

State Charitable Solicitation Registration and Reporting

Are you compliant?

Presented by:
Sharon Cody, J.D.

HARBOR
COMPLIANCE.

1

Introduction to Harbor Compliance

Harbor Compliance provides services and software to help executive teams and boards manage compliance.

We have a proven track record of success in all stages and aspects of charitable solicitation compliance including registrations, exemptions, extensions, renewals, corporate qualifications, and registered agents.

YOUR PRESENTER:



Sharon Cody
Partnership Manager
717-431-9162 (direct)
scody@harborcompliance.com



Harbor Compliance is not an accounting or legal firm and does not provide tax, financial, or legal advice.

HARBOR
COMPLIANCE.

© 2012 - 2021 Harbor Compliance

2

What Will We Cover?

- #1 - State registration requirements
- #2 - Online fundraising
- #3 - Why compliance should be a priority
- #4 - What it takes to register, and the cost of registration
- #5 - How to manage and simplify the registration and reporting process



HARBOR COMPLIANCE

© 2012 - 2021 Harbor Compliance

3

Charitable Solicitation Compliance

“ From the Internal Revenue Service

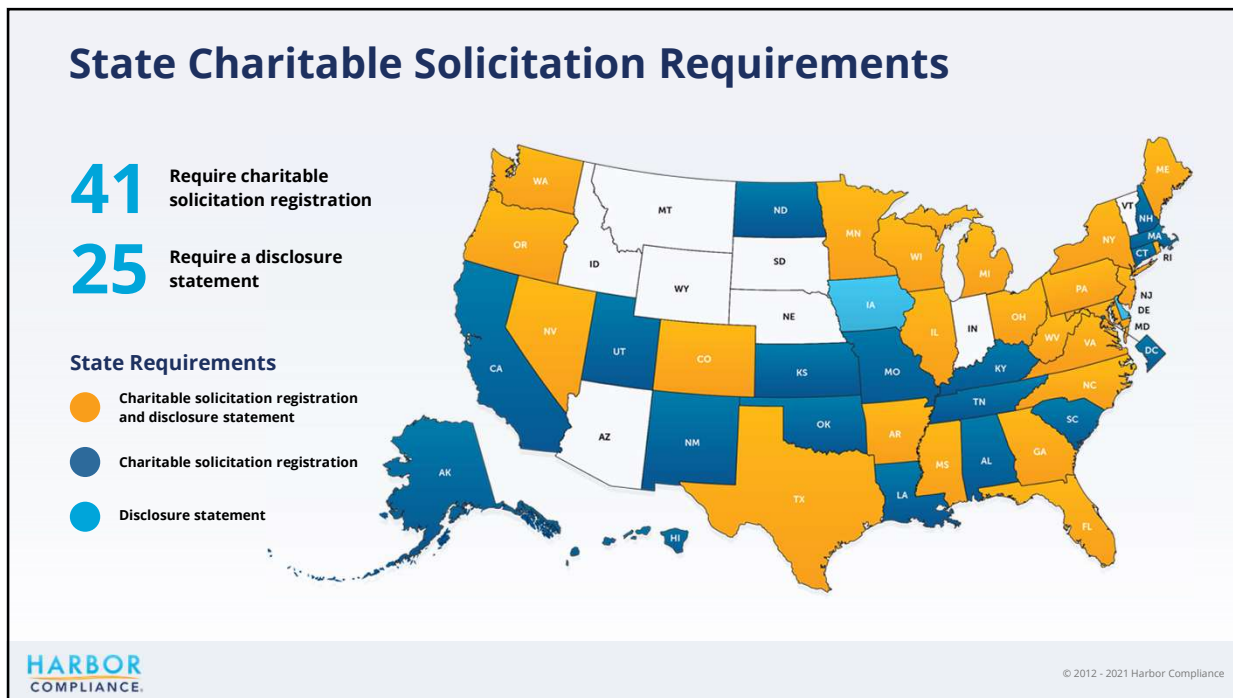
Many states have laws regulating the solicitation of funds for charitable purposes. These statutes generally require organizations to register with a state agency before soliciting the state's residents for contributions, providing exemptions from registration for certain categories of organizations. In addition, organizations may be required to file periodic financial reports. State laws may impose additional requirements on fundraising activity involving paid solicitors and fundraising counsel.



HARBOR COMPLIANCE

© 2012 - 2021 Harbor Compliance

4



5

Do These Requirements Apply to Us?

Solicitation = asking for donations

Common forms of solicitation:

- Fundraising events
- Direct mail
- Phone calls

HARBOR COMPLIANCE. © 2012 - 2021 Harbor Compliance

6

Solicitation Also Includes:

Other forms of fundraising solicitation:

- Applying for foundation grants
- Collecting membership dues
- Participating in Giving Days

Special requirements may apply to:

- Professional fundraisers
- Fundraising counsel
- Cause marketing/commercial co-ventures



7

Online Fundraising Solicitation

Ways to solicit online:



8

Two Practical Approaches to Online Fundraising



1 Register or file an exemption in all 41 states.

OR



2 Don't accept online contributions from states in which you're not registered.

Where Do We Need to Register?

Where are you soliciting?

- Review your fundraising solicitation in each of the 41 states
- Compliance may mean filing registrations or exemptions

Why Compliance Should Be a Priority

Most-Common Enforcement Areas by State Charity Regulators

- Fundraising abuses
- Trust enforcement
- Governance

Source: "State Regulation and Enforcement in the Charitable Sector," Urban Institute and Columbia Law School, September 2016. Web.

11

Risks and Consequences of Failing to Register

- ⚠ State fines and penalties
- ⚠ Bad PR and damage to reputation
- ⚠ Loss of state recognition of tax exemption
- ⚠ Revocation of right to solicit
- ⚠ Enforcement actions and audits
- ⚠ Liability for officers and directors
- ⚠ Missed grant and donation opportunities

12

Proactive Registration Avoids Penalties

State Responses to Registration Gaps

Corresponding with nonprofits is the most-common response to violations, followed by settlements and informal resolutions.

Source: "State Regulation and Enforcement in the Charitable Sector," Urban Institute and Columbia Law School, September 2016. Web.



© 2012 - 2021 Harbor Compliance

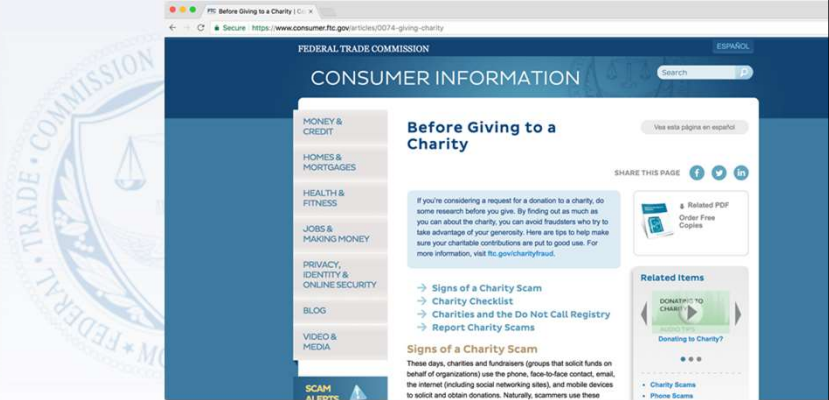
13

Supporters Are Researching Before Donating

From the Federal Trade Commission Website:

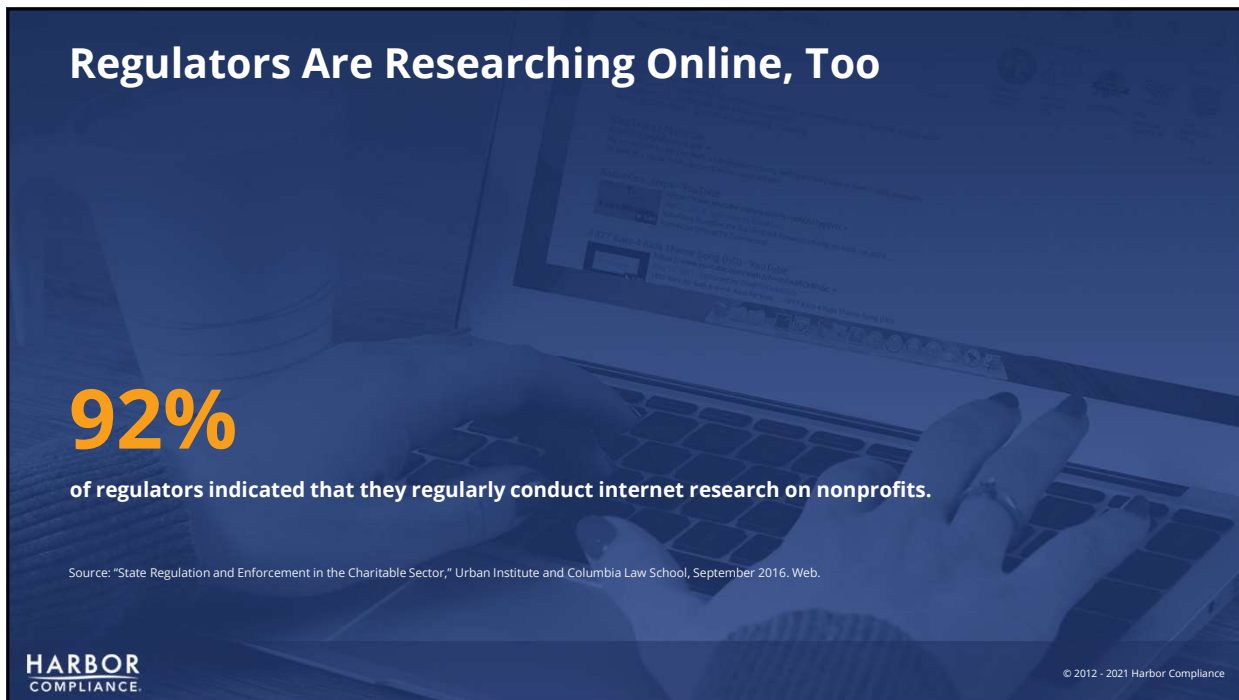
"Before Giving to a Charity . . .

Find out if the charity or fundraiser must be registered in your state by contacting the National Association of State Charity Officials."



© 2012 - 2021 Harbor Compliance

14



Regulators Are Researching Online, Too

92%
of regulators indicated that they regularly conduct internet research on nonprofits.

Source: "State Regulation and Enforcement in the Charitable Sector," Urban Institute and Columbia Law School, September 2016. Web.

HARBOR
COMPLIANCE

© 2012 - 2021 Harbor Compliance

15



Compliance Is a Nonprofit Best Practice

Communicate
to your leadership teams why compliance should be a priority.

HARBOR
COMPLIANCE

© 2012 - 2021 Harbor Compliance

16

What Does It Take to Register?

1 Research

- Registration status
- Application forms, fees, and supporting documents
- Other state prerequisites

HARBOR
COMPLIANCE.

© 2012 - 2021 Harbor Compliance

17

What Does It Take to Register?

1 Research

- Registration status
- Application forms, fees, and supporting documents
- Other state prerequisites

2 Apply

- Mail, fax, and online applications

HARBOR
COMPLIANCE.

© 2012 - 2021 Harbor Compliance

18

What Does It Cost?

State fees
to register nationally come to \$1,400 to \$5,000 for most organizations.



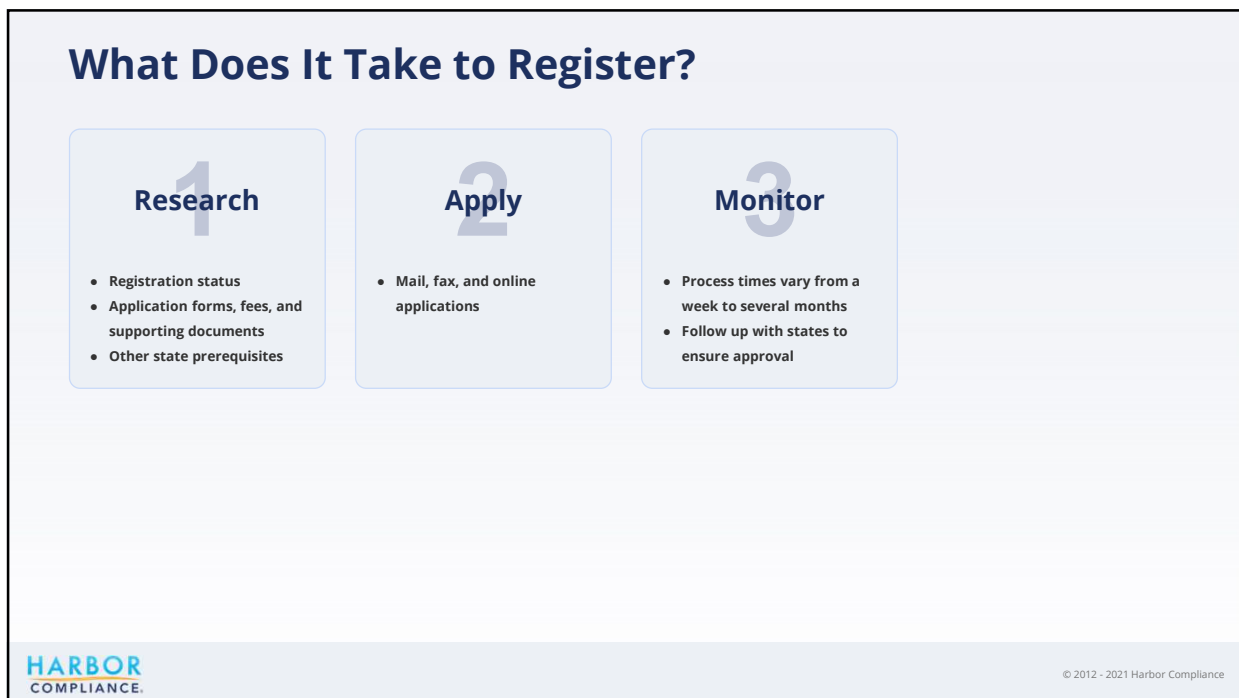
HARBOR COMPLIANCE.

© 2012 - 2021 Harbor Compliance

19

What Does It Take to Register?

- 1 Research**
 - Registration status
 - Application forms, fees, and supporting documents
 - Other state prerequisites
- 2 Apply**
 - Mail, fax, and online applications
- 3 Monitor**
 - Process times vary from a week to several months
 - Follow up with states to ensure approval



HARBOR COMPLIANCE.

© 2012 - 2021 Harbor Compliance

20

What Does It Take to Register?

1 Research

- Registration status
- Application forms, fees, and supporting documents
- Other state prerequisites

2 Apply

- Mail, fax, and online applications

3 Monitor

- Process times vary from a week to several months
- Follow up with states to ensure approval

4 Renew

- Track renewal dates
- File renewal applications
- Stay current with legislative changes



Take Action!

Review how your organization manages compliance.
If you haven't registered where required, develop a plan to become compliant.

HARBOR COMPLIANCE. © 2012 - 2021 Harbor Compliance

21

What Does It Take to Manage Compliance?



Time to manage renewals



Files for copies of licenses and applications



Spreadsheet of registration numbers, statutes, and due dates



Calendar system for deadlines and reminders



Time to prepare disclosure statements



Research to track legislative and administrative changes

HARBOR COMPLIANCE. © 2012 - 2021 Harbor Compliance

22

Charitable Solicitation Disclosures

Donors are eager to support good causes, but they also need assurance that a charity is legitimate before giving. Charitable solicitation disclosures help build trust and earn more dollars for your mission.

Each state's requirements are different. But, disclosures are typically included on:

- Written solicitations
- Donor confirmations
- Donor receipts
- Reminders of contributions

Our services help nonprofits stay on top of fundraising disclosures in every state in which they're required.

Example of a Disclosure Statement for Pennsylvania:

10 Pennsylvania Statutes § 162.13 (c)



(c) Notice on Printed Solicitation

On every printed solicitation or written confirmation, receipt and reminder of a contribution, the following statement must be conspicuously printed verbatim: The official registration and financial information of (insert the legal name of the charity as registered with the department) may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1 (800) 732-0999. Registration does not imply endorsement.

Our Managed Compliance Solution

- ✓ Fully manage each step of the process
- ✓ Tracking software for reporting
- ✓ Flat-rate pricing per state
- ✓ Expert team with a dedicated Compliance Specialist



Take Action!

Reach out to us to discuss how we can partner with your organization!



Our Compliance Software Makes It Easy

HARBOR COMPLIANCE

© 2012 - 2021 Harbor Compliance

25

Partner With Harbor Compliance

- ✓ Nationwide registered agent service
- ✓ Specialized access permissions for CPAs and attorneys
- ✓ Nonprofit lifecycle and industry licensing services
- ✓ Content, referral, and custom partnerships

HARBOR COMPLIANCE

© 2012 - 2021 Harbor Compliance

26

Questions & Answers

Contact us!

Contact me by email to schedule a time to speak or
send additional questions to:



Sharon Cody
717-431-9162 (direct)
scody@harborcompliance.com