

## Working with professional fundraisers

If your organization is considering working with a professional fundraiser, you have an obligation and a responsibility to the public to account for all funds collected and to ensure the fundraising is conducted in an honest, straightforward, and legal manner.

By definition, a professional fundraiser is any person who, for compensation, solicits contributions or employs others to solicit in Wisconsin on behalf of any charitable organization. Professional fundraisers must register their organization with the state Department of Regulation and Licensing and must file a \$20,000 bond **before** beginning any solicitations. Contact the:

Dept of Regulation & Licensing  
Charitable Solicitations  
1400 E Washington, Rm 173  
PO Box 8935  
Madison WI 53708-8935  
(608) 261-7097  
1-877-617-1565 Toll Free in WI

### Check with others

Before you agree to work with a professional fundraiser, consider the following:

- Check with the:  
Dept of Regulation & Licensing  
Charitable Organization Section  
(608) 261-7097  
1-877-617-1565 Toll Free in WI

Bureau of Consumer Protection  
1-800-422-7128 Toll Free in WI

Better Business Bureau  
1-800-273-1002 Toll Free in WI

Local chamber of commerce.

- Ask the fundraiser for the names of the three organizations, preferably in Wisconsin, that have used its services. Call them to discuss their experiences before signing any contract.

- If the fundraiser is going to use your organization's name in a charitable solicitation, your organization must be registered as a charitable organization with, or obtain an exception, from the:

Dept of Regulation & Licensing  
Charitable Solicitations  
1400 E Washington, Rm 173  
Madison WI 53708  
(608) 261-7097

You must file a registration application **before** any solicitations begin. Although your organization might not consider itself to be a charity, once a fundraiser uses your name in a charitable appeal, your organization is considered a charity and must be registered.

- If a commercial seller wants to sell merchandise by representing that your organization will receive some of the money, the commercial seller

must disclose what portion of the purchase price will be used for charity.

### Get everything in writing

If you are satisfied with the fundraiser's reputation and interested in working with the company, the next step is the contract.

Make sure there is a written contract between you and the fundraiser, executed by your organization's authorized representative. Use the complete legal name of your organization and the fundraiser. Print the names of persons signing the contract below the signature lines and include complete mailing addresses. If possible, have an attorney review the contract before you sign it. All terms should be clearly explained in writing. Be sure answers to the following are included:

- Are the terms easy to understand and does the contract clearly spell out what portion of the money raised goes to your organization?
- How much money does the fundraiser expect to raise? How much money are you guaranteed? Are "proceeds" clearly defined? For example, your organization may be guaranteed \$1,500, but if the fundraiser collects \$40,000, your organization actually receives a very small percentage of the total.

Much of the money collected in the name of charity actually covers salaries, other expenses, and profit for the fundraiser. Your organization may receive as little as ten percent of the money raised. Is this acceptable? You should try to negotiate a contract that gives your organization as big a share of the donations as possible. Wisconsin law requires the contract to state the percentage of gross receipts that will be retained by the charity.

- If the fundraising drive involves some type of show or event, will the fundraiser oversell the seating capacity? Your organization may be surprised to find 8,000 tickets have been sold for an 800-seat auditorium.
- Who is responsible for distributing show tickets? State law requires that every ticket sold on the representation that it will send a disadvantaged individual to a show must be distributed to those individuals. Donations collected for tickets that are not distributed can be viewed as being obtained by false representation—in your organization's name.
- What are the sales manager's name, permanent address, and phone number? If possible, obtain a forwarding address.
- Who is responsible for obtaining local sales permits or paying applicable sales tax on ticket sales?

## Approve and monitor all phone solicitations

Have an officer of your organization approve all proposed written telephone solicitations and sales scripts before solicitations start.

Check for the following:

- Is the solicitation accurate and truthful? Is anything misrepresented? Make sure changes are made and resubmitted in writing for your approval before solicitors begin. Have the fundraiser prepare, for your approval, a written response sheet for frequently asked questions.
- Are other charities or groups mentioned in the solicitation? If so, state law requires that you obtain written permission from any group before you use its name.
- Will the solicitors be supervised at all times to insure that the approved scripts are followed? Periodically visit the telephone sales room to get a sense of what is being presented to the public in your name.
- Solicitors should not be allowed to make any reference or implication that they are the sponsor, instead of its representatives, in the fundraising drive. This frequently occurs in solicitations for law enforcement, firefighters, or similar groups which command exceptional respect within communities.
- Who gets to keep the list of donors when the soliciting is over? Some contractors specify that the list is the fundraiser's property, but the list was generated in your organization's name. Insist that the list is your property.

## Keep track of the money

Under state law, all contributions must be deposited in a financial account controlled by the charity, not the fundraiser. As the charity, you have sole control of all withdrawals from the account. It's important to keep track, daily, of money coming in

from donors and money going out for expenses.

## Donations

Any tickets sold to sponsor attendance of handicapped or other disadvantaged persons to attend an event must be distributed. To monitor this, you should demand that the sales manager give you a written account of:

- a) the total number of tickets sold.
- b) the number of tickets returned for sponsorship.
- c) the number of tickets distributed.
- d) who received the tickets.

State law requires the fundraiser to obtain written commitments from organizations that will be given a specified number of tickets. These commitments must be obtained **before** solicitations begin. The fundraiser may not sell more than the number of tickets for which commitments are made. In addition, keep track of donations by doing the following:

- Periodically accompany collectors who go out to pick up money or drop off receipts or tickets.
- Review both sales records and financial records daily. Make the sales manager aware that you plan to do this.
- Some contributors will give cash for donations and ticket purchases. You should expect to see cash receipts listed in the fundraiser's daily report records. If cash income is not listed every few days, ask the sales manager to explain the accounting method used when cash is received or why this event isn't receiving payments in cash.

## Expenses

Wisconsin law requires the fundraiser to give the sponsoring charity a written financial report that accounts for all contributions and expenses.

- Obtain originals or copies of:
  - (a) invoices as received
  - (b) paid receipts as paid
  - (c) payrolls as due
  - (d) payrolls as paid
  - (e) check/deposit slips
- Never sign blank checks. Most fundraisers will open a joint checking account with the sponsoring organization and all checks drawn on the account must be cosigned by the fundraiser and sponsoring organization. Require the bank to return checking account statements and canceled checks to you and provide copies to the fundraiser.
- Monitor all expenses to assure that they are necessary and fair. Immediately question any expense you feel is unjustified or excessive. Check all phone bills carefully. Some long distance calls may be totally unnecessary or unrelated to your event. Watch for unpaid bills. Before your financial settlement, get a list of all vendors supplying goods or services to the fundraiser. Ask to see receipts for expenses such as phone bills, auditorium rental, and office space and equipment. Unpaid vendors, as well as unpaid employees, will look to you for final payment, so make the fundraiser account for all expenses. After the event is over, a large phone bill will usually arrive.

Determine what procedures will be used to collect unpaid donations or ticket purchase pledges when the fundraiser leaves town.

## Reporting

If more than \$100,000 is raised, your organization's annual report will require an accompanying audit by an independent certified public accountant.

Keep good financial records of the solicitations so that your organization will be able to complete its annual report accurately.

## For more information

For more information, or to file a complaint, contact the Bureau of Consumer Protection at:

**(800) 422-7128**

2811 Agriculture Drive  
PO Box 8911  
Madison WI 53708-8911  
(608) 224-4976

**FAX: (608) 224-4939**

**TTY: (608) 224-5058**

**E-MAIL:  
DATCPHotline@Wisconsin.gov**

**WEBSITE:  
www.datcp.state.wi.us**