

# NONPROFIT FUNDRAISING COMPLIANCE REGULATIONS IN THE U.S.



## IT'S THE LAW

If your nonprofit is fundraising in any manner, chances are that one or more of the 41 state-level charitable solicitation regulations applies. To determine the status of your organization and avoid a violation for “noncompliant” status, read this important document, then book a free compliance assessment.

## What is Fundraising Compliance?

41 out of 50 U.S. states have enacted regulations requiring “charitable solicitation” registration - covering virtually every conceivable method of fundraising activity by nonprofits. The registration process varies by state, and depends on factors including annual revenues and method of fundraising - creating a confusing patchwork of regulations.

State government agencies including Attorneys General and Secretaries of State have staffed compliance enforcement departments with prosecutors and Administrative Law Judges, and a finding of non-compliance can result in monetary fines, civil or criminal penalties, and revocation of the right to raise funds.

These laws no longer only apply to large-scale phone and mail fundraising: A passive website “donate” button or social media “share” can result in your organization being targeted and penalized - even publicly listed as an “offender” online.

## Who needs to be compliant?

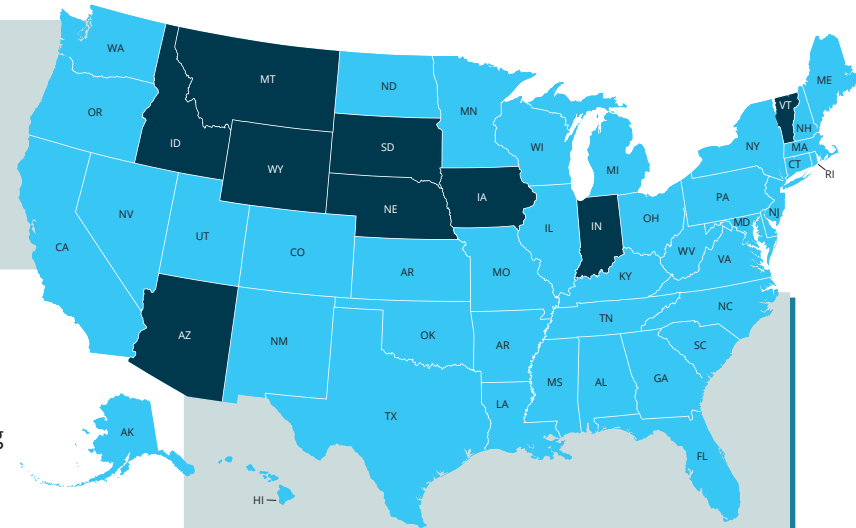
In these forty-one states, any nonprofit must register before engaging in “charitable solicitation”. This includes making any requests for money or property - including any offer to sell a product, service, or swag - event invitations, or “awareness” campaigns - sweeping up nearly every method a nonprofit might employ to raise funds.

Today, as organizations move fundraising activities online, nearly every nonprofit falls under the umbrella of requirements in one or more states.

To be clear, it is the act of providing an avenue to solicit funds - not actually receiving funds - that triggers the need for fundraising compliance.



**Government Filing Fees:** In many states, the fee is under \$50; fees may be affected by annual budget level.



- Initial registration is required
- Initial Registration is not required (other solicitation laws may apply)



## REGULATED FUNDRAISING METHODS

- A “Donate” button on your site or social media page
- Email or online marketing, including “awareness” campaigns
- Grant applications
- Direct mail or telephone calls
- In-person, live events - including passive invitations
- Contracting professional fundraising services

## Registration Requirements

The fundraising compliance process typically follows this path:

- Complete a registration application, using each state's unique forms and process.
- Submit official, recorded, articles of incorporation, financial statements and other applicable documents
- Satisfy ancillary requirements, which may include qualifying as a "foreign" (out of state) entity, and naming a Registered Agent
- Due dates vary by state, and are often based on the organization's fiscal year end and/or Federal IRS Form 990 filing dates
- In many states, an extension may be filed to remain in good standing. Monitoring the matrix of dates and triggers is crucial to prevent falling out of compliance with these laws and risking penalties
- 39 of the 41 jurisdictions require annual renewal, the others are biennial.

## Penalties & Risks

Depending on the state, the agency typically responsible for fundraising regulations is either the Attorney General or the Secretary of State.

These officials have become more aggressive in their regulatory enforcement, now using online tools to identify and publicly list non-compliant organizations.

Often, the resulting damage to the reputation of a nonprofit and/or its board members and staff is greater than any penalties assessed; meanwhile donors are more sensitive to regulatory risks than ever before.

## Benefits of Registration - Turning Compliance into an Advantage

Organizations that adhere to state fundraising compliance requirements receive critical benefits that help on several fronts:

**Credibility:** Organizations that are compliant in every jurisdiction are perceived as more credible, which strengthens their relationship with donors and increases the rate of return on their solicitations.

**Strong Online Presence (Social Proof):** Promote your organization's compliant status online in the government databases donors use for research, impacting their decision to give.

**Limitless Fundraising:** Enjoy fundraising online with no limitations, apply for grants, leverage corporate sponsorship opportunities, and engage in mass fundraising to build a strong and broad donor base.

## Options for Becoming Compliant

Until recently, organizations only had two options for dealing with the maze of fundraising regulations:

1. Do-it-Yourself: Some organizations take on a lot of risk and divert staff away from crucial programs by attempting to manage the complex combinations of triggers, filing dates, and regulations in-house.
2. Hire a Professional Firm: Law firms, accountants, and consultants using outdated processes typically cost between \$8,000 and \$12,000 per year to register across the U.S.

Now, there is an easier and less costly option with Yippikeyay's easy-to-use Fundraising Compliance Service. Call today for a free consult.



Compliance has simply become a cost of doing business. Penalties range from civil fines to criminal charges - and may include revocation of the right to solicit in one or more states.

**THE GOOD NEWS:** Most states grant "amnesty" to organizations who may be in violation, provided they register voluntarily and in good faith. The best policy is to get compliant now, starting with the states that present the most risk exposure.

## InstantNonprofit = Technology + Expertise

**Take Action:** Whether you are currently fundraising compliant or not, it's wise to set up a free consult with a Yippikeyay expert to assess your compliance needs, and arrive at a solution that works for your situation and within your budget.

Once you taken the first step, you'll simply log in and upload your Form 990 (if applicable); our cloud-based platform will help gather all the information we need, and then your friendly expert Concierge will guide you step-by-step to get you reliable results in a fraction of the time, and at one-third the cost compared with attorney fees.

Your organization's stakeholders and donors get the confidence that comes with compliance...and together, you get to be the "heroes".

Sign up for a free Compliance Assessment consultation at [www.fundraisingcompliance.com](http://www.fundraisingcompliance.com) or call 855-501-2343 today



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