

Charitable Solicitation Registrations

Overview

Nonprofit organizations are almost always aware of the need to obtain 501(c)(3) status with the IRS in order to be exempt from federal income tax and able to solicit tax-deductible donations. Compliance with state laws governing charitable solicitations by nonprofit entities is, however, far less common – either due to lack of awareness of local requirements or lack of time and patience to deal with the often cumbersome and varied compliance procedures. Failure to comply can, however, result in fines (or worse).

We regularly help nonprofits achieve and maintain compliance with all of the laws and regulations that govern them. Because of our extensive experience in dealing with multiple jurisdictions, we can work through the bureaucratic maze with great efficiency – saving time and money for our clients. We also offer a flat fee option for initial and annual registrations.

What the Law Requires

Thirty-nine states and the District of Columbia require an organization to register before they conduct charitable solicitations. This requirement can consume a significant amount of time and resources. However, it is crucial for organizations to properly register prior to engaging in any charitable solicitation activities, including hiring a third party to conduct fundraising or to plan a fundraising campaign, because failure to register before soliciting contributions can result in administrative actions, civil fines and even criminal charges against an organization and its leaders. Obviously, any form of public reprimand can result in potential damage to an organization's reputation – often its most valuable asset. Penalties vary by state and range from a \$500 fine to as much as one-two years imprisonment

A common mistake is for nonprofit organizations to comply with registration requirements in their home state, but fail to comply as they expand their efforts into additional jurisdictions. We help clients monitor their activities to stay on top of their compliance requirements.

Charitable Solicitation Disclosure Statements

State regulations require charitable organizations to include certain disclosure language in connection with all of their solicitations, including but limited to, printed solicitations (whether electronic or otherwise), phone, in-person, etc. We help clients determine which language is required for each specific situation.

How Dorsey can Help

We work with clients determine whether the activities they are proposing (or perhaps already conducting) require registration in any particular jurisdiction. If registration is required, we help them complete all necessary forms, process all required filings and track the applicable annual renewal deadlines. Because each jurisdiction has its own set of rules and procedures, we use our years of experience working nationwide to cut through the red tape.

Cost-Effective

We are able to register most organizations with any or all of the 40 jurisdictions requiring registration for a fixed legal fee, plus filing and related expenses. The majority of the work is done by highly experienced Legal Secretaries/Registration Assistants, allowing us to offer rates significantly lower than our attorney rates. By offering this fixed fee service we enable clients to accurately predict their initial registration and annual renewal costs, avoiding the uncertainty of hourly rate billing.