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Background

AFS-USA, Inc. is a not-for-profit corporation which is exempt from income tax pursuant to Section 501(c)3 of the Internal Revenue Code. This not-for-profit status creates advantages and restrictions related to fundraising:

- The main advantage is that donations to AFS are tax deductible on Federal Income tax returns to the fullest extent of the law.
- However, all funds raised in the name of AFS must be used for AFS purposes. This means that chapters cannot make donations to other organizations or give financial assistance to non-AFS participants from funds that were raised as donations to AFS.
- In order to ensure that IRS requirements are met, AFS is required to provide written acknowledgment for gifts of \$250.00 or more. Written acknowledgment is also required for gifts in kind (non-cash donations) with a value of \$75.00 or more. These gifts must be acknowledged appropriately, or the IRS can challenge them. Please contact the Development department to obtain sample acknowledgment letters.
- Gifts made to your chapter or to AFS-USA which are specifically intended to benefit a particular student's fee are not tax deductible. They constitute a fee for a service, and do not qualify as tax deductible. For information on what constitutes a tax deductible donation, contact the Development department.
- AFS must demonstrate to the Internal Revenue Service that it retains control of, and discretion as to the use of, all funds raised in its name and must maintain records establishing that its funds are used for AFS tax-exempt purposes. No funds raised in the name of AFS may therefore be used for other international exchange programs or for any purposes other than those designated in AFS policies and guidelines.
- Defunct chapters, committees, and other local groups may not maintain local accounts in the name of AFS, and all remaining funds must be turned over to AFS-USA, Inc.

Chapter- and Area-Team-level Fundraising

Chapters are encouraged to raise funds for several purposes:

- scholarship assistance for sending programs
 - financial help for hosted participants
 - short-term exchanges and other participant enrichment activities
 - local volunteer training conferences
 - expenses related to providing orientations for sending participants/natural families and hosted participants/host families.
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- All fundraising income, whether in the form of anonymous contributions or outright donations, must be reported as such. Reasonable fundraising expenses are allowable. This income and expense must be

Fundraising

included in the annual Chapter Financial Report.

- Funds raised and spent by all chapters must be consolidated and included in the audited financial statements of AFS-USA, Inc. One of the biggest challenges that AFS-USA faces today is accounting for these funds raised in its name by chapters. Therefore, it is essential that all chapters report annually by January 31. Failure to consolidate chapter transactions may result in the organization's loss of its not-for-profit status, and consequently, loss of donations and grants from all sources.

If your chapter holds a major mailing campaign and would like to obtain a bulk-mail permit, use the Registration Certificate as your proof of not-for-profit status.

Fundraising for students

See Fundraising for students

Fundraising Forms

- AFS-USA Pledge Form