

Humboldt State University Advancement Fundraising Event Guidelines

Raffles, Contests, Auctions and Sales

Fundraising events are those activities where the objective is to produce a net financial return for the benefit of a program of Humboldt State University. Payments made by participants for fundraising events are not eligible for an income tax charitable deduction and are recognized as fundraising revenue instead of a charitable contribution.

Fundraising events are governed by Federal and State laws and regulations and must be carefully planned, supervised, and operated in order to comply with these requirements. The Humboldt State University Foundation maintains the necessary registrations for fundraising events at Humboldt State University and is responsible for reporting raffles and contests to the California Department of Justice and coordinating auctions and sales reporting to the State Board of Equalization.

Plans for fundraising events must be reviewed and approved by University Advancement and Business Services prior to the commencement of promotion for the event. The following are guidelines for each type of fundraising event:

Raffles

The State of California authorizes raffles to be conducted for charitable purposes by certain eligible organizations. The Humboldt State University Foundation is the only organization authorized to conduct raffles at Humboldt State University. Operators of raffles on campus must register with the Humboldt State University Foundation prior to commencement of promotion for the raffle.

1. The elements of a raffle are:
 - One or more prizes will be distributed
 - Prize winners are selected by chance
 - A person who has paid money receives a paper ticket with a detachable coupon or stub, both of which have a unique identifier
 - The winner is determined by a draw from among the detached coupons or stubs
2. At least 90% of the gross receipts from the sale of raffle tickets for a single draw must be used by the organization conducting the raffle for charitable purposes within the State of California.

3. Any raffle prize which is a contributed item must be received and receipted by the Humboldt State University Foundation as an irrevocable charitable contribution prior to the commencement of promotion for the raffle using a Gift-in-Kind reporting form which establishes the Foundation as the owner of the item and sets forth the value of the item and the basis for determination of that value.
4. Raffle tickets may not be offered or sold over the Internet, although the organization's website may announce the raffle.
5. Promptly following the conclusion of the raffle, the operator of the raffle must report to the Humboldt State University Foundation with following information:
 - The aggregate gross receipts from the operation of the raffle
 - The aggregate direct costs incurred in the operation of the raffle
 - The charitable purposes for which proceeds of the raffle were used

Contests

A contest is any game, puzzle, scheme, or plan in which participants pay for an opportunity to receive or compete for gifts or prizes on the basis of skill or skill and chance. In order to avoid being classified as gambling, which is prohibited by State law, contests must be carefully conducted in accordance with the California Business and Professions Code. The key requirements are:

- 1) The opportunity to win must require some element of personal skill in addition to chance. One individual may not win based upon another individual's performance or skill. (Note: Contests requiring no personal skill to win must be conducted as raffles.)
- 2) No prizes can be awarded unless there has been a real contest in which at least a majority of the participants have failed to win.
- 3) All prizes of the value and type represented before the contest must be awarded and distributed as a result of the contest. The opportunity to win a prize cannot be conditioned on a minimum number of entries or contest participants.
- 4) Any contest prize which is a contributed item must be received and receipted by the Humboldt State University Foundation as an irrevocable charitable contribution prior to the commencement of promotion for the contest using a Gift-in-Kind reporting form which establishes the Foundation as the owner of the item and sets forth the value of the item and the basis for determination of that value.
- 5) Contest and promotional materials must clearly and conspicuously disclose the following:
 - All the rules, regulations, terms and conditions of the contest.
 - The total number of contestants anticipated and the percentage of contestants correctly solving each puzzle (based on prior experience) must be disclosed with the

- first solicitation and whenever payment of money is required to become or remain a participant.
- The exact nature and approximate value of the prizes must be disclosed clearly and conspicuously whenever prizes are offered.
 - The method of determining prize-winners if a tie remains after completion of the last tie-breaker. Whether future contests or tie-breakers, if any, will be significantly more difficult than the initial contest.
- 6) There must be no representation that anyone has won any prize or item of value without an accompanying disclosure of the exact nature and approximate value of the prize.

Auctions and Sales

Auctions and sales are subject to California State Sales tax and must be registered with the Humboldt State University Foundation prior to commencement of promotion for the event. The key elements of auctions and sales are the full and accurate reporting of sales and the payment of sales tax, proper documentation of ownership and transfer to the buyer, and accounting for those occasions when a purchaser voluntarily pays more than the value of the item thus making a partial charitable contribution.

1. Any item offered for sale must be received and receipted by the Humboldt State University Foundation as an irrevocable charitable contribution prior to commencement of the auction or sale using a Gift-in-Kind reporting form which establishes the Foundation as the owner of the item and sets forth the value of the item and the basis for determination of that value.
2. Items not owned by the Humboldt State University Foundation may not be offered for sale. Specifically, items which may be property of Humboldt State University may not be sold in fundraising events.
3. Any catalog, table cards, or other materials that set forth a suggested price for an item must also indicate the estimated value of the item.
4. If a participant voluntarily pays more than the posted value of the item, a split payment will be recorded with the estimated value of the item recorded as non-charitable revenue and the excess recorded as a charitable contribution.
5. Under no circumstances should purchases at a sale or auction be described as an exchange or a reward for making a charitable contribution. Such characterization would jeopardize the donor's income tax deduction.
6. Immediately following the end of the auction or sale the operator must provide to the Office of University Advancement an accounting of the items sold, the sales price, and an inventory of any items left unsold.

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