

North Carolina Secretary of State

Charitable Solicitation Licensing

Playing by the Rules
North Carolina Center for Nonprofits

November 2, 2022

Elaine F. Marshall, NC Secretary of State

History

1981

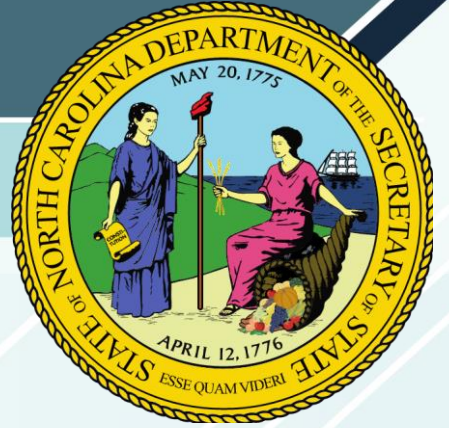
- The Charitable Solicitation Licensure Act was created and vested with the Department of Health and Human Services.

1998

- All functions, powers, duties and obligations were transferred and vested to the Department of the Secretary of State.



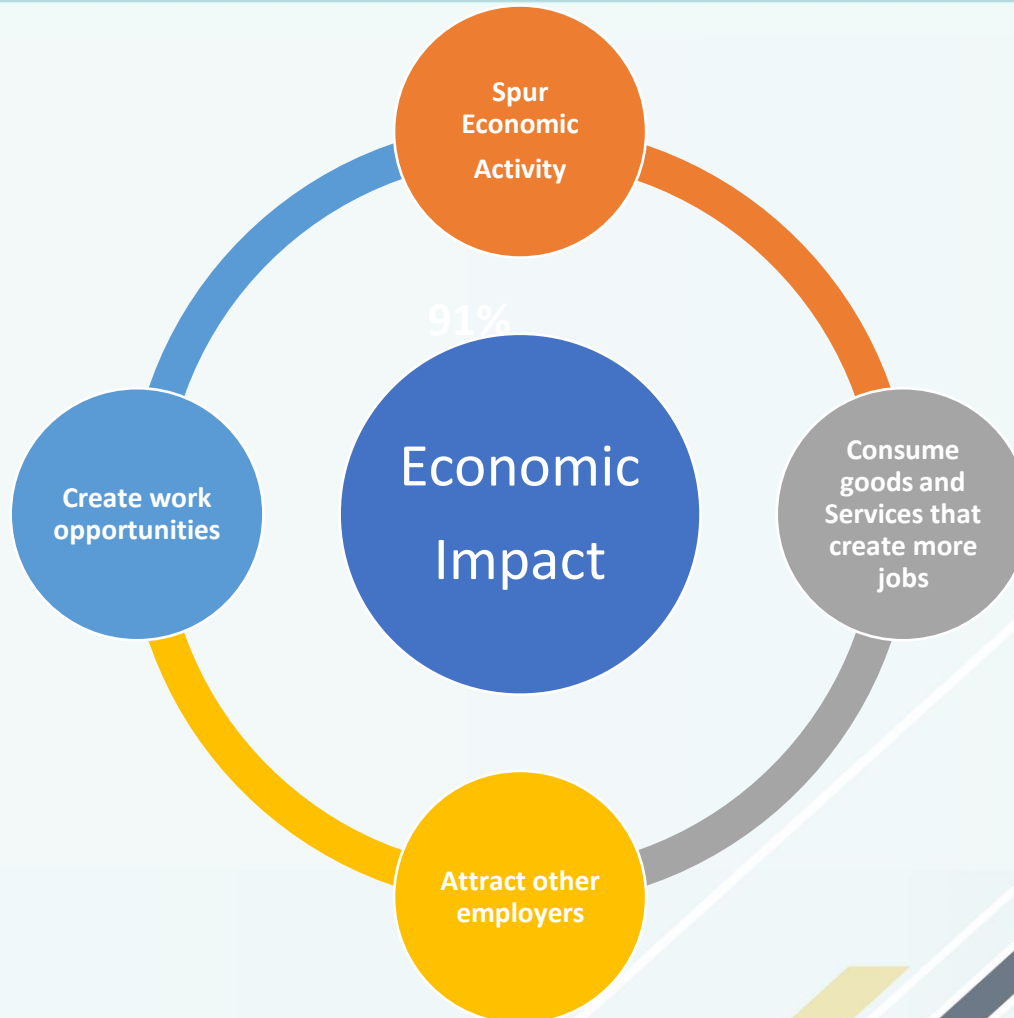
Overview of Topics



- Components of CSL
- NCGS 131F
- Definitions
- Registration
- Licensure
- Renewal Dates & Extensions
- Working with Professional Fundraisers
- Record Keeping
- Withdrawal from Registration
- CSL's Registry
- Resources

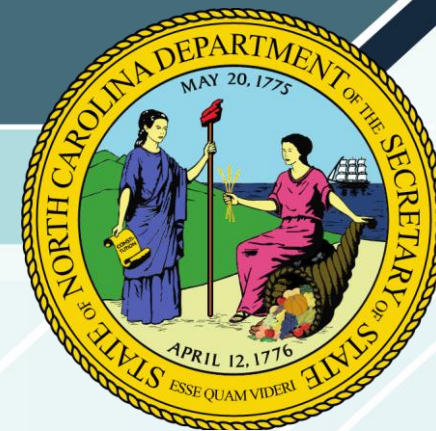
Nonprofits

Impact on North Carolina's Economy



We Are Here To Serve You





Charitable Solicitation Licensing (CSL)

CSL's General Duties



The Charitable Solicitation Licensing Division (CSL) maintains a registry of organizations licensed to solicit charitable contributions within the state.

22%



Charitable Solicitation Licensing (CSL)



Composed of three elements



N.C. General Statute 131F



The General Assembly recognizes the right of persons or organizations to conduct solicitation activities in the State of North Carolina.

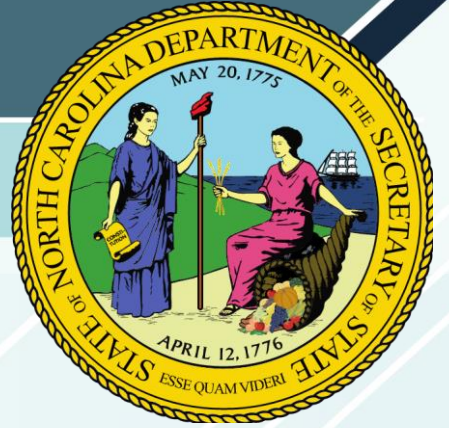
Purpose of 131F



- Protect the public
 - Require full disclosure by persons who solicit contributions
 - Purpose for which the contributions are solicited
 - Use of contributions
- Transparency in solicitation and reporting of contributions
 - Prohibit deception
 - Fraud, and
 - Misrepresentation



What is a Charitable contribution?



For our purposes a "Contribution" means a promise, pledge, grant of any money or property, financial assistance, or any other thing of value **in response to a solicitation.**

What is not a Charitable contribution?

- Membership Dues;
- Membership fees or assessments;
- Federal, State or Local government grants or contracts;
- 501(c)3 grants by other charities.



What is solicitation?



Solicitation is any request or plea for donations: **money, property, financial assistance, gifts** or **any other thing of value** that will be used for or to benefit the charity.

- Governed by N.C. General Statute 131F.
- Written or Oral expression.
- Usually requires **registration**.

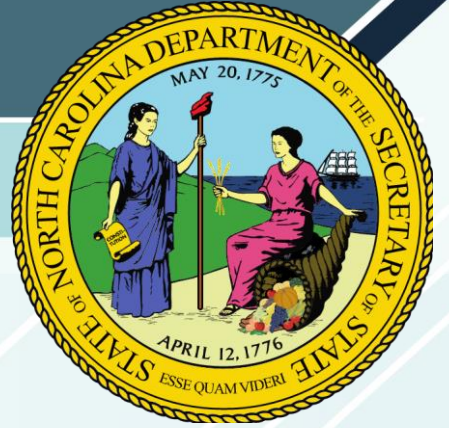
What is registration?



Registration is the process through which both the benefiting charities and professional fundraisers **provide financial and other information** about their **solicitation activities**.

The public uses this information to learn how their contributions will be used.

Who must register?



Generally, organizations and individuals who intend to **solicit contributions** in North Carolina must first obtain a license. However, there are some exceptions, such as being exempt from registration by qualifying for 1 of 13 Exemptions under the Statute.



Do I need to register?

IF, I do not have a 501(c)3 status.

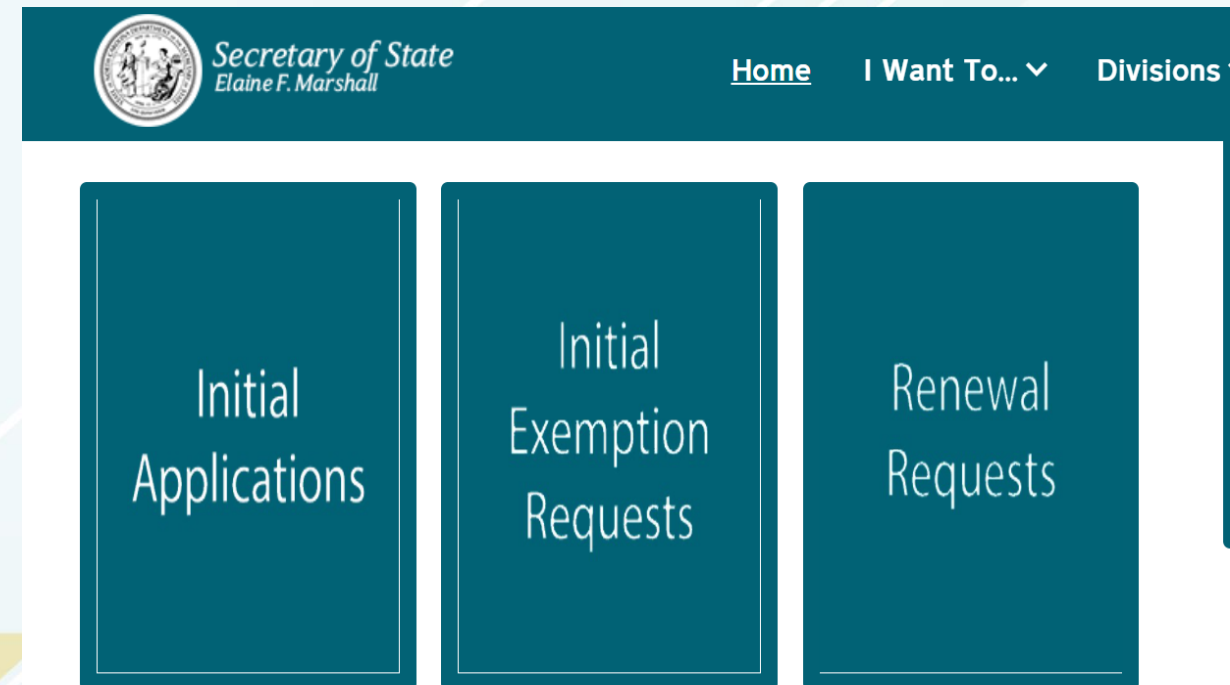
- Registration is based upon the level of contributions received whether monetary, in-kind donations or both.
- Charities that do not have a 501(c)3 status can solicit for charitable contributions, but any contributions made by the donor will not be “tax exempt.”



Where do I register?

To [register](#) you must complete and submit an application to the NC Secretary of State's Charitable Solicitation Licensing Division (CSL).

Choose an initial application, initial exemption request or a renewal request.



How often do I need to register?

Annual Registration is Required

For a LICENSE, but optional for some
Exempt Nonprofits

57%

Issued for 12
months or less;

Issued in Legal
Name, never the
DBA;



How do I determine my renewal date?

The Renewal date is based on your fiscal year.



For example **IF** your:

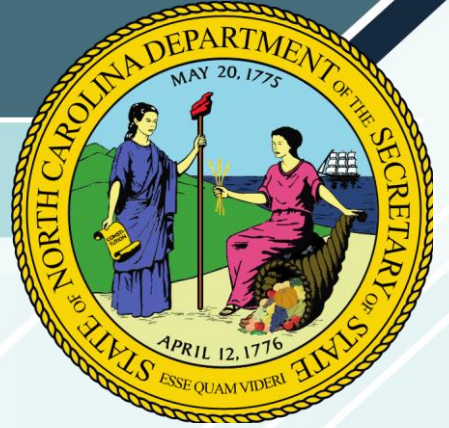
- FY ends December 31, you would renew your licensure application 5 months later on the 15th day of the month – here, the Renewal date is May 15th;

Can I get an Extension?

YES, CSL provides for a 60 or 90 day extension of time to renew your application.

IF your renewal date is May 15th, and you are unable to submit your application by the renewal date, you have a:

- 60-day Automatic Extension date July 15th; or file
- IRS Form 8868, your Extension Date is August 15th.



What happens if I fail to renew?

Late fee is incurred after extension date expires



- **Late Fee** – A late fee of \$25.00 is assessed each month past the extension date **not the** initial renewal date.
 - 57%
 - For example if your Renewal date is May 15th, with the 60-day Automatic Extension date to July 15th, you will incur a \$25.00 late fee beginning on July 16th and each month until paid.
- Unpaid late fees cap at \$900.00 and place your organization at risk for **enforcement actions**.

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Working with Professional Fundraisers

Fundraising Consultants and Solicitors



- Both must register and pay **annual** license fee before entering contracts in NC;
- \$200.00 license fee;
- A bond is required for licensure as a Solicitor.



Duties of Professional Fundraisers

Fundraising Consultants v. Solicitors

- FRCs are retained for a fixed fee or rate under a written agreement to plan, manage, conduct, consult, or **prepare material for the solicitation of contributions** in this State.
- FRCs do not solicit contributions or employ, procure, or engage any person to solicit contributions.
- FRCs do not at any time have custody or control of contributions.





Professional Fundraisers

Solicitors

Are Compensated and does any of the following:

- Performs any service in connection **to the solicitation of contributions:**
 - including the employment or engagement of other persons or services.
- Plans, conducts, manages, consults, whether directly or indirectly, and
- May have custody or control of contributions.

Grant Writers

Are you required to have a solicitation license?

- Exempted from licensure **IF**:
 - Employed by charity, even if compensated;
 - Submitting grant application to the government or 501(c)3 organizations.
- License as a FRC required **IF**:
 - In the grant writing business;
 - Submitting applications to corporations.



Record Keeping:

How long should records be kept?

Charities and professional fundraisers are required to keep records of activities in the State for a....

Minimum of
3 years;

Available to
the
Department
upon
request; and

Furnished
no later than
10 days after
request is
made.



Withdrawal from Registration

What if I am no longer soliciting in the State?



You will need to request a “Charities Registration Withdrawal Form” from CSL.

- csi@sosnc.gov or call (919) 814-5280

Withdrawal from Registration

Charitable Organizations



Criteria:

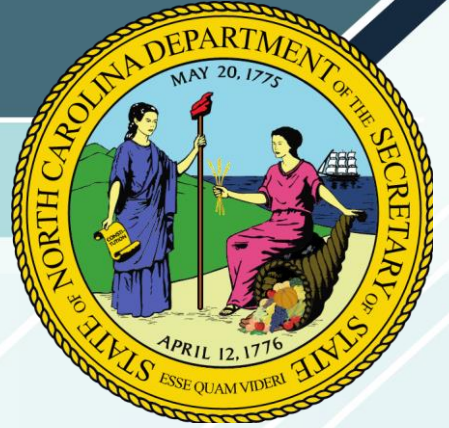
- No longer soliciting in North Carolina
- Dissolution
- Submit financials for the immediate preceding year
- Pay any outstanding fees
- Future Renewal Applications (fee)

Withdrawal from Registration

Professional Fundraisers

Criteria:

- Fundraising Consultants
 - Withdrawal Form
- Solicitors
 - Submit a Solicitation Campaign Financial Report
 - Every solicitation campaign conducted
 - Immediate preceding year



Enforcement

Laws, Rules, Complaint Form



To help protect North Carolinians in their charitable giving, the Charitable Solicitation Licensing (CSL) Division enforces violations of charitable solicitation laws.

- [Chapter 131F](#) , North Carolina General Statutes
- [Chapter 11 of Title 18,](#) North Carolina Administrative Code
- [Complaint Form Instructions](#)
- [Complaint Form](#)

CSL's Registry

Vetted and Met Registration Criteria

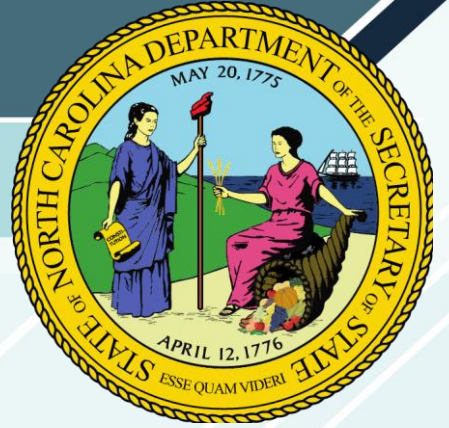
CSL's registry is a repository of those organizations that have been vetted, and met the criteria for registration and to conduct solicitation activities in North Carolina.

Use the [“Search Our Registry”](#) tool to search for a specific organization.

A screenshot of the North Carolina Secretary of State website. The header is dark teal with the Secretary of State's name, Elaine F. Marshall, and navigation links: Home, I Want To..., Divisions, Topics, and Online Services. The main content area is white and titled "Search". It includes a dropdown menu for "Select how you want to search:" with "Starting With" selected, a text input field for "Search For or Type the Name of your Organization", and a "Search" button with a right arrow. On the right side, there is a dark teal sidebar titled "Browse Charities" with links to Licensing, Online Filing, Forms, Continue a Filing, and Check My Uploads.

Common areas of Abuse

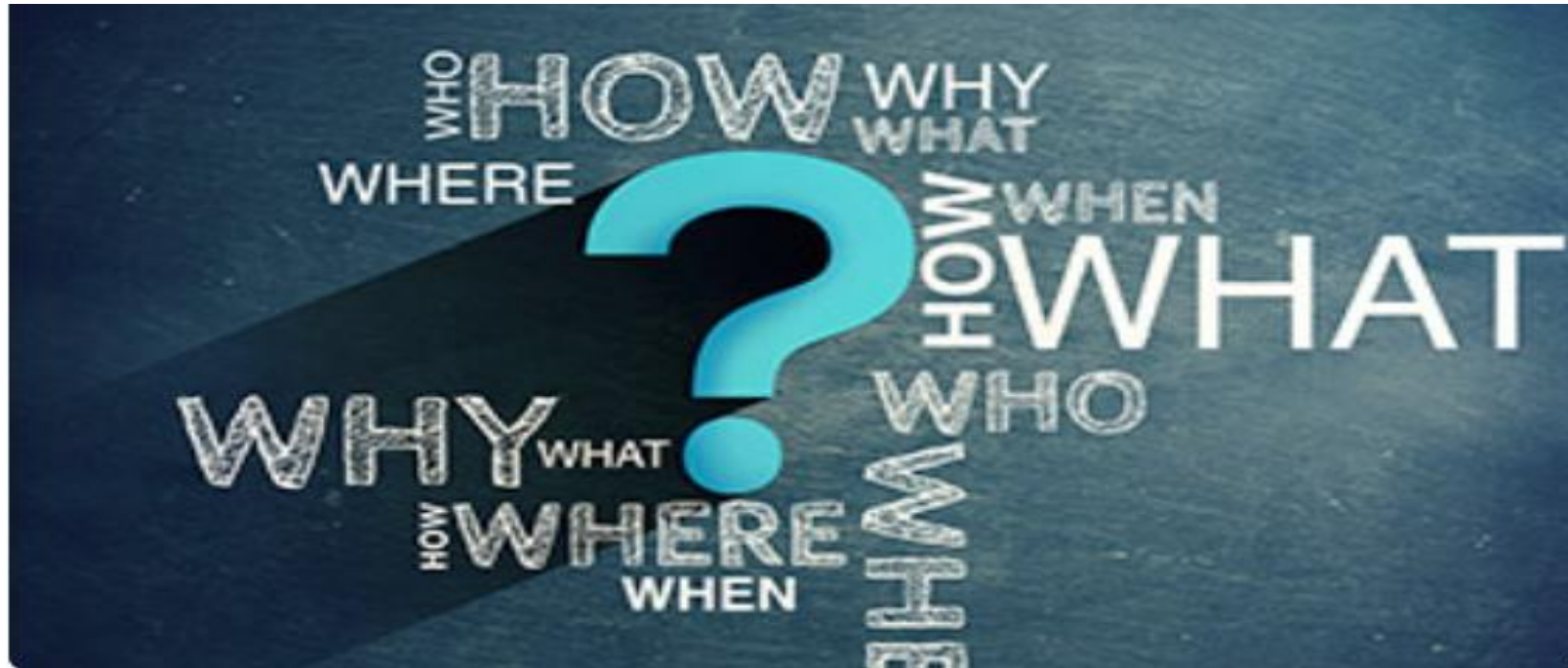
Donors Beware



- Fake Charity
- Naming Convention
- Funds being diverted to non-charitable causes
- Compensation of officers
- Small percentages of contributions for program services
- Gift in Kind Donations
- Family Business

Frequently Asked Questions

CSL's FAQs offer additional information on charitable solicitation



Visit CSL's



Secretary of State
Elaine F. Marshall

Categories:

- [Consumer Information and Research](#)
- [Associations](#)
- [Federal Agencies](#)
- [Resources for Charities](#)
- [State Charity Officials](#)



Questions?



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57%

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NC Department of the Secretary of State