



# Council

## COLUMNS

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## International Grantmaking Remains Strong

Annual foundation funding for international programs reached \$3 billion for the fourth consecutive year in 2003, according to *International Grantmaking III: An Update on U.S. Foundation Trends*. The report examines patterns in international giving through 2002, based on an analysis of all grants of at least \$10,000 awarded by more than 1,000 of the nation's largest grantmakers. It also provides 2003 estimates of international giving by all U.S. foundations and explores changes in foundation and corporate grantmakers' strategies, practices and future outlook based on a 2004 survey. Download highlights at [www.fdncenter.org/research](http://www.fdncenter.org/research).

The study is the third in a series prepared by The Foundation Center—which did the research and writing—with the support of International Programs at the Council on Foundations. An advisory committee of Council members helped shape the study. Key findings of *International Grantmaking III* include: international giving grew faster than overall giving between 1998 and 2002; health benefited from the fastest growth in and largest share of international support; Asia displaced Western Europe as the top recipient of overseas funding; and, despite losses in foundation assets, most survey respondents expected their international funding to remain steady or increase during 2004.

As recently as 1998, grants for U.S.-based and overseas international projects totaled only \$1.6 billion. Critical factors in the consistently high level of giving in recent years include the presence of new international funders on the scene—ranging from the multibillion-dollar Bill & Melinda Gates and Gordon and Betty Moore foundations, to numerous smaller independent and corporate foundations and an increasing number of community foundations, and increased giving by many established funders.

### Family Foundation Conference *Principled Giving for Family Foundations*

January 23–25, 2005 • Miami

The 2005 Family Foundation Conference marks a milestone in the field of family philanthropy. Foundations aspiring to perform at the highest levels of effectiveness and accountability will be the first to explore a new blueprint for improving performance when the *Stewardship Principles For Family Foundations* are launched at the 2005 conference. Capping a year of development by hundreds of foundation board members and staff, the principles and accompanying options to strengthen performance can be used by any foundation, large or small, staff- or board-managed. Other conference highlights include:

- A preconference day trip to Everglades National Park January 22
- A half-day workshop on family dynamics
- A half-day retreat for next generation board members ages 18 to 35
- An evening networking event at the new Miami Children's Museum, filled with engaging exhibits enjoyed by adults and children alike
- Four site visits to a comprehensive service center for homeless families, a model afterschool program and the immigrant neighborhoods of Little Havana or Little Haiti, and
- Walking tours of the Art Deco District and the Arts Center of South Florida.

For complete conference details and to register, visit <http://int2.cof.org/conferences/family2005>.



**COUNCIL ON FOUNDATIONS**

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## 2005 Council on Foundations Annual Conference

### Generosity and Integrity: Values for Leadership in Philanthropy

April 10–12 • San Diego

Join us at the 56th Annual Conference to explore and strengthen the principles that unite us—beginning with generosity and integrity—and discuss ways to rebuild trust through value-centered leadership. These values are not abstract notions, but rather are ideals that must guide your board and staff in behavior that embraces the spirit as well as the *letter* of the law.

As always, the conference will bring together leaders in the field, sharing insights and innovations about grantmaking. A special breakfast plenary will feature IRS Commissioner Mark Everson.

The conference will begin Sunday, April 10, and end Tuesday, April 12 (two weeks earlier than last year). Preconference activities will begin Saturday, April 9. Other highlights include:

■ A new schedule will allow more people to participate in and benefit from popular conference activities, such as the networking event, resource central, roundtables, open space and the awards showcase.

■ The San Diego Host Committee has developed special tours, activities and site sessions so attendees can see creative grantmaking in action throughout the San Diego area. Leave room on your schedule to participate in:

- 14 site visits—including a cross-border tour
- Two tours of Baja, California, and
- Host Committee Dine Arounds—including

one at a Tijuana restaurant.

In mid-December, more information on the conference—including registration and session details—will be posted at [www.cof.org](http://www.cof.org). Register now!

#### Grantmaking Basics Online Course

### Convenient. Affordable. User-Friendly.

Designed by seasoned foundation professionals, this desktop self-study course teaches new staff the core competencies of program officer work. Grantmakers can use the course as an orientation program or as a refresher to learn the subtle and not-so-subtle byways of philanthropy.

For one low price, you receive two-year access to 11 chapters on key grantmaking topics and related references (bonus: access to four new chapters on ethics, research, orientation and convening). A complimentary copy of *Grantmaking Basics: A Field Guide for Funders* and staff support is also included. Try the first chapter for free at [www.grantmakingbasicsonline.org](http://www.grantmakingbasicsonline.org)

#### Grantmaking Basics Mentor Program

### Make the Connection: Find a Mentor, Be a Mentor

Enrich your career by joining the Council on Foundations' Grantmaking Basics Mentor Program. Whether you're a seasoned grantmaker who can mentor a protégé or a newcomer looking for guidance, this program offers you insight, networking opportunities and innovative solutions to grantmaking challenges. Council members from all foundation types are invited to join the mentor program!

For details on these programs, contact Sophie Dunbar at [dunbs@cof.org](mailto:dunbs@cof.org) or the Executive Education staff at 202/467-0423.



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# Counsel from the Council

## "And the Winner Is...": Rules About Raffles

By Andrew C. Schulz, Deputy General Counsel

While a raffle can be an effective fundraiser, there are important rules that you need to know before you start. Although community and other public foundations are most likely to conduct fundraising, the following rules are the same for private foundations.

**Are raffles legal?** Generally, yes. However, whether or not your organization can host a raffle will depend on state law. While most states permit charities to conduct raffles, bingo or other forms of gaming, many place some restrictions on those activities and require the charity to register or obtain a license. Check with local counsel to see what the rules are in your state.

**Can the cost of the ticket be claimed as a charitable deduction?** No. While it is not uncommon to see charities incorrectly stating that the cost of the ticket is "fully deductible," the IRS is quite clear on the subject. In the immortal words of Revenue Ruling 67-246, "Amounts paid for chances to participate in raffles, lotteries, or similar drawings . . . are not gifts . . . and do not count as deductible charitable contributions." Thus, ticket purchasers may not claim a deduction and the charity should not send an acknowledgment letter.

**Do we need to withhold income tax from the winnings?** Yes, under some circumstances. Withholding is required if the winnings are at least 300 times the amount of the wager and if the amount won (less the cost of the ticket) exceeds \$5,000. So, if the prize is worth \$6,000 *and* the raffle tickets cost \$10 each, withholding would be required because the prize is larger than \$5,000 *and* is more than 300 times the ticket price (\$10 x 300 = \$3,000). If withholding applies, the amount to be withheld is equal to 25 percent of the fair market value of the prize. You are responsible for paying this amount to the IRS whether or not you collect the withholding from the prize recipient. Thus, it may be a good idea to collect withholding *before* giving the prize to the winner.

**Are there reporting obligations for the foundation?** Again, yes, in certain circumstances. IRS Form W-2G is used to report gambling winnings and must be filled out by the charity if the value of the prize is at least \$600 *and* at least 300 times the wager. Thus, if the prize is more than 300 times the wager

and has a value between \$600 and \$5,000, reporting is required but withholding is not. Additional *backup withholding* may be required (equal to 28 percent of the prize) if the winner refuses to provide his or her tax identification number.

### Is raffle income taxable to the charity?

Generally, conducting a raffle is not considered a charitable activity. The fact that the proceeds from the raffle will be used to support the charitable activities of the foundation does not make the raffle charitable. Thus, if raffles are regularly carried on, you may have to pay Unrelated Business Income Tax on the revenue and file form 990T. However, this is not an issue for most organizations, as raffles are few and far between.

### Is there anything else to worry about?

Mailing raffle tickets is illegal if participants have to "buy" something (or make a donation) to win a prize. You can advertise a raffle through the mail, but only if it is legal under state law and the mailing doesn't include any entry materials. If a donation or purchase is not required to participate (e.g., "Please enter my name in the drawing. I do not wish to make a donation at this time."), it is not technically a raffle and you may use the mail to distribute the tickets.

### Resources

Gaming Publication For Tax-Exempt Organizations (PDF), [www.irs.gov/pub/irs-pdf/p3079.pdf](http://www.irs.gov/pub/irs-pdf/p3079.pdf).

### International Committee Call for Nominations

The Council on Foundations is seeking nominations for two-year terms on its International Committee, beginning July 1, 2005. The deadline for nominations is December 31, 2004.

The committee seeks members who are committed to its goals of assisting the Council in building and extending the field of international philanthropy and increasing its effectiveness. Self-nominations are welcome.

Selections are made to ensure that the committee represents the Council's membership. U.S. foundations represented on the committee must be Council members. As with all member committees, the International Committee seeks nominees whose participation will ensure diversity across race, gender, foundation type, size and geographic area.

For more information or a nomination form, contact Isabelle Mack, operations manager, International Programs ([macki@cof.org](mailto:macki@cof.org), 202/467-0435).



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## 2004–2005 CALENDAR

### DECEMBER

#### 10 ■ Association of Small Foundations Trustee Leadership Seminar—The Next Generation

New York City  
Ashley Casserly, Ashley@smallfoundations.org, 888/212-9922  
www.smallfoundations.org

#### 10 ■ Southeastern Council of Foundations—Atlanta Foundations Forum: The Environment and Public Health

Atlanta  
Marianne Gordon, marianne@secf.org

#### 14 ■ Saint Louis Metropolitan Association for Philanthropy Annual Meeting

St. Louis  
www.mapstl.org

#### 14 ■ Council of Michigan Foundations—Detroit Area Grantmakers: New Strategies for the United Way

Detroit  
Susan Howbert, showbert@cmif.org, 313/961-3122

#### 16 ■ Association of Baltimore Area Grantmakers' Skill Building Series: New Tools and Resources for Funders

Baltimore  
www.abagmd.org

#### 16 ■ Civic Reflections Seminar

Washington, DC  
Joanne Scanlan, scanj@cof.org, 202/467-0475

### JANUARY

#### 10–11 ■ International Human Rights Funders Group

San Francisco  
Catherine Townsend, ctownsend@mertzgillmore.org,  
212/475-137 x117  
www.hrfunders.org

#### 12–13 ■ Grantmakers in Aging and Southeastern Council of Foundations Health Aging Regional Issues Forum

Atlanta  
Darla Minnich, dminnich@giaging.org, 973/435-3156

#### 17–19 ■ Africa Grantmakers' Affinity Group Annual Retreat

San Jose, CA  
Niamani Mutima, nmutima@agag.org, 212/812-4299  
www.africagrantmakers.org

#### 20 ■ Civic Reflections Seminar

Washington, DC  
Joanne Scanlan, scanj@cof.org, 202/467-0475

#### 20 ■ Larger Community Foundations Meeting

Scottsdale, AZ  
Miriam Noland, mnoland@cfsem.org, 313/961-6675

#### 20 ■ Southern California Grantmakers—Philanthropy's Future in America

Los Angeles  
www.socalgrantmakers.org

#### 24 ■ San Diego Grantmakers—The Path to a High Performing Nonprofit Sector, Part II

San Diego  
programs@sdgrantmakers.org, 619/744-2180

#### 24–26 ■ Council of Michigan Foundations—Heart of the Philanthropist Series

Kalamazoo, MI  
Vicki Rosenberg, vrosenberg@cmif.org

#### 25–31 ■ Environmental Grantmakers Association Funders Delegation to the 5th World Social Forum

Porto Alegre, Brazil  
Mark Randazzo, mark@fntg.org, 415/642-6022

#### 26–28 ■ Southeastern Council of Foundations and the Atlanta Senior Grantmakers Institute

www.secf.org

#### 28 ■ Connecticut Council for Foundations State of the Connecticut Nonprofit Sector Symposium

Southington, CT  
info@ctphilanthropy.org

### FEBRUARY

#### 7–9 ■ CCFE Community Foundations for Fundamentals

Washington, DC  
Heather Scott, scoth@cof.org, 202/467-0406 or  
Barbara Bruno, brunb@cof.org, 202/467-0296

#### 8 ■ Council of Michigan Foundations: Detroit Area Grantmakers

Detroit  
Susan Howbert, 313/961-3122

Council Columns, primarily a membership benefit of the Council on Foundations, seeks to report on Council endeavors and developments in the field of organized philanthropy. The Council on Foundations publishes 6 issues of Council Columns per year. Council members receive a subscription to the newsletter as part of their membership, and nonmembers may subscribe. Send inquiries and address changes to Evelyn Gibson, Council on Foundations, 1828 L Street, NW, Washington, DC 20036-5104. Please include a new address with current mailing label. Allow 6–8 weeks for correction.

■ Emmett D. Carson, chair ■ Dorothy S. Ridings, president and CEO

■ Paula J. Kelly, editor ■ Lisa Schnabel, guest designer



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### Building Strong and Ethical Foundations: Doing It Right

Meetings for the Building Strong and Ethical Foundations program will continue during 2005. For a schedule and more information, visit [www.cof.org/strong-foundations](http://www.cof.org/strong-foundations). Or contact Andras Kosaras, 202/467-0399.