NONPROFIT and FUNDRAISING COMPLIANCE

What does it take to be compliant?

Presented by: Sharon Cody, J.D.
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

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Harbor Compliances is not an accounting or legal firm and does not provide tax, financial, or legal advice.
What Will We Cover?

Entity Management
- Secretary of state registrations
- Registered agent service
- Annual reports

Tax Management
- Tax registrations
- Exemptions
- Returns
We’ll Also Cover:

Fundraising Registration

- State registration requirements
- Online fundraising
- Why compliance should be a priority
- What it takes to register, including the costs
- How to manage registrations and simplify the process
States need basic information about organizations working within their borders

- Formation
- Foreign Qualification
Don’t DIY!
- Physical office location within the state
- Receives service of process
- Aren’t necessarily annual!
- Deadlines are all over the map
- Use software to track your due dates
Tax Registrations, Exemptions, and Returns

- IRS Form 990 / Federal income tax
- State income tax
- Payroll taxes
- Sales & Use taxes
- Local taxes
Other Business Licenses

- General business licenses
- Occupancy permits
- Other local licenses
Establish and maintain good standing:

- File annual reports on time
- Maintain accurate records with state authorities
- Maintain registered agent service
- Stay current on taxes and filings
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.
Solicitation = Asking for donations

Common forms of solicitation:

- Fundraising events
- Direct mail
- Phone calls
Other forms of solicitation:
- Applying for grants
- Collecting membership dues
- Fundraising through the Web
- Radio and TV ads
- Auctions, Bingo, games of chance

Special requirements may apply to:
- Professional fundraisers
- Fundraising counsel
- Commercial co-ventures
Information from Form 990 is needed for charitable registrations and renewals.

Be prepared and plan ahead!

- May 15
- November 15
24 states require audited financial statements to be included with registrations.
25 states require charities to include specific disclosure language in solicitations.
Online Fundraising

Ways to solicit online:

- "Donate Now" buttons
- Email
- Social media
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
Solicitation is the key

- Review 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

Risks and Consequences of Failing to Register

- State fines and penalties
- Bad PR and embarrassment
- 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
State Responses to Registration Gaps

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

Consumers Are Researching Before Donating

From the Federal Trade Commission’s 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.”
92 percent of regulators indicated that they conduct Internet research on nonprofits regularly.

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

- Responsible for nonprofit governance
- Champions of your fundraising efforts
- Ambassadors of your brand
What Does It Take to Register?

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<tr>
<th>Research</th>
<th>Apply</th>
<th>Monitor</th>
<th>Renew</th>
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| o Registration status  
  o Application forms, fees, and supporting documents  
  o Other state pre-requisites  
| o Mail, fax, and online applications  
| o Process times vary from a week to several months  
  o Follow up with states to ensure approval  
| o Track renewal dates  
  o File renewal applications  
  o Stay current with legislative changes |
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State fees to register nationally come to $1,400 to $5,000 for most organizations.
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**TAKE ACTION!**
Review how your leadership teams handle compliance. If you haven’t registered, discuss plans for becoming compliant.
What Does It Take to Manage Compliance?

- Time to manage renewals
- Files for copies of licenses and applications
- Spreadsheet of registration numbers, statues, due dates
- Calendar system for deadlines and reminders
- Time to prepare disclosure statements
- Research to track legislative and administrative changes
Our 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!
Compliance Software Makes It Easy
Partner With Harbor Compliance

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

Map of nationwide registered agent service locations.
Partner with Harbor Compliance

Compliance is a team effort!

Conduct an annual compliance check.

Share resources with your board and staff!
Next Step:

Contact us!

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

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