



Fundraising Law

An expert does the sifting for you.

BY TERRENCE FERNSLER

The First Legal Answer Book for Fund-Raisers

By Bruce R. Hopkins. 287 pages. Hardcover. New York: John Wiley & Sons.

Where do most fundraisers get into trouble? Too often they stretch the legal limits, because they don't know what those limits are. And they don't have the time or expertise to sift through legal statutes.

Luckily, Bruce Hopkins, probably the foremost legal expert on nonprofits, does the sifting for us. In his latest book, he gives us the legal parameters of fundraising—the fundamentals that every fundraiser should know.

Hopkins begins with legal definitions of commonplace terms—professional fundraiser, professional solicitor, charitable, tax-exempt, gift and charitable gift, and various types of organizations. Knowing how these terms are defined under the law helps you understand what you can and can't do.

While his advice is useful for new organizations just applying for tax-exempt status, it is equally helpful for seasoned fundraisers. Hopkins brings clarity to tax exemption, planned giving, and the unrelated business

tax. He investigates the tax deductibility of various gifts and explains which fundraising activities are unrelated business activities under the law.

How many development officers are even aware there are laws affecting the compensation of fundraisers? Hopkins explains the impact these laws have on the level and type of pay.

Although state laws vary, there are some commonalities. Most states, for example, regulate charitable solicitation and make a distinction between staff fundraisers and contracted fundraisers. Hopkins discusses the commonalities and explains when you should investigate state and local laws further.

The book does read like it's written by a lawyer, yet it is understandable. The question and answer format is extremely useful, and Hopkins provides plenty of citations, indicating thorough research. His legal answers can make fundraising more effective by avoiding time-consuming and costly mistakes. ■

Don't get into trouble by stretching the legal limits.

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