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# Games of Chance as Nonprofit Fundraisers

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Due to the pandemic-induced cancellation of many nonprofit fundraising events, lawmakers in several states have been inspired to relax rules governing online fundraising opportunities. For instance, legislators in [Maine](#) approved online raffle ticket sales. [New Hampshire](#) relaxed the rules regarding how often a representative of the sponsoring charitable organization must be present during the fundraising game of chance, and established a new [commission to study charitable gaming](#). A newly introduced bill in **Michigan** would [waive the \\$50 per day license fee for charitable gaming events](#) like casino nights, sometimes called “millionaire parties.”

The law governing nonprofit raffles and other games of chance for fundraising is complicated and varies across the country. Nonprofits planning these fundraising events, whether online or in-person, should familiarize themselves with [federal and state laws](#) governing such games. Even if nonprofits may legally conduct raffles in their state, that doesn't mean tickets can be sold online. For example, in California, [only nonprofits are permitted to conduct raffles](#), but tickets may not be sold online. Montana, on the other hand, allows the [purchase of nonprofit raffle tickets online](#) and out of state.

Form of payment is another potential problem area. Pennsylvania's [Senate Bill 243](#) (which passed the Senate but is not yet law) would permit ticket sales through mobile apps like Venmo and Cash App, but not via credit cards. (Although [Venmo](#) and [Cash App](#) apparently prohibit such use.) Even when online ticket sales are permitted by state law, that doesn't mean credit card processors are willing to accept such online payments for raffles. This leaves some nonprofits in the awkward position of having to ask people to mail checks for their raffle tickets.

Many payment processors have policies that prohibit using the service to sell raffle tickets, which are considered a form of gambling. For example, on the "[Restricted Businesses](#)" page for Stripe, the list of prohibited activities includes "Gambling/charity sweepstakes and raffles for the explicit purpose of fundraising." However, near the top of the page is a caveat: "In certain cases, businesses listed below may be eligible for processing with explicit prior approval from Stripe."

[Square allows some online raffles but there are restrictions](#), including no cash prizes and no large prizes.

Some online platforms may have negotiated separate agreements with Stripe or other processors. According to an [Eventgroove](#) representative, the fundraising platform has "a special agreement with Stripe to allow all campaign types for connected accounts."

Note that we are not endorsing any particular platform or commenting on the legality of such use. Check with the online platforms themselves to find out more (assuming such gaming for nonprofit fundraising is legal in your state).

One final consideration is that for charitable nonprofits, [according to the IRS](#), "Gaming isn't an inherently charitable activity; it is a recreation and a business. Although an organization may use the proceeds from gaming to pay expenses associated with its charitable programs, gaming itself does not further exempt purposes." Therefore, income from games such as raffles is taxable as Unrelated Business Income unless an exclusion or exception applies.

## Resources

- [Games of chance, raffles, and charity auctions](#) (National Council of Nonprofits)
- [Legal Issues of Online Raffles for Nonprofit Fundraising](#) (LegalZoom)

- [Exempt Organization Gaming and Unrelated Business Taxable Income](#) (IRS)
  - [Tax-Exempt Organizations and Gaming](#) (IRS Publication 3079)
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