

Fundraising — FAQs

BoardSource has been answering governance-related questions posed by nonprofit leaders for more than 30 years. Here are our answers to some of the most frequently asked questions about fundraising issues.

What are tax-deductible donations? —

- Tax-deductible donations are contributions to charitable causes and are not taxed because they improve the general public good and do not benefit the taxpayer personally.
- Gifts that are given to a qualified nonprofit organization, for which the donor receives no premiums in return, are considered tax-deductible. If the donor receives something in return for the donation, the difference between the amount of the donation and the value of the item received in return is deductible.
- All charitable 501(c)(3) organizations (churches, hospitals, universities, arts institutions, and so on) can receive tax-deductible donations. Contributions to 501(c)(4) organizations (civic leagues and many social welfare organizations),

with the exception of veterans organizations, and 501(c)(6) organizations (trade associations and business leagues) generally are not tax-deductible, but can sometimes be considered a business expense.

What funding resources are available for our organization? —

Take advantage of all the helpful references at the [Foundation Center](#) site. Among other things, you will find directories of foundations by mission area, free tutorials on grant writing, and numerous sample documents relating to funding and fundraising.

Your community foundation may be a good place to contact. Community foundations generally serve local organizations through funding and special programs. To find your community foundation, use the [locator on the Council on Foundations](#) Web site or search [GuideStar](#).

Your local United Way chapter may be a resource as well. Equally, numerous local businesses are interested in building the community and providing resources. Many major companies have their own foundations dedicated to assist nonprofits or specific causes.

What are restricted grants? —

Restricted grants refer to contributions and donations that arrive with strings attached.

These restrictions can determine for what purpose the money can be spent, when it can be used, or whether matching grants are required to make the funds available.

What is one of the most common misperceptions about fundraising?

One of the most common misperceptions about fundraising is that it is begging. It is not.

No organization is able to function without money. Raising funds is one of the most important activities a board member can engage in to show their own enthusiasm about the organization and its programs. Giving money to a cause is equally important. However, most people do not give unless someone asks them to give.

What do funders want to know about our board?

More and more funders pay special attention to the governance of the organizations they consider funding. In the eyes of funders a good board adds value to the organization by improving its ability to advance its mission and honor its purpose while ensuring accountability, setting strategy, demonstrating leadership, and ensuring proper oversight. In addition to providing a list of your board members, you might do the following:

- Embrace **purpose-driven board leadership**.
- Emphasize the diversity and inclusiveness of your board.
- Indicate that your board has a good sense of the mission and collective purpose of the organization.
- Show how board members are personally involved in promoting your organization.
- Demonstrate that the board has chosen a strong chief executive to manage your organization.
- Show how the board and the chief executive form a solid partnership.

- Point out that your board financially supports the organization (e.g., 100 percent of the board's members contribute).

Should all board members be required to make an annual contribution? —

Most board members understand how important personal contributions can be to carrying out their fundraising responsibilities. It is difficult to ask for a gift if you yourself have not contributed. Usually, board members have differing giving abilities, so a standard gift for all board members is not necessarily appropriate. One option is to ask all board members to make a **personally significant financial contribution**.

What is a case for support? —

A case for support, sometimes called a case statement, is a document that provides the rationale and justification of a fundraising effort. It can make a case for a specific program or project, or it can advocate for general operating support. It focuses on a dilemma that needs to be fixed and explains the organization's proposed resolution.

A well-structured case for support is the key document to any grant proposal or capital campaign and is a helpful tool for board members when they talk with potential donors.

What is a Donor Bill of Rights? —

A [Donor Bill of Rights](#) helps leaders understand donor expectations while bolstering donor confidence. It also outlines the donor’s right to receive proper recognition, gain access to the organization’s financial statements, obtain information on how funds are being distributed, and stay anonymous if desired.

A full text is available on the [Association of Fundraising Professionals](#) website.

Other Popular Topics to Consider:

- Board Dynamics and
Processes FAQs
- Board Responsibilities and
Structures FAQs
- Financial Issues FAQs
- Legal and Compliance
Issues FAQs
- Board Meetings FAQs
- Starting a Nonprofit

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Resources: [Charitable Contributions](#) (IRS Publication), [Ten Basic Responsibilities of Nonprofit Boards](#), [Fundraising Responsibilities of Nonprofit Boards](#), [Fearless Fundraising for Nonprofit Boards](#)