

NATIONAL HEADQUARTERS CIVIL AIR PATROL



CAP REGULATION 173-4

12 MAY 2008

Finance

FUND RAISING/DONATIONS

This regulation covers fund raising activities and donations to Civil Air Patrol (CAP) at the National, region, wing, and subordinate unit-level. Note: Shaded areas identify new or revised material. **Note: Shaded areas identify new or revised material.**

SUMMARY OF CHANGES. Clarifies restrictions on wear of uniform in fund raising activities and restrictions on sale of donated property.

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SECTION A – GENERAL INFORMATION

1. General. CAP needs for operating funds, equipment, supplies, facilities, member training and enrichment, etc. can be greatly assisted by an active fund raising program combined with attracting donations—both money and property (in-kind). The keys to these programs are CAP's federal tax exempt status and the public's awareness of CAP's public service as volunteers.

2. No Air Force Involvement. It is important that no suggestions or inference be made in any CAP fund-raising program that the Air Force is involved or would benefit. Therefore, wear of the Air Force-style CAP uniform in fund raising activities is limited to cadets. Advertising and promotional matter should clearly identify CAP as a distinct organization from the Air Force. (See also paragraph 15f.)

3. Wing Commander's Responsibility.

a. Wing commanders are responsible for maintaining control over all CAP fund raising activities organized within their wings. Subordinate units must obtain prior written approval from the wing commander or designee before initiating a fund raising project. Fund raising activities will be limited to solicitations within the respective wing.

b. Wing commanders are encouraged to appoint qualified individuals to the wing staff, such as a person who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer a fund raising program. When possible, the wing commander should appoint an individual with a general knowledge of fund raising techniques and applicable legislation within the wing that will govern fund raising activities. Another source to fill the position would be the government relations advisor for the wing if that individual has experience and knowledge in the fund raising field. Qualified people in this position can be the key to a successful wing fund raising program.

c. Wing commanders should utilize the services of the wing legal officer in reviewing proposed fund raising programs. The legal officer, as well as the individual responsible for fund raising activities should be thoroughly familiar with applicable legislation within the wing that governs fund raising activities within the state. If legislation requires registration with the state, it is the wing commander's responsibility to ensure that CAP is in compliance. In most states, this information can be secured from the state's Attorney General office. Prior to a wing submitting application for registration within the wing, the public affairs officer/government relations advisor should check with NHQ CAP/PA to ascertain if permission to raise funds within the wing have already been secured by National. In some cases the National registration will suffice for all CAP fund raising activities within the wing. Any state required reporting procedures for fund raising activities will be the responsibility of the wing commander.

4. Region Commander's Responsibility.

a. Region commanders are responsible for maintaining control over all CAP fund raising activities organized to solicit funds for the region. Fund raising activities will be limited to the respective wings within a region. If the fund raising activity is for the purpose of securing funds for the region and the wings within a region (revenue sharing), the region commander will be responsible for maintaining control over appropriate accounting procedures for distribution of funds.

b. Region commanders are encouraged to appoint qualified individuals to the region staff, such as a person who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer a fund raising program. When possible, the wing commander should appoint an individual with a general knowledge of fund raising techniques and applicable legislation within the wing that will govern fund raising activities. Another source to fill the position would be the government relations advisor for the wing if that individual has experience and knowledge in the fund raising field. Qualified people in this position can be the key to a successful region fund raising program.

c. Region commanders should utilize the services of the region legal officer in reviewing proposed fund raising programs. The legal officer, as well as the individual responsible for fund raising activities should be thoroughly familiar with applicable legislation within the wing that governs fund raising activities within each wing. If legislation requires registration within a state, it is the region commander's responsibility to ensure that CAP is in compliance. In most states, this information can be secured from the state's Attorney General office. Prior to a region submitting application for registration within a wing, the public affairs officer/government relations advisor should check with NHQ CAP/PA to ascertain if permission to raise funds within a particular wing has already been secured by National. In some cases the National registration will suffice for all CAP fund raising activities within a wing. Any state required reporting procedures for fund raising activities will be the responsibility of the wing commander.

5. National Fund Raising Activities. National fund raising programs may be developed and implemented at NHQ CAP by a corporate paid development officer or the Director of Development. These fund raising activities will be conducted in accordance with the ethical standards as set forth by the Direct Marketing Association (DMA) and the National Society of Fund Raising Executives (NSFRE.)

6. CAP Tax Exempt Status. An important part of soliciting donations or conducting fund raising activities is CAP's federal tax exempt status. The IRS has ruled that CAP and its subordinate units are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. This makes donations to CAP eligible for deductions from income by donors as "charitable contributions" to the extent allowed by law. Verification of CAP's tax exempt status may be found by referring to the IRS's annual edition of "publication 78" or by requesting a current letter or exemption from NHQ CAP/GC or NHQ CAP/PA.

SECTION B – DONATIONS – PROCEDURES

7. Donations of Property. Selected solicitation campaigns may be effective to obtain donations of property such as computers, aircraft, vehicles, radios, etc. For aircraft and vehicles, prior approval is required from NHQ CAP/EX. A Donation Receipt must be executed for all donations of \$250 or more where no goods or services are provided to the donor and all donations of \$75 or more where goods or services are provided to the donor. See Attachment 1, which may be reproduced locally. It is important that it is completely filled out and a copy retained in the corporate officer's file accepting the donation. In addition, the donor may request an IRS Form 8283. You may obtain an IRS Form 8283, Non-cash Charitable Contributions, and instructions at <http://www.irs.gov/formspubs/>. CAP officers who may accept property donations are:

- a. Wing commanders – for donations of property valued by donor up to \$5,000.

b. Region commanders – for donation of property valued by donor between \$5,000 and \$10,000.

c. Executive Director – for donations of property valued by donor in excess of \$10,000.

8. Donation or Bequest of Money. A Donation Receipt is completed when money is donated or bequeathed to CAP. A Donation Receipt must be executed for all donations of \$250 or more where no goods or services are provided to the donor and all donations of \$75 or more where goods or services are provided to the donor. See Attachment 1, which may be reproduced locally. It is important that it is completely filled out and a copy retained in the corporate officer's file accepting the donation. Funds received by donation or bequest must be accounted for as required by CAPR 173-1, Financial Procedures and Accounting Report for Units Below Wing Level, and CAPR 173-2, Financial Procedures for CAP Regions and Wings. Units below wing level receiving donations or bequests in excess of \$5,000 must notify their wing financial officer and NHQ CAP/FM within 30 days of receipt of the donation or bequest.

9. Disposition of Donated Property - Within 2 Years. Property donated to CAP valued at \$5,000 or more by the donor shall not be sold, exchanged or disposed of within two years of its receipt without written permission of NHQ CAP/EX. When permission is required, the unit commander may request permission by submitting a written request through the chain of command to NHQ CAP/EX with a copy of the Certificate of Donation and the donor's Taxpayer Identification Number (TIN) or Social Security Number (SSN).

10. Donation of Motor Vehicles, Aircraft, or Boats. To comply with the requirements of the American Jobs Creation Act of 2004, effective 1 Jan 05, in addition to the IRS form 8283 (if requested by the donor), the receiving unit must acknowledge the donation, either by paper copy to the donor or electronically, such as via an e-mail addressed to the donor. The acknowledgement must be sent no later than 30 days after the unit sells the motor vehicle, aircraft, or boat (if it intends to sell the motor vehicle, aircraft, or boat when it receives it) or 30 days from the date of the contribution. A copy of the acknowledgement will be sent or e-mailed to NHQ CAP/FMF and NHQ CAP/LG. The acknowledgement must state the name and taxpayer identification of the donor, the motor vehicle, aircraft, or boat identification number, and either

a. a statement certifying that the motor vehicle, airplane, or boat was sold in an arm's length transaction between unrelated parties, the gross proceeds received from the sale, and a statement that the donor may not deduct more than the gross proceeds from the sale; or

b. if the receiving unit intends to use the motor vehicle, airplane, or boat for CAP business, a statement certifying the intended use, the minimum duration of that use, and that CAP will not sell the motor vehicle, airplane, or boat before the completion of that use; or

c. if the receiving unit intends to make a material improvement to the motor vehicle, airplane, or boat, a statement certifying the intended material improvement and that CAP will not sell the motor vehicle, airplane, or boat before completion of the improvement.

NHQ FMF will issue a form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes to the donor not later than 31 January of the year following the year of donation, based on the information shown on the acknowledgement provided by the wing or region receiving the donation.

SECTION C – SUGGESTED FUND RAISING ACTIVITIES

11. The following are suggested activities for fund raising or donations:

a. Combined Federal Campaign (CFC). Each fall (Oct-Nov) local federal activities conduct one fund raising campaign among federal workers for all private charities. Civil Air Patrol is a federally tax exempt 501(c)(3) organization that meets CFC health, welfare, and human welfare service criteria. This means that federal employees may designate CAP or any unit as the recipient of an annual donation. Local CFC campaigns may publish a list of eligible organizations. If possible, units should attempt to be included. If not included, CAP is still eligible and CAP units may attempt to publicize its eligibility throughout local federal organizations. CAP units may send flyers or letters through federal organizations' distribution systems indicating 1) your eligibility, 2) your service to the community, and 3) a request for donations.

(1) Each federal employee receives a CFC contribution form that permits donations to a) organizations on the local CFC list or b) an organization not on the list. If CAP or a CAP unit is not on the local list, encourage all federal employees to write in CAP or the local unit.

(2) The CFC can be a valuable source of funds for local CAP units. Federal organizations that conduct CFC campaigns include all federal agencies, not only DoD agencies.

b. United Way Campaigns. These are conducted in many local areas and are very similar to the CFC campaign except they are nonfederal in nature. CAP units may be eligible to receive donations from United Way Campaigns in their local area depending on local rules and activities of the CAP in that area. Check with your local United Way office.

c. Foundations/Corporation Grants. Commanders should utilize the services of an experienced public affairs officer or government relations advisor or other member with the expertise to conduct solicitation campaigns for grants or donations from corporations and foundations in their respective geographical area. Grant requests should be based on specific needs, that is, search and rescue equipment, cadet program operations, scholarships for cadets, etc., and specific trips for cadets to National and region activities. Most corporations and foundations require a written application and may require some monitoring of funds to ensure they are properly used. Care should be taken to preclude duplication of solicitation of grants from the same organization. Grants and donations from corporations and foundations can provide significant amounts of money if pursued correctly and with persistence. Furthermore, an effective grant program can be made into a recurring source of funds from the same corporations and foundations. The most important factors in an effective grant program is 1) CAP's federal tax exempt status, 2) the effective "selling" of CAP's missions and needs, and 3) assuring and providing potential grant organizations publicity and recognition of their generosity.

12. Percentage Professional Fund Raising.

a. Another apparent source of funds for units is from "promoters" who come into an area and ask the local CAP unit to "sponsor" a fund raising activity with tickets to be sold to the public for a carnival or show of some type. The promoter will offer to sell the tickets or ask CAP to help, and the promoter will provide the carnival or entertainment. For this the promoter requests the CAP units to sign a contract agreeing that the promoter gets a percent of the proceeds. Usually the percentage is between 60 and 80 percent – after expenses.

b. Due to various problems with these programs in the past, no CAP unit will be authorized to enter into a contract with these types of percentage professional fund- raisers. However, there are other types of fund raising activities allowing the unit to retain a percentage of the selling price of a product that may be approved. These types of fund raising activities will require the approval of NHQ CAP/GC and NHQ CAP/PA. Requests should be submitted through the respective wing or region commander, which ever applies.

13. Suggested Local Unit Fund Raising Activities. *Units should make sure that fund raising activities do not violate local laws or ordinances.* In many areas, permits or licenses are required for certain activities. It is the unit commander's responsibility to make sure these are obtained where applicable. These are a few of the many ideas for local units fund raising:

- a. Raffles or ticket sales for drawings of merchandise if permitted by local law.
- b. Operation of concession booths at air shows, state fairs, or other type of activities. These booths can sell hot dogs, soft drinks, cookies, etc. (See prohibited activities in Paragraph 14 below for air show prohibition.)
- c. Car or aircraft washes.
- d. Rummage sales and bake sales.
- e. Collecting and selling recyclable items such as paper, bottles, cans, etc.
- f. Sale of advertising space in CAP unit newspapers, also sale of bumper stickers.
- g. Sale of Christmas items such as trees and Christmas cards.

14. Prohibited Fund Raising Activities. The following activities are prohibited:

- a. Sponsoring or Flying in Air Shows. No CAP unit will sponsor or co-sponsor any air show or participate in any flying activities in any air show. This is important as such activities would jeopardize CAP's aviation liability insurance.
- b. Penny a Pound Airplane Rides. No CAP unit may in any way conduct flights carrying a passenger for a charge, and this is specifically prohibited by CAP's aviation liability insurance.
- c. Dropping Objects from Aircraft or Spot Landing Contests.
- d. Percentage Professional Fund Raising. These programs are prohibited as outlined in Paragraph 12b above.
- e. Personal Pecuniary Gain. No CAP member will engage in fund raising activities which results in a pecuniary benefit to that member. This does not prohibit CAP members being reimbursed for legitimate expenses incurred in fund raising activities.
- f. Sale of Alcoholic Beverages. No CAP member will engage in the sale of alcoholic beverages.
- g. Gambling (or gaming). No CAP unit or member will engage in gambling (the act of risking or giving something of value for the opportunity to obtain a benefit from a game or contest of chance or skill or a future contingent event) as a fund raising activity, including, but not limited to bingo and pull-tab operations in which money or something of value is risked in order to participate. (Raffles or ticket sales for drawings of merchandise are authorized in accordance with paragraph 15a.)

15. Booster Clubs. "Booster clubs" are those organizations created to support local CAP units or the CAP activities of the units and/or members:

a. Parents, community leaders, and CAP members may create booster clubs to support local units. Such booster clubs must exist as entities wholly separate and apart from any CAP control and bear sole responsibility for compliance with local, state, and federal laws.

b. CAP corporate officers, commanders, and executives (managerial employees) are prohibited from participating in the creation, organization, or control (serving in positions of authority) in these organizations. Serving in an advisory capacity, to report on the status, needs, and wants of a unit and its members, is acceptable. (Not applicable to booster clubs formed before 4 December 2006.)

c. Booster clubs may not utilize the names "Civil Air Patrol" or "United States Air Force Auxiliary," or any abbreviation thereof as part of their names or identification. (Not applicable to booster clubs formed before 4 December 2006.)

d. Subject to the approval of the unit commander, booster clubs may use the name of the unit as part of their names or identification. For example, "Friends of Wright Brothers Composite Squadron 123" would be acceptable. (Not applicable to booster clubs formed before 4 December 2006.)

e. Serving concurrently in positions of control in CAP (CAP corporate officers, commanders, and executives [managerial employees]) and a "booster club" is prohibited. Those presently serving concurrent positions of control in such organizations must cease doing so no later than 30 September 2007.

f. Wear of the Civil Air Patrol uniform and similar clothing while performing fund raising for Booster Club is prohibited. Garments (e.g. squadron t-shirts) identifying the squadron and not referring to Civil Air Patrol are acceptable.

Attachment 1 – Donation Receipt

DONATION RECEIPT

Region or Wing Letterhead

Date _____

To: _____

Thank you for your charitable contribution of _____ to Civil Air Patrol. Civil Air Patrol, whose taxpayer identification number is 75-6037853, is a nonprofit organization under section 501(c)(3) of the Internal Revenue Code and contributions to Civil Air Patrol may be deductible under section 170 of the Internal Revenue Code. Your contribution will help us carry out our important emergency services and civil support, aerospace education, and cadet programs.

Donations to Civil Air Patrol may be deductible only to the extent that the contributions exceed the value of goods or services provided by Civil Air Patrol. Civil Air Patrol has provided goods or services having a fair market value of, or in the amount of \$_____. (If none, so state.)

If the contribution is a motor vehicle, aircraft, or boat:

Donor's Taxpayer Identification Number: _____

Motor vehicle, aircraft or boat identification number: _____

Check and complete one of the following paragraphs:

The motor vehicle, airplane, or boat was sold in an arm's length transaction between unrelated parties. The gross proceeds received from the sale were \$_____, which is the maximum amount that you may deduct.

Civil Air Patrol intends to use the motor vehicle, airplane, or boat for Civil Air Patrol business for at least two years. Civil Air Patrol will not sell the motor vehicle, airplane, or boat before the completion of that use.

Civil Air Patrol intends to make a material improvement to the motor vehicle, airplane, or boat. The intended material improvement is _____. Civil Air Patrol will not sell the motor vehicle, airplane or boat before completion of the improvement.

We greatly appreciate your generosity.

_____, Col, CAP
Region or Wing Commander