

YOUR GUIDE TO

# Sweepstakes vs. Raffles:

# Which is right for your nonprofit fundraising strategy?

## Do you know the difference between a sweepstakes and a raffle?

More importantly, are you aware of the potential regulatory complexities that holding a raffle could pose for your nonprofit — even if you’re using it for fundraising purposes?

Here at TapKat, we’ve noticed that many nonprofits use the words “raffle” and “sweepstakes” interchangeably, when actually, the two are different in some important ways.

(Spoiler alert: if you’re running a raffle as a way to raise funds for your nonprofit, there is a chance — a good chance — that you’ll need to navigate heavy legal restrictions. More on this later.)

Let’s explore the difference between sweepstakes and raffles so you can make an informed decision about which format is best for your fundraising efforts.

## What is a Raffle?

In a raffle, every participant is required to purchase a ticket in order to play. At the end of the game, the nonprofit entity will select a winning ticket, and that person gets to take home the prize.

Seems like a great way to raise money, and it is, with a big caveat: Raffles are considered gaming in the U.S. and are managed differently by every state. Some states are more strict than others (you can imagine that Nevada is much looser than, say, Idaho), and some states have disallowed raffles completely.

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## So what does it mean for your nonprofit if you want to run a fundraising raffle?

To run a raffle, your nonprofit needs to receive a state-issued raffle license from the secretary of state.

Some states require that a certified gaming manager run the game.

Many states impose requirements that funds raised in a raffle are segregated into a separate bank account with restrictions on how and when the funds can be utilized, and how much can be raised.

In sum: Raffles can get real complicated, real fast.

Perhaps most frustratingly, they also limit your ability to reach audiences across state lines.

However, a raffle could be a practical choice if:

- You know for sure that your donors exclusively live within the borders of your state...
- You understand the gaming laws in your state...
- You are prepared to comply with all of those laws to avoid potential legal ramifications.

# How to Run a Raffle

If you've determined that a raffle is the way to go, here are your next steps:

## Step 1: Visit the Secretary of State

Find out what the state laws are around raffles. Some states allow raffles for fundraising purposes but impose restrictions on how much money can be raised.

## Step 2: Consider Hiring a Third Party

In states that require a certified gaming manager to run your fundraiser, you may be best served by hiring someone to do it for you. Otherwise, consider having a member of your staff become a gaming manager.

## Step 3: Determine if You Can Take Donations Online

Some states will allow you to take donations online via credit card, while others won't. Find out what your state will allow and understand that this will have an impact on how you raise money; if your state doesn't allow credit card transactions online, you'll be limited to in-person transactions.

Of course, there's much more to this process beyond the three steps outlined above, but if you've determined that the raffle route is best for your organization, it's a good starting point. Please be aware that if you run a raffle online in one state, even if your setup is compliant with local laws, if someone from another state enters via the website, you could be breaking the law.

## Yes... Raffles are complicated!

We've heard from many nonprofits who discover too late in the process that their raffle is actually not legal. Better to look closely at all your options beforehand.

As you may have concluded yourself, running a raffle quickly becomes a bigger endeavor than many nonprofits are prepared to tackle.

On the other hand...

With a sweepstakes your nonprofit can raise funds online without complex state by state restrictions. And your donors can enter for all the fun and excitement of a chance to win a great prize.

...and there's no limit to how much money you can raise.



## Why we're in the business of sweepstakes

### Sweepstakes are legal in all 50 states

Which allows you to market your fundraising campaign widely via social media, your mailing list, and to supporters who live out of state, and even out of the country.

### Sweepstakes allow you to reach a wide audience

...with no worries about complex state-by-state regulations. When you sign up on the TapKat platform, sweepstakes rules and regulations are automatically included, which means that you can spend your time building a solid campaign that excites your donor base (rather than slogging through paperwork, licenses and reporting for various state agencies).

### Sweepstakes impose no limit on how much you can raise

While raffles are strictly enforced and limited, sweepstakes give nonprofits freedom and flexibility, and no cap on your fundraising potential!



## Why are sweepstakes acceptable in states where raffles are so closely managed?

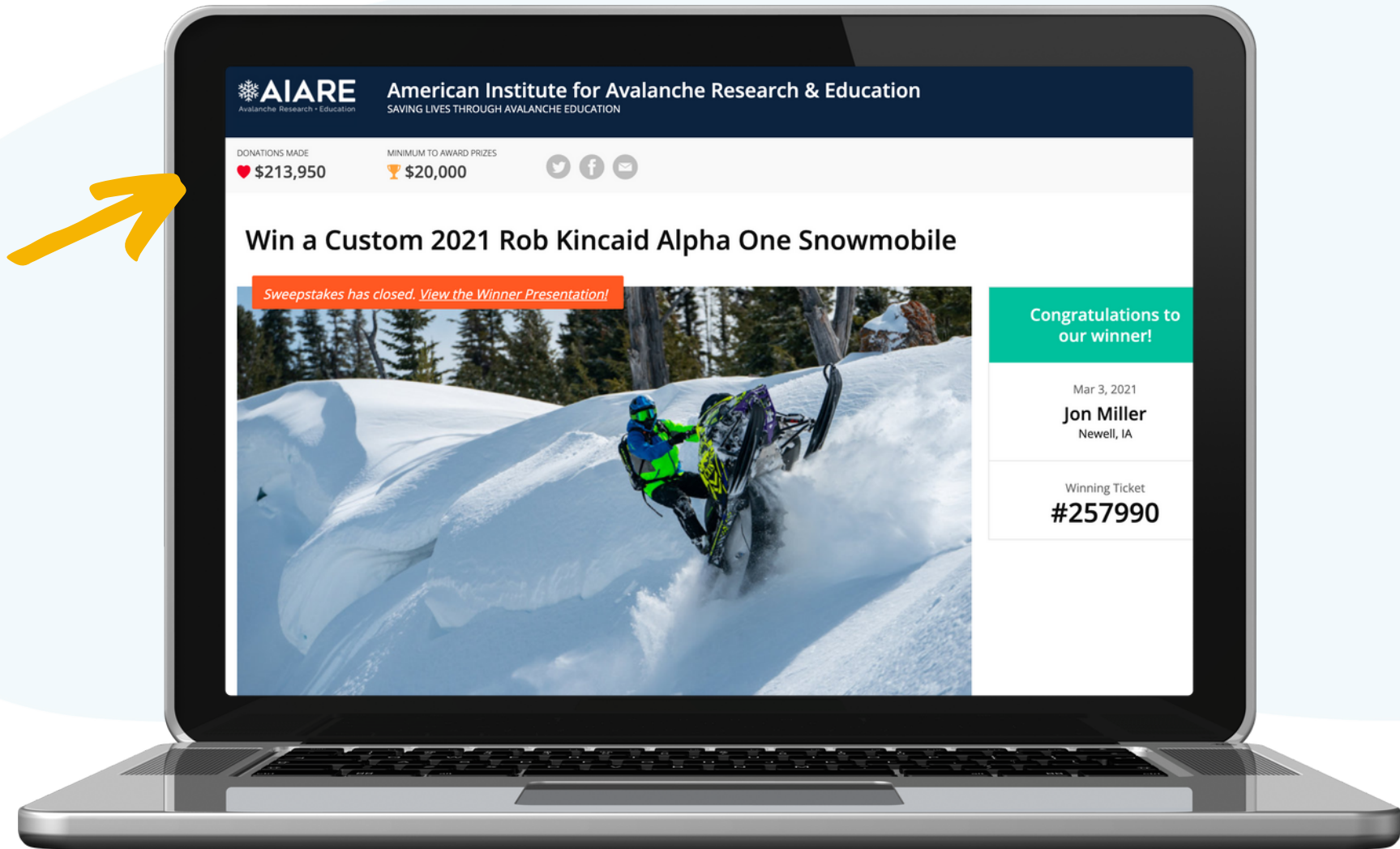
It comes down to the option of entering without making a donation. In a raffle, the only way to play is to pay a dollar amount per entry, which makes it a form of gambling. In a sweepstakes, participants have the option to enter with what is called an “alternative method of entry” at no cost.

Don't worry about the fact that a sweepstakes allows participants to enter for free.

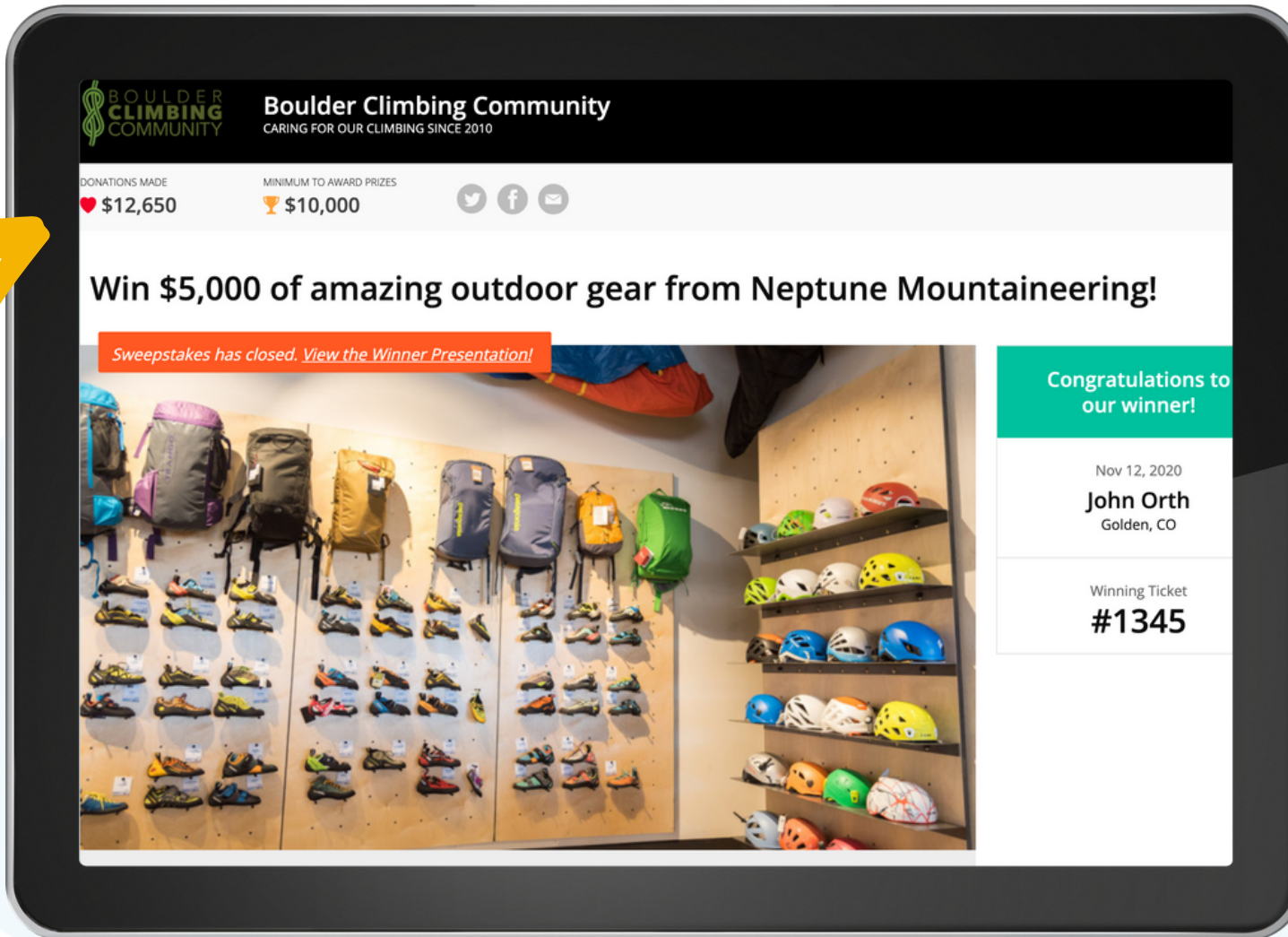
That certainly didn't stop The Shelby American Collection from raising over \$1,500,000 in their 2021 sweepstakes... →



...or the American Institute for Avalanche Research & Education raising over \$210,000 with their sweepstakes...



...or the Boulder Climbing Community raising \$12,650 with their sweepstakes.



We know from experience that entries without a donation aren't going to break your sweepstakes. Instead, the opposite is true: when you allow alternative entries, it means that the sky's the limit on how much money you can raise, and there are no geographic restrictions on where the money comes from.

For most nonprofits, choosing a sweepstakes over a raffle is the way to maximize the impact of their fundraiser.

So, how do sweepstakes work, exactly?

glad you asked...

## How to run a sweepstakes

When you're ready to get your sweepstakes up and running, follow these four steps:

### Step 1: Sign up for an account at [TapKat.com](https://TapKat.com)

You'll quickly discover that our user-friendly platform provides tools to integrate your brand on the site and track the progress of your sweepstakes.

### Step 2: Find the prize you'd like to give away in your sweepstakes

It's easier than you think! Prizes can be on consignment, which means that you don't pay for the prize unless you raise the money for it first.

### Step 3: Easily create your sweepstakes fundraiser page on the TapKat website.

You'll need some splashy text that describes your prize and your nonprofit, and some great images of the prize.

### Step 4: Launch your sweepstakes and start fundraising.

Promote your sweepstakes widely and watch the donations roll in. Payments are deposited directly to your nonprofit's account on an ongoing basis, which means your organization receives an additional income stream throughout the campaign.



## In case you were wondering...

### Do I need a tech person to set up the sweepstakes page?

Nope! Anyone with basic web skills will be able to create your sweepstakes page in very little time using our step-by-step, easy-to-use TapKat tools.

### What about legal stuff, like sweepstakes rules and disclaimers?

These are all built into the TapKat platform, so you don't have to fuss with the legal details.

### What about FAQs for donors?

Sometimes donors have questions about how sweepstakes work (we're used to that!) But when you use the TapKat platform, those questions will all be answered for donors on the site, freeing up your time and energy.



# Raffles vs. Sweepstakes for Nonprofits

RAFFLES	SWEEPSTAKES
Gaming — Regulated by State	Not Considered Gaming
Not legal in 8 U.S. States	Legal in all U.S. States & Territories
State License Required	No License Required
Use of Funds Can Be Restricted	No Restriction on Funds



We offer a different kind of online fundraising that's new and exciting for donors.

When you run a TapKat sweepstakes, people make donations to support your cause and you give them a chance to win a great prize.

TapKat makes it easy and affordable for nonprofits to create, manage and run online sweepstakes designed to help you increase donations and grow your donor base.

GET STARTED