

Fundraising and the board

Fundraising can be an important part of ensuring the charity has sufficient resources to achieve its objects.

The trustees should ensure that the charity is and will remain solvent, uses funds reasonably in furtherance of its purposes, avoids taking undue risks and takes special care when investing or borrowing funds.

Trustees must ensure that funds raised for a specific purpose – restricted funds – are only used for that purpose and are shown as such in the annual accounts.

Trustees must be sure that the risks of fundraising methods are acceptable. Trustees could risk being held in breach of their duties if they imprudently invest in a fundraising method which leads to the charity becoming insolvent or incurring unnecessary tax.

If fundraising tasks are delegated to a fundraising sub-committee and/or to staff or agents, the trustee board is still ultimately responsible.

Trustees must comply with legal requirements covering:

- fundraising from members of the public
- the employment of professional fundraisers
- arrangements with commercial participators
- accounting for fundraising in annual accounts.

Trustees should also be aware of the advantages, disadvantages and implications of some specific types of fundraising, including:

- the use of trading subsidiaries
- taking out loans as a method of generating income
- funds that are secured under contract.

Trustees should ensure that expenditure on fundraising, and income generated as a result, is properly budgeted, controlled and monitored.

Trustees should also ensure that fundraising enhances and does not damage the charity's reputation (for example, avoiding offending members of the public or exploiting beneficiaries).

Trustees should be aware of guidance and best practice affecting fundraising in the voluntary and community sector. This includes regulatory guidance, voluntary codes of practice and the self-regulation of fundraising. For more information see the [Charity Commission](#), [Institute of Fundraising](#) and [Fundraising Standards Board](#).