

## Donating to Public Safety Fundraisers

**A**s a businessperson, you may want to contribute to law enforcement or public safety groups in your community, or buy advertising in publications that seem to be sponsored by nonprofit organizations. The Federal Trade Commission (FTC), the nation's consumer protection agency, advises that when you give back to the community that supports your business by responding to a fundraising appeal, apply the same thought processes that make your business successful.

### SUPPORT THROUGH ADVERTISING

You may be solicited to buy advertising in publications that look like they're sponsored by nonprofit groups, like police or firefighter associations, veterans organizations, or child abuse prevention programs. The publication might be a journal, magazine, calendar, yearbook, or even a souvenir program for distribution at a circus, variety show, or dance. But while the words "police" or "firefighter," for example, may appear in the title, the publication may not have an official connection with a genuine public safety organization. It may not even be distributed locally, or if it is, it might be in the form of big stacks of copies simply left outside local retail stores or entertainment venues.

### QUESTIONS TO ASK

If you're considering supporting a local charity by buying ad space from a nonprofit group, ask:

- How many copies of the publication will be printed?
- How often will it be published, and when?
- Is there a charge for the publication?
- Who is the intended audience: police and fire departments, libraries, schools, paid subscribers?

## Facts for Business

- Where will the publication be distributed: locally, regionally, nationally? Have arrangements been made for dissemination?
- Can I see a copy of a previous edition?
- How much money has the publisher given to the charity in the past?
- What percentage of the proceeds goes to the charity's programs rather than administration?

If you decide to buy an ad, ask to review the draft before publication. In addition, ask to receive a free copy when it's published. Don't expect a big portion of your payment to support a charitable program; the costs associated with soliciting ads and printing a publication often take most of your payment.

### PHONY INVOICES

Some unscrupulous individuals and organizations operate on the assumption that purchasing policies in many businesses are informal at best. As a result, they may send invoices and expect you to pay them without a second thought. Be alert for invoices claiming you've purchased ad space, or unsolicited C.O.D. (cash on delivery) packages. It's illegal to mail a bill, invoice or "statement of account due" that's actually a solicitation for a donation. If the notice is a solicitation, then a disclaimer, required by the U.S. Postal Service, should be visible. It states:

**THIS IS NOT A BILL. THIS IS A SOLICITATION. YOU ARE UNDER NO OBLIGATION TO PAY THE AMOUNT STATED ABOVE UNLESS YOU ACCEPT THIS OFFER.**

If you receive a solicitation that looks like an invoice but lacks this disclaimer, contact your Postmaster or local Postal Inspector.

### PUBLIC SAFETY SOLICITATIONS

Most police and fire departments are funded by your tax dollars. However, they may ask you to

contribute to their professional associations or labor unions at local, state, or national levels. These groups typically use paid fundraisers to solicit donations. Be cautious: simply having the words "police" or "firefighter" in an organization's name doesn't mean police or firefighters are members of the group — or benefit from it. Call your local police or fire department to verify any fundraiser's claims.

Asking questions is the best way to make sure your contribution supports activities that are important to you. If you're interested in making a donation, ask how the group will use your money and what percentage will go to the local organization. Ask how your contribution will be allocated. Some fundraisers may be soliciting funds for organizations that redistribute money to other organizations. If that's the case, a smaller portion of your donation may go to the organization in need. That's because your contribution may pay for twice as much in fundraising and management costs when it goes through one group to get to another.

Check to see if the fundraiser, or the charity it represents, must be registered in your state by contacting the office that regulates charitable organizations and charitable solicitations. If so, check to make sure the company you're dealing with is registered. For a list of state offices, visit the National Association of State Charity Officials at [www.nasconet.org/agencies](http://www.nasconet.org/agencies). Your state office can verify how much of your donation goes to the charity, and how much goes to fundraising and management expenses. You also can check out charities with the Better Business Bureau's (BBB) Wise Giving Alliance ([www.bbb.org/charity](http://www.bbb.org/charity)) and GuideStar ([www.guidestar.org](http://www.guidestar.org)).

Be wary if a fundraiser suggests you'll receive special treatment for donating. For example, no legitimate fundraiser would guarantee that you won't be stopped for speeding if you have a police organization's decal in your car window. Don't feel intimidated about declining to give. A caller

who claims to be an officer or uses intimidation tactics is likely to be a scam artist. Report the call to your local law enforcement officials.

And keep in mind that donations to some police or firefighter groups may not be tax deductible. Many types of organizations are “tax exempt,” including fraternal organizations, labor unions, and trade associations, but that doesn’t mean that donations to them are “tax deductible.” Tax exempt means the organization doesn’t have to pay taxes. Tax deductible means you can deduct your contribution on your federal income tax return.

## SPECIAL EVENTS

Sometimes, police or firefighter groups hire professional fundraisers that produce traveling circuses or variety shows as special fundraising events. The fundraiser usually sells tickets for the show on the phone or in person. In many cases, the solicitor says that if you’re not interested in attending the show, your tickets can be given to handicapped or underprivileged children. If that’s the claim, ask how many children will benefit and how they’re selected; how many tickets have to be sold and how they will be distributed; and whether transportation for the children is included. In some communities, the number of children “eligible” to receive free tickets is limited and transportation may not be provided.

In addition, depending on the terms of the agreement between the public safety group and the promoter, the group may receive only a small portion of the total funds raised once the promoter recoups the costs associated with producing the event and its fees.

If you decide to buy tickets, write a check payable to the nonprofit organization, not the person collecting the money or the company running the event. If you get unsolicited tickets in the mail, you have no obligation to pay for them or return them to the promoter.

## VENDING MACHINE AND DONATION CANISTERS

Businesses often are asked to donate retail space to owners of vending machines or donation canisters, with a portion of the proceeds going to charity. Iron out the terms of the agreement before you donate any space. Three arrangements are common:

1. Employees or volunteers of a nonprofit or charitable organization own and service the collection device. Net profits go to the organization.
2. A private vending machine operator owns and services the device. The operator contracts with a nonprofit organization to use its name and remits a portion of the funds collected to the organization. Review a copy of the contract or letter of agreement between the machine operator and the nonprofit before you allow a device to be placed at your business.
3. A commercial operator has a contract to use an organization’s name, but doesn’t remit any proceeds from the device. Instead, the beneficiary organization receives a one-time or periodic “royalty,” and sometimes has the opportunity to place a service message on the device. In this situation, the operators may not be required to register as commercial fundraisers if the device displays a prominent statement like “all proceeds go to the owner of this device,” and the owner is identified as someone other than the charity. It depends on state law. Some states require commercial operators to register with the state Attorney General or Secretary of State and prominently display the percentage of monies collected that go to the nonprofit group on the device.

# Facts for Business

## DONATION DO'S

Take the following precautions to help ensure that your donation dollars benefit the organizations and people you want to help.

- **Get written information**, including the name of the organization, its mission, plans for achieving its objectives, and how much of every dollar collected is used for charitable purposes.
- **Call the beneficiary organization**. Find out whether it's aware of the solicitation and have authorized the use of its name. If the answer is no, you may be dealing with a scam artist.
- **Find out how your donation will be distributed**. How much will go to the program you want to support, and how much will cover the charity's fundraising and management expenses?
- **Refuse high pressure appeals**. Legitimate fundraisers don't push you to give on the spot. They take the time to explain the purpose of their solicitation and the goals of the beneficiaries.
- **Research claims of local support**. If a charity tells you that your donation will support a local organization, call the organization to verify the claim.
- **Consider the costs**. When you buy merchandise or tickets for special events, or when you receive "free" goods in exchange for a donation, remember that these items have costs and that a portion of your contribution is being used to pay for them. That leaves less for the beneficiary.
- **Avoid cash gifts**. Cash can be lost or stolen. For security and tax record purposes, it's best to pay by check. Make it payable to the beneficiary, not the solicitor. Avoid solicitors who want to send a courier or use an overnight delivery service to pick up your donation. If you're thinking about giving online, look for indicators that the site is secure, like a lock icon on the browser's status bar or a URL that begins "https:" (the "s" stands for "secure").

## FOR MORE INFORMATION AND COMPLAINTS

To learn more about making your donations count, visit [www.ftc.gov/charityfraud](http://www.ftc.gov/charityfraud).

If you believe an organization may not be operating for charitable purposes or is making misleading solicitations, contact your state Attorney General ([www.naag.org](http://www.naag.org)) or your local consumer protection agency ([www.consumeraction.gov](http://www.consumeraction.gov)). You can get the phone numbers for these organizations in your phone book, through directory assistance, or through Web directories.

You also may file a complaint with the Federal Trade Commission. The FTC works for the consumer to prevent fraudulent, deceptive, and unfair practices in the marketplace and to provide information to businesses to help them comply with the law. To file a complaint or to get free information on consumer issues, visit [ftc.gov](http://ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

## YOUR OPPORTUNITY TO COMMENT

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to [www.sba.gov/ombudsman](http://www.sba.gov/ombudsman).

**Federal Trade Commission**  
Bureau of Consumer Protection  
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