
ASK THE EXPERTS

5. Motivation of board members is the most critical and the most difficult task of all.

The author of this booklet, Fisher Howe, agrees with Fletcher that nonprofit boards should devote much attention to the selection process so that their board members will be people committed to fundraising. For this reason, many effective boards hold that the nominating committee—the group that selects new

members and officers—is the most important of its committees, and ensures that it is chaired by a strong, prestigious member.

Obviously, if your current board has never been asked to do any fundraising, you will not achieve results overnight. Patience will be essential. You will need to lead board members slowly along the path, encourage them to take small steps first, and move them on to greater and

greater involvement. Let members start by doing what they like most and are good at—evaluating prospects, drafting letters, organizing lists, hosting cultivation events. Thus nurtured and led, most board members will come to accept their responsibility for and overcome their resistance to fundraising activities. Indeed, many will find that they enjoy the challenge of raising funds to support *their* organization.

May We Say Donations Are Deductible?

What happens if an organization begins fundraising before it receives official IRS recognition?

Q: Can an organization that is in the process of incorporating and applying for 501(c)(3) status put a statement on its fundraising materials which says that contributions to the organization are deductible?

*Marianne Roberts, President
Animal Rights Resource Group
Charlottesville, Virginia*

A: Yes, but doing so is risky, according to David Jones of the IRS.

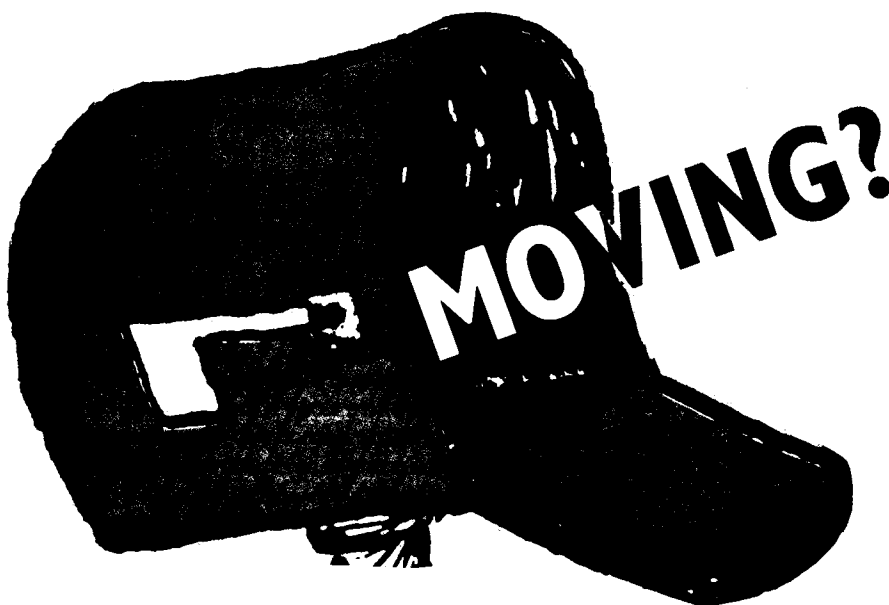
Until an organization is recognized by the IRS as a 501(c)(3) organization, do-

nors cannot be sure that their contributions will be treated as deductible. The IRS's official letter of recognition is "the IRS's commitment to donors that their donations will be tax-deductible," Jones says.

Often, an organization will begin fundraising before it has received its official IRS letter. Once the letter comes, donations received in that interim period will be treated as deductible. If the IRS does not approve the organization's application, however, those interim donations will not be deductible.

Thus, Jones says, stating on fundraising materials that donations are deductible may be misleading if the organization has not received its official notice of tax-exempt status from the IRS. Jones recommends inserting a comment in the fundraising materials that the Service has not yet approved the organization's application for tax-exempt status and that there is "no advanced assurance of deductibility."

If you have any further questions, you may call David Jones on the IRS Hotline on Fundraising Issues, 202-343-8900.



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