

Is a Raffle a Good Bet?

Can you raffle off some of your office equipment to raise funds?



Q Our Senior Friendship Club, a 501(c)(3) organization, is moving to other quarters. We will no longer need some of the equipment. Can we raffle this equipment and give proceeds back to our organization?

A I always get a little nervous when nonprofits talk about raffles, because they're often technically illegal. Although gambling laws are among the least enforced laws in the country, someone out to get you can make an issue of it and there isn't much of a defense.

Some jurisdictions allow certain types of raffles, but they may require a special license or other registration. You won't lose your exempt status because of an occasional small raffle, legal or illegal, but you could get into other trouble if you don't follow the raffle rules.

In addition, the IRS doesn't allow a donor to claim a charitable deduction for the cost of the raffle ticket. That's because the IRS deems the ticket price equal to the value of the chance to win.

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As an alternative, you might consider auctioning the equipment. Since used equipment probably doesn't have a very high fair market value, if people bid more than a reasonable low estimate of value, they can claim a deduction for the amount paid over the estimate. In any case, the organization can keep the proceeds of the auction without concerns about taxes or criminal prosecution.

*Don Kramer
nonprofitissues.com*

For a detailed account of the ramifications of holding raffles, see “Should You Hold a Raffle?” (NonprofitWorld.org, Vol. 13, No. 1).

What's the Right Length for a Direct-Mail Letter?

How long a letter should you send to potential donors?

Q Is there any research I can get my hands on regarding the length of direct-mail letters, and what works best?

A My rule of thumb is to make your letters as long as they need to be to make the case for giving.

In donor acquisition efforts, it's rare that you can accomplish that in one page or less. Four-page acquisition letters are common, because we reason that we must make every argument and respond to every objection we can imagine. Membership or donor renewal letters are usually much shorter, often just one page. Special appeals might be anywhere in between. My experience confirms that this rule of thumb is wise.

You ask for “research” that supports this (or any other) set of assumptions about the length of fundraising appeals. The only such research that I would respect is the research we do when we test. And that sort of research applies only to an individual organization at a given point in time. However, having tested these questions many times over the years, I'm comfortable advancing the rule of thumb I've cited.

If you want “proof,” I can't give it to you. All you can do is test it for yourself!

*Mal Warwick, Chairman
Mal Warwick & Associates
malwarwick.com*

