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Policies and Guidelines

**Federal Tax-Exempt Status**

An important part of soliciting donations or conducting fundraising activities is CAP’s federal tax-exempt status. The IRS has ruled that CAP and its subordinate units are exempt from federal income tax under Section 501(c) 3 of the Internal Revenue Code. This makes donations to CAP eligible for deductions from income by donors as charitable contributions. For verification of CAP’s tax-exempt status, refer to the IRS’s annual edition of Publication 78 or download a current letter of exemption by visiting http://members.gocivilairpatrol.com and clicking on “CAP National HQ” then “Fundraising.” There is also a letter included as an attachment in this publication. Please note the use of this exemption other than federal exemption for Civil Air Patrol is strictly prohibited.

**Fundraising Regulation**

Before launching any fundraising effort, become thoroughly familiar with CAPR 173-4, *Fund Raising/Donations*. This regulation provides an overview of acceptable fundraising practices and policies within CAP. Here are some of the important highlights:

1. All subordinate units must receive written permission from the Wing Commander before they begin a fundraising project.

2. It must be very clear that the CAP fundraising project does not give the impression that it involves or benefits the Air Force. Therefore, wear of the Air Force style uniform during fundraising activities is limited to cadets.

3. Become familiar with the list of prohibited fundraising activities. If in doubt, don’t hesitate to contact the Development office at National Headquarters.
Fundraising Basics

Attracting donations of money and property can greatly supplement operating funds for CAP units. Successful fund raising takes planning and hard work and is best done when you don’t have an emergency need for funds.

Truths about Fundraising

- The majority of donations come from individuals like you and me. According to the Giving USA 2007 study by the Giving USA foundation, individual donations accounted for 75.6%, that’s $223 billion, given to charitable organizations.
- Organizations are not entitled to support; they must earn it.
- You do not raise money by begging for it; you raise funds by selling people on your organization and mission.
- Few people will give to your organization without being asked.
- Successful fundraising is a mix of trust, relationships and belief in your organization.

Before you begin, it is imperative that you have the support of the community. Positive public awareness is critical to your success.

Prerequisite for Raising Money

Successful fundraising is not impossible if you have established positive ongoing relationships with your community. People will donate to organizations they are familiar with. **If you have to tell them who you are and what your missions are, you’re chances of receiving funds is minimal.** Consistent, positive public relations can lead to both fundraising and recruiting. When people are already familiar with Civil Air Patrol, they are more likely to support you with both funds and participation.

For resources and “how-to’s” on public affairs, download a Public Affairs Officer Toolkit from www.capchannel.com. The PAO Toolkit has fact sheets, tips on news writing, instructional videos on media relations and more.
Development Plan

A fundraising plan does not have to be lengthy or difficult. Use a plan to provide guidance on how your squadron will raise funds. A good plan should include:

- A needs assessment and target amount for each need
- Sources of funds in your communities (specific businesses, organizations, individual and activities)
- Specific fundraising activities
- Names of volunteers who will be participating in the activities
- Names of people responsible for maintaining records and/or replying to donations
- Timeline for completion

Sources of Funding

Gifts
Money given to charity is often referred to as a charitable gift, because, in essence, it is a gift to your organization. The sources of gifts come from individuals, companies, foundations and a few from the government and possibly other associations. Your job is to identify which gift sources are most likely to support your squadron.

Fundraising from Individuals
Anonymous small gifts – This includes all individuals who might contribute a small amount to your cause. The contributions are usually very low, so make sure your fundraising method is low-cost.

Community and friends – Think about the people indirectly involved with your organization. Then, think about friends, relatives or other individuals who may have an interest in supporting CAP. This group can be targeted in several ways including a fundraising event or campaign.

Affluent citizens – This group must have both the income and an interest (or at least a potential interest) in your organization. They may only a give a small amount initially but the relationship can be built to encourage a more substantial donation.

Wealthy donors – These individuals are well known in your community and have the wealth to make a very substantial donation. However, just because they have the means does not mean they have the interest. Unless you have a close relationship with the individual, the best way to approach them is through a mutual acquaintance.
**Fundraising from Businesses**

There are many ways local franchises and small businesses give back to the community. Your job is to identify the company’s giving philosophy, the different ways they provide support and who to contact. Before approaching a company, do an online search to find out as much information as possible about their corporate giving. You can find out what organizations they have given to in the past, if they are more interested in one type of charity over another, and how they help—cash, volunteers, in kind donations.

**Community grants**—Many companies that have a location in your area allocate funds to donate back to the local community. However, the funds may be earmarked for nonprofits or projects that fall in line with the corporate philanthropy philosophy. For example, Home Depot may be more willing to donate to Habitat for Humanity than a local youth group program.

**In Kind Donations**—Cash isn’t necessarily the only way a company can help your organization. Many times they are more willing to donate services and/or products for your event and those donations are referred to as “In Kind.” In fact, a company may be more willing to provide a gift in kind instead of a cash contribution.

**Matching Gifts**—Companies often will match employee donations to a nonprofit organization. Check with human resources and encourage your CAP members and donors to check with their employers.

**Volunteer Grants**—Another way companies can give back to the community is by a volunteer grant. Businesses will “pay” a nonprofit organization for their employees’ volunteer hours. Check with your company’s human resource department for more information.

**Event Sponsorships**—Most nonprofit events have sponsorships. These are cash or in kind donations that go directly to help out a specific activity.

**Combined Federal Campaign, United Way**
The Combined Federal Campaign (CFC) is an annual workplace charity campaign for all federal employees. Since Civil Air Patrol is a federally tax-exempt 501 (c)(3) organization, in most cases your unit will qualify to participate in your local Combined Federal Campaign. You can find a wealth of information about the CFC including regulations, contacts and applications at [www.opm.gov/cfc](http://www.opm.gov/cfc).

The first step is to download and read the Combined Federal Campaign Application Instructions for Local Independent Organization and Members of Federations. It will provide you with the information you need to apply for the local CFC. Among the necessary documents, you will need a letter from CAP National Headquarters verifying your tax-exempt status and that CAP is a fiscal agent of your unit. To request this letter, please contact the Chief of Development at CAP National Headquarters [mvogt@capnhq.gov](mailto:mvogt@capnhq.gov).
Other Fundraising Activities
Make sure you are completely familiar with CAPR 173-4 before starting any fundraising activity. Before you begin planning, ensure your activity is not in violation of any local law or ordinance. Some possible activities for units include the following:

- Operation of concession booths at air shows, state fairs, sporting events, or other activities.
- Sale of advertising in your unit newsletter.
- Car and aircraft washes.
- Sale of items with a portion of the proceeds going to the unit.

There are also several CAP NHQ endorsed and approved fundraisers available for units. You can find more information by visiting http://members.gocivilairpatrol.com/ and selecting “Fundraising” under “CAP National HQ.”

Summary
There are a number of ways that every squadron can use to secure donations. Sample solicitation letters are included in the attachments to assist you in crafting a request for funds. You will note each letter is personalized and specific information about the squadron is given. In every case, a specific amount is requested. When you solicit for a donation, it’s very effective to ask for a specific dollar amount and to provide information on how the funds will be used. Type your letters according to CAPR 10-1.

Remember the public is very generous and they are going to give their discretionary income to some worthy organization and it might as well be your squadron. The key is to ask graciously, always use the funds correctly and don’t forget to acknowledge the gift.
Sample fundraising letter #1
Event Sponsorship
(Use squadron or wing letterhead)

January 20, 2007

Mr. Lewis P. Smith, President
Smith Office Supplies
123 North Main Street
Daleville CA 45678

Dear Mr. Smith

I am writing to request your participation as a sponsor of our upcoming Emergency Services Training. The Daleville Composite Squadron of Civil Air Patrol will be conducting this annual event on April 14 - 16, 2007 at Bankhead National Forest. We would like for Smith Office Supplies to partner with Civil Air Patrol and show your support for our youth and the local community by agreeing to underwrite the program expenses associated with this important training opportunity. Your tax-deductible contribution of $500 will go directly to cover the costs of training materials and emergency services equipment needed in conducting the training.

Approximately 30 Civil Air Patrol members from throughout the metro area will attend. They will learn the latest methods and techniques associated with air and ground search and rescue of missing persons and downed aircraft. They will study communications, first aid and they will learn mobilization skills for effective disaster relief.

In coordination with law enforcement agencies, the American Red Cross, FEMA, the United States Air Force and others, Civil Air Patrol is called on to perform hundreds of missions each year. Truly every American citizen benefits from the work of Civil Air Patrol. When the Daleville Composite Squadron is called on to assist city, county, state and federal agencies with any local emergency service, we want to be ready to respond. That is why your $500 sponsorship is so important. It will help prepare our volunteer members to meet the future emergency service needs of this community and state.

I will call your office next Thursday, January 27, for an appointment to visit with you to discuss your sponsorship. In the meantime, please feel free to call me if you have any questions at (234) 567-8901. I look forward to meeting with you and discussing the benefits of your participation.

Sincerely

Milton A. Turner, 2Lt, CAP
Emergency Services Officer
Sample fundraising letter #1B
Thank you letter for appointment

(Use squadron or wing letterhead)

January 30, 2007

Mr. Lewis P. Smith, President
Smith Office Supplies
123 North Main Street
Daleville CA 45678

Dear Mr. Smith

Thank you for taking the time to meet with me about a possible sponsorship for the Daleville Composite Squadron Emergency Services Training. As per our discussion, I enclosed the last three editions of our newsletter and you are now on the distribution list for all future publications.

I hope I answered all of your questions concerning the event, but if you need any further information, please don’t hesitate to contact me at (234) 567-8901 or mturnercap@comcast.net. I look forward to hearing from you and thank you again for your support of CAP!

Sincerely

Milton A. Turner, 2Lt, CAP
Emergency Services Officer
April 20, 2007

Mr. Lewis P. Smith, President
Smith Office Supplies
123 North Main Street
Daleville CA 45678

Dear Mr. Smith

On behalf of all the members of the Daleville Composite Squadron, I want to thank you for Smith Office Supplies’ sponsorship of our Emergency Services Training. We had a great turnout for the event with more than 35 members attending the training.

All of the volunteer members of CAP play an important part of our organization – making a difference for our country and communities. Our ability to provide emergency services to our community would not be possible without the dedication of our volunteer members and generous support from organizations like yours.

I enclosed some photos of the event – including a few with your sponsorship signs. Thank you again for your generosity and support of Civil Air Patrol.

Sincerely

Milton A. Turner, 2Lt, CAP
Emergency Services Officer
Sample fundraising letter #2
Specific Needs (such as uniforms)
(Use squadron or wing letterhead)

January 10, 2008

Ms. Alice S. Strong
Director, Community Relations
Auto Locks, Inc.
#3 Industrial Parkway
Gladville IL 67890

Dear Ms. Strong,

The City of Gladville is very fortunate to have an outstanding Civil Air Patrol Cadet Squadron with over 40 active youth members. You may have noticed a recent newspaper article (see enclosed) about our color guard that has won numerous competitions and was selected to lead the city’s 2007 Christmas parade. All of the young men and women that make up our cadet squadron are proud to be members and they are a joy to work with.

Civil Air Patrol cadets wear a uniform that is very similar in style to the US Air Force blue uniform. Our uniform instills respect and pride in every cadet who wears one.

However, not all of our cadets come from low-income families and cannot afford to purchase the uniform. Therefore, I am writing to request financial assistance from your company so that every member of the Gladville Cadet Squadron can proudly wear our distinctive uniform.

It costs $125 to purchase a basic uniform for each cadet and we have 18 cadets who come from low-income families. I am respectfully requesting that your company make a contribution of $1,400 toward the purchase of these needed CAP uniforms. The cadets conducted a car wash this past October to raise money for uniforms and made over $200. Also, the parents of some of our cadets who could afford to help out have donated another $200 and the parents of the low-income cadets have paid $25 each for a total of $450. To date we have raised $850 but we are still short from the $2,250 needed.

I will call your office next Thursday, January 17, for an appointment to visit with you and discuss the possibility of a contribution. In the meantime, please feel free to contact me if you have any questions at (440) 220-1110 or HFox@gmail.com. I look forward to meeting with you and telling you about the difference that CAP can make in the lives of our nation’s young men and women.

Sincerely,

Harrison G. Fox, 1Lt, CAP
Squadron Commander
Sample fundraising letter #2B
Thank you for donation
(Use squadron or wing letterhead)

January 27, 2008

Ms. Alice S. Strong  
Director, Community Relations  
Auto Locks, Inc.  
#3 Industrial Parkway  
Gladville IL 67890

Dear Ms. Strong

On behalf of all the members of the Gladville Cadet Squadron, please accept my sincere thanks for Auto Locks’ generous donation to purchase uniforms for our less fortunate cadets. The $1,400 donated will supply a complete basic uniform for each of the 18 cadets. As we discussed, I will schedule a visit with a few of the cadets, so they can thank you in person.

Thank you again for your support and generosity. Now all of our cadets can experience the pride that comes from wearing the CAP uniform.

Sincerely

Harrison G. Fox, 1Lt, CAP  
Squadron Commander
Internal Revenue Service

Department of the Treasury

P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:
Jocie Bradshaw 31-02187
Customer Service Representative

Toll Free Telephone Number:
8:00 A.M. to 9:30 P.M. EST
877-829-5600

Fax Number:
513-263-3758

Federal Identification Number:
75-6037853

Civil Air Patrol
105 South Hansel Street
Maxwell, AL 36112-5937

Dear Sir or Madam:

This is in response to your request for a copy of your organization's group exemption letter.

In August 1947, we issued a determination letter which recognized your organization as exempt from Federal income tax under section 101(6) of the Internal Revenue Code of 1939, which corresponds to section 501(c)(3) of the Internal Revenue Code of 1986. Based on the information supplied, we also recognized the subordinates named on the list your organization submitted as exempt from Federal income tax under 501(c)(3) of the Code.

Your organization and each of its subordinates are required to file Form 990, Return of Organization Exempt from Income Tax, only if the gross receipts each year are normally more than $25,000. If a return is required, it must be filed by the 15th day of the 4th month after the end of the organization's annual accounting period. The law imposes a penalty of $20 a day, up to a maximum of $10,000, when a return is filed late, unless there is reasonable cause for the delay.

Unless specifically excepted, your organization and its subordinates are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of $100 or more to each of the organization's employees during a calendar year. Your organization and its subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Your organization and its subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. If subject to this tax, the organization must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization or its subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Each year, at least 90 days before the end of your organization's annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown at the end of this letter.
1. A statement describing any changes during the year in the purposes, character, or method of operation of your organization’s subordinates;

2. A list showing the names, mailing addresses (including Postal ZIP Codes), actual addresses if different, and employer identification numbers of subordinates that:
   a. Changed names or addresses;
   b. Were deleted from the roster; or
   c. Were added to the roster.

3. For subordinates to be added, attach:
   a. A statement that the information on which your organization’s present group exemption letter is based applies to the new subordinates;
   b. A statement that each has given your organization written authorization to add its name to the roster;
   c. A list of those to which the Service previously issued exemption rulings or determination letters;
   d. The street address of subordinates where the mailing address is a P.O. Box; and

4. If applicable, a statement that your organization’s group exemption roster did not change since the previous report.

The above information should be sent to the following address:

Internal Revenue Service Center
Attn: Entity Control Unit
Ogden, UT 84409
Civil Air Patrol
#75-6037853

The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of $20 a day for each day you do not make these documents available for public inspection (up to a maximum of $10,000 in the case of an annual return).

Your organization's Group Exemption Number is 1001.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

[Signature]

John E. Ricketts, Director, TC/OF
Customer Account Services