

Charitable Registration and the Faith-Based Nonprofit

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Before You Begin

What Does “Charitable Solicitation Registration” Mean for a Faith-Based Nonprofit?

Most states regulate nonprofits’ fundraising activities through charitable solicitation registration requirements. Basically, this means that in order to fundraise in a state, you need to fill out an application and be approved to solicit or receive funds within that state. Some states have exemptions to these requirements, but we will get to that later

Caution: If your organization employs a professional fundraiser, there will often be additional legal requirements and registrations that are beyond the scope of this toolkit. Unsure whether either of these distinctions applies to your organization? Consult an attorney.

Want a quick overview before getting started? You can review the summary guide on page 9.

Who Should Use this Toolkit?

This toolkit refers to registration requirements for organizations that:

- are faith-based nonprofits
- have federal 501(c)(3) status
- are required to file an IRS Form 990

If your organization is a non-990 filer (such as a church or religious order), there will generally be exemptions available to you that are beyond the scope of this toolkit.

Other Notes About the Toolkit

This toolkit focuses on registration for registration requirements based on *fundraising* in a state. Other activities, such as selling products, hosting events, and employing remote works may trigger additional state registration requirements. You can learn more about this in the [Multi State Compliance Matrix](#).

Registering Your Organization

Where does my organization need to register?

1. Start with the state that your organization is incorporated in.
2. Consider any states where you have a physical presence (employees, offices, etc.)
3. Evaluate where your organization has “contacts,” such as states where you send direct mailings or have email subscribers, states where your organization holds events or programs, or states from which you receive contributions.

Once you have all the states that fit into 1-3 above, you have a list of all the states where you may need to file a charitable solicitation registration.

I have my list of states. Now what?

The next step is to take your list of states and sort them into two “buckets.” Once you’ve done so, the next few pages will demonstrate which states should go into each bucket.

Bucket 1: States where you do not need to file anything, either because (1) your organization qualifies for an automatic exemption OR (2) the state has no charitable registration requirement.

Bucket 2: States where you will need to (1) register OR (2) file an exemption application.

State Summaries

The follow lists (states 1-22) show the states that you may be able to put directly into Bucket #1. For states 1-12 be sure to read the footnotes next to certain states to make sure any caveats in the law do not apply to you. But for the most part, any states on your list that are listed in States 1-12 can be put into Bucket 1.

STATES WITH NO REGISTRATION REQUIREMENT

1. [Arizona](#) *Accepts the Unified Registration Statement (URS)
2. [Delaware](#)
3. [Idaho](#)
4. [Indiana](#)
5. [Iowa](#) ⁱ
6. [Louisiana](#) ^{*ii}
7. [Montana](#)
8. [Nebraska](#)
9. [South Dakota](#)
10. [Texas](#) ⁱⁱⁱ
11. [Vermont](#)
12. [Wyoming](#)

For states 13-22, follow the links and see whether those states' automatic exemptions apply to your organization. If they apply, you can put those states in Bucket 1. If the exemptions do not apply to your organization, put those states in Bucket 2. If you are not sure whether the exemption applies to you, you may want to call the government agency in that state and ask for further information. You should also consult an attorney.

STATES WITH AN AUTOMATIC RELIGIOUS EXEMPTIN AVAILABLE FOR RELIGIOUS ORGANIZATIONS

13. [Florida](#) ^D
14. [Kansas](#) ^{*}
15. [Kentucky](#) ^{*N}

ⁱ Iowa does not require registration prior to charitable solicitation, but Iowa does require charitable trust registration prior to holding charitable assets in the state.

ⁱⁱ Louisiana only requires organizations to register if they are soliciting through a professional fundraiser.

ⁱⁱⁱ In Texas, there is no general requirement for charitable registration, but certain veterans' organizations and law enforcement organizations must register prior to solicitation.

- | | |
|--------------------------------------|--|
| 16. Maine *+D | *Accepts the Unified Registration Statement (URS) |
| 17. Missouri *N | + Requires a supplement to the URS |
| 18. New Jersey *D | A Requires statutory agent |
| 19. New York *D | N Requires a notarized signature on the registration form |
| 20. Oklahoma | D Requires disclosures to accompany charitable solicitations |
| 21. Oregon * | |
| 22. Rhode Island *ND | |

Tip: Any states that you have put into Bucket 1 are states where you do not need to file any paperwork, regardless of what contacts you have in that state. It is best practice to create a file (a simple Word document will do) with a list of states that you have put into Bucket 1, along with a short explanation of why you do not need to file anything in that state. This is a good way to document your decision so that your organization can remember why it made the decision if it is ever questioned.

I have placed some states in Bucket 1 and some in Bucket 2. What's Next?

If you still have states on your list that were not in States 1-22 above, they fall into one of the following categories:

- Exemptions for religious organizations available upon request
- Limited religious exemption available, only for Form 990 non-filers (automatic/no application needed)
- Limited religious exemption available, only for Form 990 non-filers (application needed)

The remaining states are grouped on the next few pages.

State Summaries

Most organizations reading this are required to file a Form 990. If this applies to you, then any states on your list in States 23-51 can be put in Bucket 2, since you will have to file either a charitable solicitation registration or an exemption request.

EXEMPTIONS FOR RELIGIOUS ORGANIZATIONS AVAILABLE UPON REQUEST

- | | |
|---|--|
| 23. Alabama *N | *Accepts the Unified Registration Statement (URS) |
| 24. Arkansas *+ND | + Requires a supplement to the URS |
| 25. California *+iv | A Requires statutory agent |
| 26. Connecticut * | N Requires a notarized signature on the registration form |
| 27. District of Columbia *+AN | D Requires disclosures to accompany charitable solicitations |
| 28. Illinois *A | X Charleston Principles do not apply. |
| 29. New Mexico *AN | C Charleston Principles apply. |
| 30. North Carolina *+ND4 | |
| 31. Maryland *vD | |
| 32. Michigan *A1 | |
| 33. Ohio *ND | |
| 34. Pennsylvania *D1 | |

LIMITED RELIGIOUS EXEMPTION AVAILABLE, ONLY FOR FORM 990 NON-FILERS
(AUTOMATIC/NO APPLICATION NEEDED)

- 35. [Georgia](#) *+NDX
- 36. [Massachusetts](#) *NC
- 37. [New Hampshire](#) *NC
- 38. [North Dakota](#) *+ANX
- 39. [South Carolina](#) *A
- 40. [Tennessee](#) *+NX
- 41. [Utah](#) *+AN5
- 42. [Washington](#) *+DC
- 43. [West Virginia](#) *+NDC
- 44. [Wisconsin](#) *+NX

LIMITED RELIGIOUS EXEMPTION AVAILABLE, ONLY FORM 990 NON-FILERS
(APPLICATION NEEDED)

- 45. [Alaska](#) *C
- 46. [Colorado](#) X
- 47. [Hawaii](#) *C
- 48. [Minnesota](#) *+DC
- 49. [Mississippi](#) *+ANDX
- 50. [Nevada](#) DX
- 51. [Virginia](#) *DX

*Accepts the Unified Registration Statement (URS)

+ Requires a supplement to the URS

^A Requires statutory agent

^N Requires a notarized signature on the registration form

^D Requires disclosures to accompany charitable solicitations

X Charleston Principles do not apply.

^C Charleston Principles apply.

Ok, every state on my list is in a bucket. Now what?

BUCKET #1: Take the states in Bucket 1 and, as noted on page 4, make a document for your records indicating why nothing needs to be filed in each of these states. Now put Bucket 1 aside.

BUCKET #2: We are left with the states in Bucket 2. These are states that require some filing if you have sufficient contacts in that state to require action. Now it is time to take these states in Bucket 2 and perform a contacts analysis.

Contacts Analysis

For each state, make a list of the donors you have in that state and the type of contact you have with each donor (email, direct mail, donation actually received).

If there are states where you definitely have substantial contacts (the state where your organization is incorporated, where you have physical offices or employees, or where you actively contact donors or receive substantial donations), those states stay in Bucket 2

Example 1: Contacts Analysis

| State | Type of Contact (email solicitation, direct mail recipient, donation received) | If donation received, amount Given, Annually | | | | | Five- Year Total |
|-------|--|---|------|------|------|------|------------------------|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Example 2: Contacts Analysis

| State | Contact | Status | Disclosure |
|----------|---|---------------------------------|------------|
| New York | Annual Gala, donate button on website | Exemption Confirmed | |
| Illinois | Remote staff, donate button on website | Exemption application submitted | |
| Georgia | Summer camp and programming, donate button on website | Registration Needed! | |
| Nevada | Office, donate button on website | Registration Needed! | |
| Utah | Donate button on website | Registration Needed! | |
| Colorado | Annual conference and programming, donate button on website | Registration Needed! | |

Tip: Make sure your website's donate feature and your newsletter indicate a field to collect the donors' and subscribers' states of residence.

BUCKET #2, CONT'D: But what if, in some of your Bucket 2 states, you only receive rare or occasional unsolicited donations? What if you solicit online through a donate button, and not with events, mailings, or physical contact in a state? For these remaining states where you are unsure whether you need to register or apply for an exemption, it is time to learn about the Charleston Principles.

Charleston Analysis

In some states, we have no contacts. Our website has a "donate" button. Does receiving a donation through the donate button mean we have to register in a state where we have no other active interactions?

Online fundraising buttons are a gray area in the law. Charities regulators wrote the Charleston Principles to help people navigate the gray. See [Mississippi's document on the Charleston Principles](#).

NOTE: Some states do not accept the Charleston Principles. You can go through each state in your bucket one and review the state's charitable registration law itself by finding the state on the Napa Legal Multi-State Matrix, or you can use a secondary source. [\(1\)](#) One secondary source lists the following states as states that do not follow the Charleston Principle: Alabama, District of Columbia, Florida, Georgia, Illinois, Kansas, Louisiana, Maine, Nevada, New York, North Dakota, Ohio, Oklahoma, Rhode Island, and Utah. [\(2\)](#)

For your Bucket 2 states where you only receive donations via an online donation button that do follow the Charleston Principles, [read the Guidelines here](#) and compare your contacts in the state with the principles to determine whether the principles weigh in favor of registration or not.

ANALYSIS IN FAVOR OF NOT REGISTERING: If your analysis for the state weighs in favor of not registering or applying for an exemption, write a short summary of your reasoning and put it in your files with your notes on Bucket 1 states.

ANALYSIS IN FAVOR OF REGISTERING: If your analysis weighs in favor of registering or applying for an exemption, put the states in Bucket 2.

ACTION ITEM: The states you now have left in Bucket 2 require action: it is time to go to those states' websites and find the application for charitable solicitation registration or exemption and complete them.

Summary

In conclusion, this is how to comprehensively get yourself into compliance with all charitable solicitation registration and exemption requirements:

- Make a list of all the states where you have contacts.
- Sort out the states that do not have a charitable registration requirement or where an automatic exemption applies to your organization. Make a note of these states for your files.
- For the remaining states, you need to analyze your contacts. If you are incorporated in that

state, have a physical presence, or have substantial contacts, those states go in Bucket 2.

- If you do not have substantial contacts but your analysis (either of the state's charitable registration law or the Charleston Principles) weighs in favor of registration or exemption, those states go in Bucket 2 as well.
- Go through each state in Bucket 2 (those resulting from steps 3 and 4) in the Multi-State Matrix to determine whether a charitable solicitation registration application or an exemption application is appropriate. Make a note for each state.
- For each state in Bucket 2, go to each state's secretary of state website (or the equivalent agency that handles charitable registration) and follow the steps to register or apply for an exemption. You can try this on your own (it's possible! See [Napa Legal's blog post on the process in Pennsylvania](#) for an example) or consult with an attorney to assist you.
- In each state where you registered or applied for an exemption, check the laws in the [Multi-State Matrix](#) or on the state's website to determine whether you need to file an annual report, renewal, etc.
- Make a note of each required report or renewal on your organization's calendar.

Basic Information You Will Need to File Charitable Solicitation Registration/Exemption Applications

Charitable solicitation registration application forms will vary by state, but there is certain information you will almost always need for these applications. It will help make the process easier if you fill out the form below and keep it in your records so you have all this information at your fingertips. You should make a note in your organization’s calendar to review this form periodically to ensure that the information remains up to date.

| | |
|--|--|
| Organization’s legal name, as well as any other names the organization may use | |
| Legal address (and mailing address, if different) | |
| Phone numbers, fax numbers, email addresses, websites used to communicate with the public | |
| All the organization’s offices, chapters, branches, or affiliates | |
| Date of incorporation, state of incorporation, and date that organization’s fiscal year ends | |
| Type of organization (if you are not a corporation, indicate if you are an LLC, partnership, etc.) If a partnership, include names, addresses, and phone numbers of partners | |
| Date the organization received its 501(c)(3) status. Has 501(c)(3) status ever been revoked, denied, or modified? | |
| Primary purposes and programs of the organization for which funds are solicited. | |
| List all methods of solicitation of funds (mail, radio/tv, phone calls, special events, etc.) | |

| | |
|--|--|
| <p>If there are any family or business relationships between any directors, officers, trustees, or employees, list them here.</p> | |
| <p>Individual responsibility for:</p> <ul style="list-style-type: none"> - Custody of funds - Distribution of funds - Fundraising - Custody of financial records - Signing checks | |
| <p>Any banks where the organization deposits funds</p> | |
| <p>Name, address, and phone number of organization's accountant</p> | |
| <p>Does the organization have a paid professional solicitor? If so, include name, contact information, a simple statement of services provided, compensation arrangement, dates of contract, date of campaign/event, whether the professional solicits on your behalf, and whether the professional at any time has custody or control of donations.</p> | |
| <p>For the most recent year:</p> <ul style="list-style-type: none"> • Total contributions received • Program service expenses • General and management expenses • Total expenses • Fundraising expenses as a percentage of funds raised | |

| | |
|---|--|
| <ul style="list-style-type: none"> • Fundraising expenses plus management and general expenses as a percentage of funds raised • Program services as a percentage of total expenses | |
|---|--|

If you are unsure of what any of the above questions mean or how they relate to your organization, you may want to look at the [instructions for the Unified Registration Statement](#), which explains many of these questions.

Note that there are also several organizational documents that most charitable registration applications will require you to include with your application. Have the following in one place along with the information above:

- Most recent IRS Form 990
- Determination Letter from IRS regarding 501(c)(3) status
- Articles of Incorporation/initial formation document
- Bylaws
- List of the names and addresses of all officers and members of the board of directors (note, to protect directors' privacy, where permitted, you may wish to use the corporate mailing address for these filings)