



strategy + support for
musicians creating change

Air Traffic Control

1475 15th St. San Francisco, CA 94103 | 415.255.0331 | www.atctower.net

RAISING FUNDS FOR CHARITY: PROCESS AND CHECKLIST

When a band or musician decides to raise money for a charity, there is a lot to think about beyond just the issue or organization to support. There are also legal considerations that differ by state and are intended to protect nonprofits from being taken advantage of by LLCs and other corporate entities. These legal issues can be onerous and confusing. They are also often not known or addressed by bands and their managers who seek to raise funds for charity.

To streamline the information on compliance around raising money for charities, ATC has worked with Joe Voss, a lawyer at Clark Hill's entertainment division (<http://www.clarkhill.com/ArtistCauseCollaborations.aspx>), to create a checklist. Because some of these activities could be considered barriers to entry into charitable work, ATC has also created a suite of services that it can implement to take the work out of the hands of bands and their managers. For more information, please contact Tara Kurland (tara@atctower.net).

CHARITABLE CHECKLIST FOR BANDS

STEP 1. WHO TO GIVE TO: To come up with ideas of which issues you would like to support, it is best to first define the purpose and goal of the work and let that drive the tactics and beneficiaries that you choose. Here are some questions to ask in this process:

- Is there a particular issue that interests you (eg: energy/environment, peace, economic development, elections, net neutrality)? Are there any issues that you definitely don't want to support?
- What is it about a particular issue that engages or enrages you? What hard lines on the issue do you draw?
- Do you want to support an organization in a specific region or city, in each local tour stop, or a national or international organization?
- Do you want the beneficiary to be service-oriented or activism-oriented?

If you need support, ATC can help you identify and vet organizations. Again, please contact Tara Kurland (tara@atctower.net).

STEP 2. HOW TO GIVE: Ask the beneficiary/ies to provide the following forms or data:

- A one-page description of the organization's mission and work
- A copy of the tax-exempt determination letter from the IRS proving that the beneficiary is a 501(c)3 nonprofit that includes its tax ID number.
- A signed co-venture agreement (contact ATC if you would like a sample copy).

SPECIAL SCENARIO 1: ANNOUNCING THE DONATIONS

If you are announcing the donations from benefit concerts or ticket add-ons before the money is raised, a formal co-venture agreement between the band and the nonprofit is required before the announcement. This agreement must be signed by two of the organization's board members or officers, and needs to include:

- Agreement that the nonprofit be named as the beneficiary of the effort or event in press and other materials
- Representation from the nonprofit that it is allowed to collect donations in that state (state solicitation registration) and that it is in good standing with the Attorney General of that state. To be even more diligent, you can ask the nonprofit to provide a copy of the letter from the Attorney General proving this.
- Indication that the band or promoter will pay out the proceeds from the effort or event within 90 days from the first announcement of the effort or event (state law in places like California requires this).
- Agreement that the nonprofit provide a written report to the band on the impact of the donation within a specific timeframe after the money is received.

SPECIAL SCENARIO 2: TICKET ADD-ONS

If the effort includes ticket add-ons, also follow these steps below:

- Include wording in promoter deal memos that contractually establishes the charitable add-on to each ticket (usually between \$0.50 and \$2). The wording should make it clear in the contract that the add-on is a charity donation that will be added on to the agreed-upon ticket price.
- Agree that either the band or the promoter will receive the funds and then write the organization a donation check for the appropriate amount. Whoever is writing the actual checks will receive the letter of tax deduction. Please check with your business manager or tax accountant to determine the best way to proceed with this. If the promoter writes the checks, you will need to provide them with the IRS tax letter collected in Step 2.
- Upon announcing the tour, the add-on and the beneficiary must be announced (via a press release, on the band's website, etc.) The ability to opt out of this donation must also be announced. To do this, you can provide a URL to a dedicated page that indicates how to opt out. The fan should be directed to provide a copy of his or her ticket stub and drivers license as well as a self addressed stamped envelope and a signed note indicating that they purchased a ticket to the show and they would like their \$1 refunded to them instead of going to charity. This is extremely rare and done just for legal compliance; ATC has never been asked to refund a charity add-on. If you would like to implement add-ons for your tour but have not decided on a beneficiary yet, please contact ATC. We can receive the donation as part of the suite of services mentioned above.

- Coordinate with tour manager to ensure that the correct amounts are written via check at settlement, and written out to the correct beneficiary(ies). Also, if permitting the beneficiary to table, the tour manager will need to coordinate this. Please contact us for some tips on how to do this efficiently so as to not tax the already overworked tour manager.
- If Artist needs to be reimbursed for any costs associated with the effort, costs must be reasonable and documented to the charity.
- Mail the donation to the charity with a grant agreement letter stipulating that by cashing the check the beneficiary agrees to comply with local, state and federal laws and reporting requirements, which may include audits or reviews.

**Please note that each state's laws are different. To ensure legal compliance please check with your attorney or contact ATC for help.*

If all of this is confusing, but you still want to support great organizations, don't worry. Many artists and managers have felt the same, and that is why ATC has created these and other resources. We can put you in touch with a lawyer who specializes in these activities. ATC has also set up a program to manage these campaigns that provides focus, administrative oversight, identification and vetting of organizations, management of the relationship with the nonprofit including all paperwork, and impact reporting. For more information about this program, please contact Tara Kurland (tara@atctower.net).

Air Traffic Control (ATC) exists to help musicians play an effective, unique and vital role in the promotion of social justice. Musicians and managers established ATC five years ago to assemble an experienced and trusted team of leaders, resources and tools that would help them to create more effective social change collaborations with each other and with social justice organizations. As a result, ATC became an artists' air traffic control—one that develops capacity, efficiency, and coordination to produce stronger and more creative social change partnerships. For more information, please go to www.atctower.net.