



NATIONAL HEADQUARTERS CIVIL AIR PATROL

CAP REGULATION 173-4

16 DECEMBER 2014

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.

SUMMARY OF CHANGES. Changes in reporting agent and centralizes all fund raising activity with the Director of Development (NHQ/COD) for gift acceptance and acknowledgement. Implements the use of CAP Form (CAPF) 164, *Donation Receipt*. Provides guidance on bequests and legacy gifts and how they are to be recorded and administered. Provides updated guidance on suggested fund raising activities and updated guidance on booster clubs. **Note: Shaded areas identify new or revised material.**

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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 Director of Development (NHQ/COD) 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/COD 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 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 Association of Fund Raising Professionals

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/COD.

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 the Chief Operating Officer (NHQ/CO). CAPF 164, *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. It is important that it is completely filled out and a copy retained in the Commander'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. Chief Operating Officer – for donations of property valued by donor in excess of \$10,000.

8. Donation or Bequest of Money. A CAPF 164, *Donation Receipt*, is completed when money is donated or bequeathed to CAP. A CAPF 164 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. It is important that it is completely filled out and a copy retained in the Commander'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*. Units below wing level receiving donations or bequests in excess of \$5,000 must notify their wing financial officer, the Chief Financial Officer (NHQ/FM) and the Director of Development (NHQ/COD) within 30 days of receipt of the donation or bequest. Bequests are a special type of gift to the organization. The organization receiving the bequest should notify, through the chain of command, NHQ/COD when a bequest is received or the intent to leave a bequest is received to ensure proper documentation is provided to the executor.

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/CO. When permission is required, the unit commander may request permission by submitting a written request through the chain of command to NHQ/CO 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 Chief, Financial Accounting (NHQ/FMF), General Counsel (NHQ/GC), Director, Logistics (NHQ/LG) and the Director of Development (COD). 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. Appropriate documentation is available to all CAP units upon written request to the NHQ, Director of Development.

(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. Please contact the NHQ Development Office for necessary documentation for application.

c. Foundations/Corporation Grants. Commanders should utilize the services of the CAP Development office for assistance. 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. The use of fund raising promoters who charge a percentage of the proceeds is prohibited.

b. Civil Air Patrol units are prohibited from entering into contracts with these types of fund raising programs. 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/GC and NHQ/COD. 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, when created are for the sole support of the local CAP Squadron.

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 commanders at all levels, 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 name "Civil Air Patrol" or any abbreviation thereof as part of their names or identification. (Not applicable to booster clubs formed before 4 December 2006.) No booster club may use "United States Air Force Auxiliary in its name or identification. Booster clubs may in no way be affiliated with CAP and under no circumstances utilize or imply affiliation with CAP's EIN.

d. Subject to the approval of the wing 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 commanders at all levels, and executives [managerial employees]) and a "booster club." is prohibited. Members of CAP squadrons are prohibited from holding any office in a booster club that provides any type of financial assistance to the Squadron.

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. Garments (e.g., squadron t-shirts or other forms of clothing identifying the squadron) are not to be worn in conjunction with any activity with the booster club.

g. Unit funds must not be transferred to a booster club, either as a donation or to pay for any booster club expenses.

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Commander