



Finance

GRANTS/FUNDRAISING/DONATIONS

This regulation covers solicitations for grants, grants management, fundraising activities and donations to Civil Air Patrol (CAP) at the National, region, wing, and subordinate unit-level. **Note: This regulation is revised in its entirety.**

SUMMARY OF CHANGES. Includes policy guidance for seeking grants from federal, state or local governments or private foundations.

SECTION A—GENERAL INFORMATION

1. General. CAP needs for operating funds, equipment, supplies, facilities, member training and enrichment, etc. can be greatly assisted by an active grants solicitation and fundraising program combined with attracting donations—both money and property (in-kind). The keys to these programs are CAP’s federal tax exempt status and the public’s awareness of CAP’s public service as volunteers.

2. No Air Force Involvement. It is important that no suggestions or inference be made in any CAP fundraising program that the Air Force is involved or would benefit. Discretion must be used in the wear of the CAP uniform in fundraising, due to its similarity to the Air Force uniform. Advertising and promotional matter should clearly identify CAP as a distinct organization separate from the Air Force. CAP may not utilize any Air Force member or employee or use the title “AF Auxiliary” when applying for grants or during a fundraising campaign. Those statuses need to be kept distinct and separate. Only exception is use of the CAP Corporate seal on letterhead, business cards, web site, etc.

3. Air Force Appropriation and Assigned Missions. Accounting systems must ensure separation and proper fiscal accountability for each program or award. AF appropriated funds must not be used to meet any specified “matching” requirements. Additionally, funds generated may NOT be used to fund or expand USAF Auxiliary missions performed for the AF. Similarly, funds received outside the AF appropriation may not be used to perform AF missions. Contact NHQ CAP/FM for full details.

4. CAP-USAF Coordination. CAP-USAF will coordinate on any grant agreement between CAP and state or local governments or private foundations. The use of CAP assets acquired under the AF-CAP Cooperative Agreement may be restricted by 10 U.S.C. 9443 and DoD Grant and Agreement Regulations section 32.34(d).

5. Wing Commander’s Responsibility:

a. Wing commanders are responsible for maintaining control over all CAP grant or fundraising activities organized within their wings. Subordinate units must obtain prior written approval from the wing commander or designee before initiating a grant or fundraising project. Fund raising activities will be limited to solicitations within the respective wing.

b. Wing commanders are encouraged to appoint qualified individuals to the wing staff, such as a person who has experience writing and managing grants or who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer fundraising such a program. When possible, the wing commander should appoint an individual with a general knowledge of grants management or fundraising techniques and applicable legislation within the wing that will govern grant, fundraising or donation activities. Another source to fill the position would be the government relations advisor for the wing if that individual has experience and knowledge in the grants/fundraising field. Qualified people in this position can be the key to a successful grant, fundraising or donation program.

c. Wing commanders should utilize the services of the wing legal officer in reviewing proposed fundraising programs. The legal officer, as well as the individual responsible for fundraising activities should be thoroughly familiar with applicable legislation within the Wing that governs fundraising activities within the state. If legislation requires registration with the state, it is the wing commander’s responsibility to ensure that CAP is in compliance. In most states,

this information can be secured from the state's Attorney General office. Prior to a Wing submitting application for registration within the Wing, the public affairs officer/government relations advisor should check with NHQ CAP/XPC to ascertain if permission to raise funds within the wing have already been secured by National. In some cases the National registration will suffice for all CAP fundraising activities within the wing. Any state required reporting procedures for fundraising activities will be the responsibility of the wing commander.

d. Wing commanders will forward grant application packages to CAP/XPD who will forward them for CAP-USAF coordination.

6. Region Commander's Responsibility:

a. Region commanders are responsible for maintaining control over all CAP grant, fundraising or donation activities organized to solicit funds for the region. Grant, fundraising or donation activities will be limited to the respective wings within a region. If the fundraising activity is for the purpose of securing funds for the region and the wings within a region (revenue sharing), the region commander will be responsible for maintaining control over appropriate accounting procedures for distribution of funds.

b. Region commanders are encouraged to appoint qualified individuals to the region staff, such as a person who has experience writing and managing grants or who raises funds as his/her full-time occupation. Many public affairs officers are experienced and qualified to organize and administer such a fundraising program. When possible, the region commander should appoint an individual with grants management or a general knowledge of fundraising techniques and applicable legislation within the wings in the region that will govern fundraising grant, fundraising or donation activities. Another source to fill the position would be the government relations advisor for the region if that individual has experience and knowledge in the grants/fundraising field. Qualified people in this position can be the key to a successful region fundraising program.

c. Region commanders should utilize the services of the region legal officer in reviewing proposed fundraising programs. The legal officer, as well as the individual responsible for fundraising activities should be thoroughly familiar with applicable legislation within the wing that governs fundraising activities within each wing. If legislation requires registration within a state, it is the region commander's responsibility to ensure that CAP is in compliance. In most states, this information can be secured from the state's Attorney General office. Prior to a region submitting application for registration within a wing, the public affairs officer/government relations advisor should check with NHQ CAP/XPC to ascertain if permission to raise funds within a particular state has already been secured by National. In some cases the National registration will suffice for all CAP fundraising activities within a wing. Any state required reporting procedures for fundraising activities will be the responsibility of the region and wing commander.

d. Region commanders will forward grant application packages to CAP/XPD who will forward them for CAP-USAF coordination.

7. National Fund Raising Activities. National grant, fundraising or donation programs may be developed and implemented at NHQ CAP by a corporate employee, such as the Director of Strategic Communications & Plans. Grant applications will adhere to agency guidelines. Fund raising activities will be conducted in accordance with the ethical standards as set forth by the Direct Marketing Association (DMA) and the National Society of Fund Raising Executives (NSFRE.)

8. CAP Tax Exempt Status. An important part of soliciting fundraising grants, fundraising or donations 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 and that donations to CAP are eligible for deductions from income by donors as "charitable contributions" under Section 170, to the extent allowed by law. Verification of CAP's tax exempt status may be found by referring to the IRS's annual edition of "Publication 78" or by requesting a current letter of exemption from NHQ CAP/GC or CAP/FM.

SECTION B - DONATIONS – PROCEDURES

9. Donations of Property. Selected solicitation campaigns may be effective to obtain donations of property such as computers, aircraft, vehicles, radios, etc. For aircraft and vehicles, prior approval is required from NHQ CAP/EX. A Certificate of Donation must be executed for such donations. See Attachment 1 for a copy of this Certificate, which may be reproduced locally. It is important that it is completely filled out and a copy retained in the files of the corporate officer accepting the donation. CAP members who are not corporate officers may not accept property donations on behalf of CAP. CAP officers may accept property donations up to the limit specified below:

- a. Wing commanders—donations of property valued by donor up to \$5,000.
- b. Region commanders—donations of property valued by donor between \$5,000 and \$10,000.
- c. Executive Director—donations of property valued by donor in excess of \$10,000.

NOTE: Only Corporate Officers (i.e., Wing Commanders, Region Commanders or National Officers) and the Executive Director may accept donations of property on behalf of CAP.

10. Donation or Bequest of Money. No Certificate of Donation is required when money is donated or bequeathed to CAP, but one may be used if the donor requires a receipt. Funds received by donation or bequest must be accounted for as required by CAPR 173-1, *Financial Procedures and Accounting Report for Units Below Wing Level*, or CAPR 173-2, *Financial Procedures for CAP Regions and Wings*. Units below wing level receiving donations or bequests in excess of \$5,000 must notify their wing financial officer and NHQ CAP/FM within 30 days of receipt of the donation or bequest.

11. Disposition of Donated Property - Prohibited Within 2 Years. Property donated to CAP valued at \$5,000 or more by the donor may not be sold, exchanged or disposed of without written permission of NHQ CAP/EX. To obtain written permission, units must submit a copy of the *Certificate of Donation* and the donor's Taxpayer Identification Number (TIN) or Social Security Number (SSN). This procedure is required by tax law and applies only to property donated to CAP on or after January 1, 1984, valued at \$5,000 or more.

SECTION C - SUGGESTED SOURCES FOR GRANT, FUNDRAISING OR DONATION ACTIVITIES

12. The following are suggested activities for fundraising or donations:

a. Combined Federal Campaign (CFC). Each fall (Oct-Nov) local federal activities conduct one fundraising campaign among federal workers for all private charities. Civil Air Patrol is a federally tax exempt 501(c)(3) organization that meets CFC health, welfare and human welfare service criteria. This means that federal employees may designate CAP or any unit as the recipient of an annual donation at the local level. Local CFC campaigns may publish a list of eligible organizations. If possible, units should attempt to be included. Check with your local CFC campaign for specific rules and eligibility. However, due to National CFC guidelines concerning other federal appropriations received by an organization, CAP is not eligible to be listed as a "National Organization."

b. United Way campaigns. These are conducted in many local areas and are very similar to the CFC campaign except they are nonfederal in nature. CAP units may be eligible to receive donations from United Way Campaigns in their local area depending on local rules and activities of the CAP in that area. Check with your local United Way office.

c. Foundations or Grants. Commanders should utilize the services of an experienced public affairs officer or government relations advisor or other member with the expertise to conduct solicitation campaigns for grants or donations from corporations and foundations in their respective geographical area. Grant requests should be based on specific needs, that is, search and rescue equipment, cadet program operations, scholarships for cadets, etc., and specific trips for cadets to National and region activities. Most corporations and foundations require a written application and may require some monitoring of funds to ensure they are properly used. Care should be taken to preclude duplication of solicitation of grants from the same organization. Grants and donations from corporations and foundations can provide significant amounts of money if pursued correctly and with persistence. Furthermore, an effective grant program can be made into a recurring source of funds from the same corporations and foundations. The most important factors in an effective grant program is 1) CAP's federal tax exempt status, 2) the effective "selling" of CAP's missions and needs, and 3) assuring and providing potential grant organizations publicity and recognition of their generosity. Contact NHQ CAP/XPD for assistance and to ensure required CAP-USAF coordination is obtained PRIOR TO submitting the grant application.

13. Percentage Professional Fundraising:

a. Another apparent source of funds for units is from "promoters" who come into an area and ask the local CAP unit to "sponsor" a fundraising activity with tickets to be sold to the public for a carnival or show of some type. The promoter will offer to sell the tickets or ask CAP to help, and the promoter will provide the carnival or entertainment. For this the promoter requests the CAP units to sign a contract agreeing that the promoter gets a percent of the proceeds. Usually the percentage is between 60 and 80 percent—after expenses.

b. Due to various problems with these programs in the past, no CAP unit will be authorized to enter into a contract with these types of percentage professional fund raisers. However, there are other types of fundraising activities allowing the unit to retain a percentage of the selling price of a product that may be approved. These types of fundraising activities will require the approval of NHQ CAP/GC and NHQ CAP/XP. Requests should be submitted through the respective wing or region commander, which ever applies.

14. Suggested Local Unit Fund Raising Activities. *Units should make sure that fundraising activities do not violate local laws or ordinances.* In many areas, permits or licenses are required for certain activities. It is the unit commander's responsibility to make sure these are obtained where applicable. These are a few of the many ideas for local units fundraising:

- a. Raffles or ticket sales for drawings of merchandise if permitted by local law.
- b. Operation of concession booths at air shows, state fairs, or other type of activities. These booths can sell hot dogs, soft drinks, cookies, etc. (See prohibited activities in Paragraph 15 below for air show prohibition.)
- c. Car or aircraft washes.
- d. Rummage sales and bake sales.
- e. Collecting and selling recyclable items such as paper, bottles, cans, etc.
- f. Sale of advertising space in CAP unit newspapers, also sale of bumper stickers.
- g. Sale of Christmas items such as trees and Christmas cards.

15. Prohibited Activities. The following activities are prohibited:

- a. Sponsoring or Flying in Air Shows. No CAP unit will sponsor or co-sponsor any air show or participate in any flying activities in any air show. This is important as such activities would jeopardize CAP's aviation liability insurance.
- b. "Penny a Pound" Airplane Rides. No CAP unit may in any way conduct flights carrying a passenger for a charge, and this is specifically prohibited by CAP's aviation liability insurance.
- c. Dropping Objects from Aircraft or Spot Landing Contests.
- d. Percentage Professional Fund Raising. These programs are prohibited as outlined in Paragraph 12b above.
- e. Personal Pecuniary Gain. No CAP member will engage in fundraising activities which results in a pecuniary benefit to that member. This does not prohibit CAP members being reimbursed for legitimate expenses incurred in fundraising.

1 Attachment
Certificate of Donation

ATTACHMENT 1. CERTIFICATE OF DONATION

CERTIFICATE OF DONATION

I certify that I, _____,
(if corporation or partnership give full name)

am voluntarily donating the property the property listed below, to the Civil Air Patrol. I further certify that it is understood that the donated property will be vested in Civil Air Patrol, Inc., that I,

_____,
(corporation or partnership)

will have no further right, title, interest in, or claim against such property.

a. Describe Property:

b. Valuation Placed by Donor:

Dated this the _____ day of _____, 20____

(Signature)

NAME: (BY)

Corporation or Partnership: _____

Address: _____

City, State, Zip: _____

Social Security Number or Taxpayer Identification Number: _____

Civil Air Patrol accepts the property and services indicated above. Civil Air Patrol is a tax exempt organization under 501(c)(3) of the Internal Revenue Code. The evaluation of property donated and deductibility thereof remain the responsibility of the Donor as specified in the Internal Revenue Code and regulation.

Accepted for Civil Air Patrol, Inc. *(Note: Must be a corporate officer, i.e., wing or region commander.)*

Name: _____

Title: _____

Signature: _____ **Date:** _____
