

Challenges of Charity Fundraising Increased Needs-Reduced Resources

Over the past two years, human service agencies and other charitable organizations have seen an increased demand for services brought on by the recession and resulting in losses of employment income and other support systems. During the same period, there has been a significant reduction in funds to these agencies by federal, state and local governments, as they have been forced to pare expenditures. Charities have turned to foundations, private donations, and charity fundraisers to make up revenue shortfalls and maintain desperately needed services to their clientele. Drastic drops in equity markets have reduced the assets and giving ability of foundations, businesses, and private individuals. State legislation and administrative regulations have placed increasingly stringent rules on nonprofit organizations running "Charity Gaming Events."

Fundraisers (Charity Gaming Events) vs. Gambling

1. Charity Gaming Events are too often inappropriately considered as "Gambling" rather than as support of charitable causes.
2. Most participants in fundraisers (Charity Gaming Events) do so not out of desire or expectations of big money winnings but to support the underlying mission of the charity involved. The behavior patterns are simply not the same as those with gambling problems.
3. There have been a few cases of "bad actors" that have misled both the public and unsuspecting charities by conducting illegal games designed to enrich themselves versus helping fund the charities and their missions. Regulations adopted to prevent this abuse have made it increasingly complex, difficult, and expensive for legitimate charities to hold fundraisers for funds desperately needed for their missions. Additionally, there is a fine line between what the Indiana Gaming Commission is interpreting as "the law" and what was originally intended as the spirit of the law when adopted by legislators.

CHALLENGES

1. Defining between an "allowable event and related activities." Currently, there is not a clear definition. Currently it is being interpreted that if a Gala is being held and there is a raffle at that event, the entire event is being held to charity gaming laws.
2. The exclusion that gaming revenue may not be used to support salaries of those involved in the regular mission of the organization, is creating an undue burden on nonprofit organizations that wish to consider charity gaming activities.

3. Finally, according to an administrative rule, organizations cannot accept credit cards to purchase raffle tickets, which is being further confused to exclude the allowance of debit cards (which also function as credit cards).

4. The requirement to list and “qualify” anyone who “works at the gaming event” has been interpreted to include everyone that remotely assists with the event in some fashion, including event volunteers (for activities other than gaming), volunteer raffle ticket sellers and third party vendors or community partners (IC 4-32.2-4-4 and IC 4-32.2-4-17). This is an administrative rule which has more broadly interpreted the legislation, which simply requires “operators” and “workers” to be qualified (68 IAC 21-1-15). “Qualifying” someone consists of obtaining their name, address, and Driver’s License among other things.

5. The amount of money that is paid for licenses to run Charity Gaming events is becoming cost-prohibitive. For the first year of the event license, the fee is \$50, however in subsequent years the Charity Gaming license is calculated as 1% of gross revenues from the previous year’s event – not the previous year’s gaming activity. Considering that all revenue of an “an allowable event and related activities” becomes “gaming revenue.”