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WASHINGTON
Secretary of State

Corporations & Charities Division

Guide for Online Giving

Washington Office of the Secretary of State
Corporations and Charities Division

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Many companies and other organizations encourage their customers or patrons to donate on their own websites or via other proprietary or third-party platforms...what we call charitable fundraising platforms.

INTRODUCTION: HOW ONLINE DONATING AND CHARITABLE GIVING WORK?

Online charitable giving is more than just donating directly to a charity through its website. Many companies and other organizations encourage their customers or patrons to donate on their websites or via other proprietary or third-party platforms. For instance, companies that are unaffiliated with a charity may allow you to:

- select a charity from a list or database to make a donation;
- fundraise for charities (sometimes called crowdfunding campaigns or peer-to-peer fundraising), encouraging you to use your social media contacts to solicit donations for your favorite charity or cause; or
- support a charity when you make a purchase — for example, by adding a small amount to a transaction.

In other cases, a company may donate to a charity of its choice based on how much you purchase.

These websites and platforms — or what we call **charitable fundraising platforms** — may have a business purpose independent of charitable giving, but have evolved to encourage charitable giving as part of the services they offer. Examples include Amazon Smile, Charity Navigator, eBay, Facebook, GoFundMe, Google, PayPal, and many more.

Several charitable fundraising platforms partner with a charity whose purpose is to enable online giving. For instance, all donations made on a charitable fundraising platform, like PayPal, may be made to its **partnering platform charity** PayPal Giving Fund, which, among other duties, is responsible for distributing the donation intended for a specific charity. A platform charity like PayPal Giving Fund may even use what are called “donor advised funds” to receive and distribute donations.

Understand how the donation process works.

RESEARCH BEFORE YOU DONATE

Although it may be more convenient to donate through charitable fundraising platforms, you should understand how the donation process works. First off, these online donations are nonrefundable. Also, the platforms may charge extra fees, which could decrease the value of your donation. (See Question 5.)

So, if you are interested in supporting a charity via a charitable fundraising platform, be sure to get answers to the following questions before you donate.

1. To whom are you giving the donation?

On most charitable fundraising platforms, donors contribute not to the charity they select, but to the charitable fundraising platform or its partnering platform charity. Donors merely recommend a donation to the charity they select among a list or database of charities.

For some platforms that allow crowdfunding or peer-to-peer fundraising campaigns for personal and charitable causes: If an individual creates a campaign that benefits them personally, but disguises that campaign as one that benefits a charity (e.g., the campaign's content mentions a specific charity and the platform did not categorize this campaign as a charity campaign), you would be donating to the person who created the campaign. When this occurs, there is a risk the person may not give the donation to the charity.

Before you donate using a platform that allows crowdfunding or peer-to-peer fundraising campaigns, make sure it is clear the campaign will benefit a specific charity. (Look for a reference *by the platform* that the campaign will benefit a "certified charity," or inquire with the platform about who specifically receives a campaign's proceeds.)

Also, to minimize the risk of inadvertently giving funds intended for a charity to someone who created a personal crowdfunding campaign, it's a good idea to give only to fundraising campaigns created by people you know personally.

If it's unclear who you are donating to, find another way to support the charity, such as contacting the charity directly or using another charitable fundraising platform.

2. Will the charity receive the donation?

Donations made to charitable fundraising platforms or their partnering platform charities own and control the donations; they may retain the right and discretion not to give your donation to the charity you selected. Reasons for not honoring a donor's recommendation can include finding the charity is not compliant with a particular law or donation policy established by the platform, or that the charity has not agreed to the platform's terms and conditions.

3. If the charity does not receive your nonrefundable donation, can you choose another charity to receive it?

When a charitable fundraising platform or its partnering platform charity exercises its discretion not to give a donation to your selected charity, it may choose an alternate, similar charity instead of contacting you to select another. It is also possible the charitable fundraising platform or partnering platform charity may decide to keep the donation. If you would like to recommend an alternate charity, confirm whether the platform will allow you to do this at the time of your donation.

4. If the charity does receive your donation, how long does it take for the charity to receive it, and will you be notified?

You may believe a charitable fundraising platform or its partnering platform will promptly send your donation to your designated charity. For instance, you may have donated to a specific charity that is helping victims of a recent natural disaster, and you would like your funds to be used by that charity as quickly as possible. This may be an unrealistic expectation, however.

For example, the platform or its platform partner may collect all the donations from multiple donors and then send a single contribution to the charity in one lump sum on a predetermined date. It may also wait to disburse a donation to a charity until it collects a minimum amount (e.g., \$1,000) from multiple donors.

Platforms or platform charities also need time to confirm whether the designated charity is eligible to receive the funds, and account for any fees taken from donations. ([See Question 5.](#)) Check to see if the platform has a disbursement policy that clearly explains how long they retain donations before granting them to the donors' chosen charities. If you would like a charity to receive your donation as quickly as possible, consider donating directly to the charity.

As to whether or not the charity you designated actually received your donation, many charitable fundraising platforms do not notify donors when they distribute donated funds to designated charities. Before donating, confirm if the platform will notify you when your donation is disbursed to the charity of your choice.

Fees may automatically be deducted from your donation, such as credit card processing or other transaction fees.

5. How much of your donation does the charity receive?

Fees may automatically be deducted from your donation, such as credit card processing or other transaction fees. Some charitable fundraising platforms may ask donors to pay more than their intended donation to cover the fees. These types of fees should be clearly disclosed up front; if they are not, don't assume there are no fees.

When platforms ask you to pay additional fees on top of your donation, do not feel pressured to pay the fees or pay a certain percentage of your donation to cover them. There is no rule as to an appropriate platform fee. Such a platform should also make it simple for you to decline to pay any optional fee.

6. Is your donation tax-deductible?

Donors often want to know if their donations are tax-deductible so they can deduct the donations from their federal income taxes, and because it means their donation is made to a charity rather than an individual, for-profit company, or nonprofit that is not a charity (e.g., a political action committee). Therefore it is important to know where your donation is going ([See Question 1.](#))

If you donate to the charitable fundraising platform itself, most likely it is to a for-profit company, so it is not tax-deductible. If the donation is made to the platform charity, then it should be tax-deductible, as platform charities should be tax-exempt under section 501(c)(3) of the Internal Revenue Code. This may be one reason why platforms partner with platform charities to receive and distribute donations to other charities.

When you make online purchases that enable a platform or another corporation to make a donation, such donations are not tax-deductible for you (as you did not actually make any donation). When you donate to individuals in response to their personal crowdfunding campaigns on a platform (even if they state they will give the donation to a charity), your donation is not tax-deductible.

Please consult with a tax professional or financial adviser if you have any questions about which donations are tax-deductible.

Some charitable fundraising platforms or platform charities may or may not share your information; others may let you choose to remain anonymous.

7. Will the charity receive your contact information?

Some donors want to give anonymously; others want to be acknowledged for their donations — especially for large donations and/or to learn more about the charity's programs, activities, and events. Research how a charitable fundraising platform or its partnering platform charity may or may not share your contact information with your chosen charities.

Some charitable fundraising platforms or platform charities may or may not share your information; others may let you choose to remain anonymous. Charitable fundraising platforms should disclose when and under what conditions your information may be disclosed to your designated charity. They should also disclose how they will use your information when you support charities on their platforms.

8. Will your donation be used by a charity for the purposes described on a charitable fundraising platform?

Some charitable fundraising platforms let donors direct how their donations may be used by the designated charity. Other platforms indicate, or let individuals soliciting donations specify, how funds will be used. Regardless, charitable fundraising platforms or their partnering platform charities may let charities that receive donations from them use the funds for any purpose. So if you want your donation to be used for a specific purpose, you may want to contact the platform to confirm whether and how such a request will be honored, or contact the charity to learn whether it will accept donations subject to your instructions.

9. Has the charity given permission to the charitable fundraising platform to receive donations through the platform?

Some charitable fundraising platforms limit the charities you can support to those that consent to receive donations through the platform. Other platforms let you choose any charity, even if the charity has no knowledge or has not chosen to be part of the platform.

When a charity gives consent, it has authorized the platform to raise funds on its behalf. A charity's consent also minimizes the chance of fraud, and increases the likelihood it will actually receive and accept donations made through the platform.

For instance, before listing a consenting charity on a platform, the platform typically vets the consenting charity for compliance with the platform's policies and procedures. Consenting charities also agree to the platform's terms for receiving donations, so there is no issue with a charity rejecting donations (due to, for example, objecting to unauthorized fees taken from donations; lacking access to donor information; or viewing the transaction as part of a scam).

Consenting charities are also likely to receive donated funds electronically, which is faster than receiving donation by check (which can get lost if a non-consenting charity's mailing address is unknown).

Research whether the charities listed on a platform have given their consent to appear on the platform.

The answers to these questions should be clearly provided to you.

The best charitable fundraising platforms should be able to clearly and easily provide all of the above information to you. If it's not clear, or the information is not provided, consider giving to the charity directly. In addition, submit a [complaint](#) to the Washington State Office of the Attorney General when a platform does not adequately disclose the details on how donations are made and processed.

CONCLUSION AND LEGAL NOTICE

Thank you for reading this guide. We hope it is an invaluable public resource that promotes more informed charitable giving.

This publication does not constitute legal advice. Moreover, it is not intended, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. No limitations are hereby placed on the otherwise lawful investigative and litigation prerogatives of the Washington State Office of the Attorney General.