, occupations, etc. This goes for incoming money and in-kind donations, as well as money spent for the fundraiser.**
- 5. Remember, you cannot accept cash UNLESS you obtain and report all required information to the Texas Ethics Commission (TEC). Otherwise, the cash MUST be donated to a 501(c) (3) charitable organization.**
- 6. Federal rules apply to donations to US Congressional candidates. Your club would have to follow Federal Ethics Commission (FEC) rules and regulations, in addition to TEC rules and regulations.**
- 7. Keep accurate, detailed records of each item purchased and each payment and donation made. After July 1, you must report the purpose of the expenditure according to**

new TEC rules. Refer to the TEC website (the address will be given at the end of this article) for details of these new reporting rules.

8. Remember, in-kind donations are treated just like other donations. Use the fair market value on the date the in-kind donation is made for the amount of the donation.

9. If you purchase an item for re-sale (or receive an in-kind donation for re-sale), you will have two transactions to report to the TEC. First, the purchase or receipt of an in-kind item must be reported. Secondly, the sale to the purchaser is also reported as a donation.

10. Sales taxes MUST be collected and remitted to the state comptroller for any items sold and for any money collected from silent auctions, etc.

11. Raffles are NOT permitted. Only charitable organizations may hold raffles, and our clubs do NOT fall under this category. Calling a raffle an “opportunity ticket” does NOT get around the fact that the undertaking is a raffle. Just do NOT hold them.

12. Your club may NOT accept ANY donations, whether cash, checks, or in-kind, from corporations.

13. Meals ARE also subject to sales taxes.

14. Advertisements in your club newsletters (as long as the advertiser is NOT a corporation) are NOT subject to sales taxes.

15. Be sure to include a disclaimer in any of your fundraising solicitations and other publications. The disclaimer should say something like, “Political advertising paid by Suzy Q. Republican Women PAC.” The disclaimer should also include something such as, “Contributions are not deductible for federal income tax purposes.”

I know that the above items seem to make fundraising a difficult chore. However, if your club follows these basic rules, you won't have too many problems with recordkeeping and reporting. Have fun with your fundraising!

Please do not hesitate to contact me AND/OR the TEC if you have any questions. The website for TEC is: www.ethics.state.tx.us. Their phone numbers are: 512-463-5800, or 1-800-325-8506 (Monday-Friday, 8 AM-5 PM). They are generally very helpful.

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