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RAFFLE SECRETS

***A step-by-step guide to creating a successful
raffle fundraiser for your cause***

by Sandra Sims & Jim Berigan

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Introduction

Let's start with the basics! By knowing what a raffle is and is not, what it can and can't do you'll be able to avoid some pitfalls and be better prepared for success.

What is a raffle?

Raffle laws are different for every state, but they agree that, in general:

A raffle is a game where players buy tickets for a chance at winning a prize, or prizes. A raffle winner is selected at random, usually at a public ticket drawing event.

This random outcome with the players' money at risk makes a raffle a gambling venture, and subject to state gambling laws.

For an organization conducting the fundraiser, a raffle involves inviting dozens to thousands of people to buy tickets for a chance to win a certain prize(s) at a drawing scheduled for a predetermined date. Typically, the winning ticket number(s) is drawn randomly from a container holding a representation of every ticket number issued.

In some raffles, the selected ticket number is matched to a collection of prizes that have numbers attached to them. This book addresses the style of raffle that does not assign a specific prize to a specific ticket. Instead, any ticket holder may win any one of the possible prizes.

What a raffle is not

For a complete understanding of what a raffle is, it may help to know what a raffle *is not*.

A raffle is NOT:

- **A way to make personal or business income**
Federal, state and local laws allow raffles only for federally recognized charitable organizations, if at all.
- **A drawing or sweepstakes**
Ticket purchase is not required for this type of random drawing.
- **A contest**
While not bound by law, a contest requires a winner be selected based on comparative skill, judging, or some other non-random method.
- **An immediate money maker**
Sufficient time is necessary to apply for a license and/or permit, thoughtful planning, and ticket sales.
- **A guaranteed fundraising win**
Expenses can exceed proceeds if there are insufficient ticket sales or an ill-prepared or disregarded budget.

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Why use a raffle for fundraising?

A raffle can be a great fundraising tool because it is relatively quick (although not immediate), profitable, low-cost, manageable, and has long-term benefits beyond the fundraising goal. No matter the size of your organization, you can benefit from a raffle fundraiser because you can control the size and scope of the event.

To reach your fundraising goal, a desirable prize, attractive ticket, price, and motivated sales force are all essential.

Compared to other fundraising methods, the costs for organizing a raffle are low. Also, you can manage the raffle's net result to meet your fundraising goals by adjusting the number of tickets sold, the cost of the prizes, and your marketing and administrative costs. As with any fundraising project, **the more determined you are at making and following your plan, the more profitable your raffle will be.**

In addition, consider this: raffles have both short-term and long-term benefits. You can raise funds in a few months while collecting friends for life. Raffles are an excellent way to draw attention to—and spread the word about—your organization. News of your cause and a prize-winning event will spread farther and faster than news of your cause alone.

For example, ticket holders will be quick to tell others about the prize winning opportunity. With **notable prizes or an interesting spin**, your raffle is sure to get public interest and media coverage you wouldn't likely get by just speaking about your organization. Also, you can promote your raffle drawing in places you couldn't promote your cause, such as community event calendars.

How can a raffle be most successful?

To raffle ticket holders and everyone at the drawing event, a raffle's success is in the winning ticket. However, behind the scenes, a successful raffle is defined before and after the winner is drawn.

For your organization, keep in mind the three keys to a successful raffle:

A *successful* raffle fundraiser—

1. Complies with state and local gambling regulations
2. Stays within the budget
3. Meets the fundraising goal with the net ticket proceeds

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Five essential elements for a raffle fundraiser

While it may seem like selling tickets and selecting a winner are the obvious parts of a raffle fundraiser, there are other key aspects to consider. These five elements are critical to the success of a raffle fundraiser—

1. **Ticket sales.** Your fundraising goal is the net proceeds from ticket sales. Balance your ticket price and the quantity of tickets to be sold with the costs of services, administrative costs, and advertising to make sure you can meet your goals.
2. **A desirable prize or prizes.** Be sure to select a prize or prizes that your audience would be excited about winning. Whether large or small, stick to prizes with a universal appeal.
3. **An audience who is willing and able to buy tickets.** Obviously, your raffle will be a failure if no one buys your tickets. Like with any other fundraiser, take a good look at your audience. Be sure your audience approves of this type of gambling, has money to spend, and can afford your ticket price.
4. **Staff and volunteers to sell the tickets.** Ticket sales drive the raffle, so be sure you have enough willing people to sell the amount of tickets needed to meet your fundraising goal in time for the event.
5. **A location for the ticket draw event.** A raffle ticket drawing can be its own event, but you can combine promotion efforts and venue expenses by making the drawing part of an annual gala or dinner, the county fair, or other regularly scheduled community event. Having these extra people in attendance may increase last minute ticket sales, and a public drawing held in front of a larger audience will diminish doubts that the winner was fairly drawn.

Each of these essential elements will be addressed in detail throughout the book.

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Is a raffle fundraiser right for your organization?

With a clear definition of what a raffle is and isn't, along with the legal issues and a glimpse of your organization's role, you may be wondering if a raffle fundraiser is right for your organization. Here is a list of questions to consider—

Legal issues

- Is it legal to conduct a raffle in your state and locality?
- Do the laws and regulations align with your fundraising goal?
- Can you acquire a license or permit, if necessary?

Event

- Do you have, or can you invent, a special occasion for the ticket drawing?

Prize

- Can you acquire a desirable prize, or prizes at an acceptable price (or get them donated)?
- Does your prize or prizes suit the audience?

Audience

- Is your audience large enough to support the ticket sales for your fundraising goal?
- Is your audience likely to buy tickets at the price you set for your fundraising goal?
- Is there any significant opposition to the idea of holding a raffle in the first place?

Staffing

- Do you have enough staff and volunteers to support swift ticket sales?
- Do you have an excellent record keeper to manage the ticket proceeds and stubs, and other critical details for regulatory and tax purposes? Will this record keeper be available both before and after the raffle drawing to handle these legally important details?

Budget

- Do you have the up-front operating costs to hire an attorney, print the tickets, cover administrative costs, and advertise/promote the raffle ticket sales, and hold the event?
- If you do not have the budget for the raffle fundraiser setup, can you acquire these services and products through donations?

Time

- If required, will your license or permit be approved in time to meet your fundraising goals?
- Do you, your staff, and volunteers have time to sell tickets, manage the incoming funds, answer questions, and plan the event?
- Is there enough time before the event to sell the number of tickets necessary to meet your fundraising goal?

If you can answer “Yes” to these questions, then a raffle fundraiser may be right for you.

Step 1: Comply with Raffle Laws

Raffles, gambling and legal issues

To be considered gambling, a game has to fit three criteria:

1. Some consideration or payment is required to participate
2. A prize is awarded
3. The winner of the prize is determined purely by chance

By any of our definitions, a raffle is considered gambling and therefore subject to federal, state, and local gambling laws. As the organization conducting the raffle, you must take care to follow the letter of the law at every step.

US federal law permits each state to set its own gambling laws. Most state laws confine fundraising with gambling events such as bingo and raffles to nonprofits and state entities, while some states, such as Utah, forbid gambling altogether.

Some laws are common to all states, such as a minimum age for ticket buyers, but restrictions and limitations can vary widely from state to state. For example:

- Hawaii and Florida require free tickets be available by request
- Connecticut does not allow a raffle to be advertised on television or billboards
- New Jersey does not allow real estate as a raffle prize

Before a raffle is held, most states require organizations to obtain a charitable gaming license or permit. As with gambling laws, gambling permit and licensing requirements differ from state to state. As an example, Connecticut has six classifications of raffle permits based on factors such as the duration of the raffle and the total value of the prizes.

After the raffle, many states require detailed documentation of tickets sold, funds collected, the value of the prizes, and the names of the prize winners for regulatory and tax purposes. **Legal compliance is one of many reasons why organized record keeping will be important to the success of your raffle.**

As you can see, state and local laws can affect critical components of your raffle, such as:

- Who can buy your tickets
- What you offer as prizes
- How long your raffle can last
- How you promote the raffle event
- The records you keep

So, for both legal and practical reasons, contacting legal authorities in your area about charitable gambling laws is the first step for planning your raffle. For a quick reference for most state laws, go online to <http://rafflesecrets.com/laws>

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Consult your state Attorney General

You will also want to contact your state Attorney General for an accurate understanding of what it takes to conduct your raffle fundraiser. Use these questions as a guideline for what to ask the raffle/gambling specialist at the state Attorney General's Office (and at the local level):

1. Are raffles legal in my state?
If the answer to this is No, then clearly there is no need to ask the remaining questions
2. Can raffles be advertised outside of my state?
3. Can we advertise our raffle on the Internet?
4. Can we sell tickets online?
5. Can we mail tickets, ticket receipts, or ticket certificates?
6. Do I need a license or permit to hold my raffle? What official documents do I need? Is there a fee?
7. What is the prize amount limit I can have for my raffle?
8. Can we raffle a service/house/car/boat/TV/cash prize?
9. Where can I find written documentation of the laws for later reference?
10. Whom should I contact in my city/county/township to find out my local raffle laws?
11. Is there anything else I need to know?

Check with local authorities

Closer to home, many states allow counties, cities, and other localities to add their own gambling laws to those established by the state. While a locality cannot revise state laws to permit things the state does not allow, it may be free to create and enforce *stricter* regulations—or even forbid gambling entirely—within its borders.

Get legal assistance

It is highly recommended that you seek out legal advice when setting up your raffle fundraiser. You will be aware of the laws that shape your raffle, but it would be very helpful to have the services of an attorney who is well-versed in those rules.

If you would pass on an attorney based on the expense, **consider the cost of accidentally breaking any gambling law**: court fees, attorney fees, fines, and damage to the reputation of your organization.

Work your professional and personal network to find an attorney who will offer assistance to nonprofits at a discounted rate.

Don't be intimidated by the process of interviewing potential lawyers. Focus on their expertise within the nonprofit industry and ask them about their experience with charitable gaming specific to raffle fundraising. You can gain valuable information from their stories, as well as determine if the attorney is the right fit for your organization at this time.

It is so important to keep detailed financial records. Your state and local governments may require documentation of transactions, and tax requirements surely will. Being organized will save you from fines and fees for noncompliance!

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