

## Article 2.

### Charitable Organizations and Sponsors.

#### **§ 131F-5. Licensure of charitable organizations and sponsors required.**

(a) License Required. – Unless exempted under G.S. 131F-3, a charitable organization, sponsor, or person that intends to solicit contributions in this State, to have funds solicited on its behalf, or to participate in a charitable sales promotion or sponsor sales promotion shall obtain a license by filing an application with the Department, obtaining approval of that application by the Department, and paying the applicable fee.

(b) Departmental Review. – The Department shall examine each application filed by a charitable organization or sponsor and shall determine whether the licensing requirements are satisfied. If the Department determines that the requirements are not satisfied, the Department shall notify the charitable organization or sponsor within 10 days after its receipt of the application. If the Department does not notify the charitable organization or sponsor within 10 days, the application is deemed to be approved and the license shall be granted. Within seven days after receipt of a notification that the requirements are not satisfied, the charitable organization or sponsor may file a petition for a contested case. The State has the burden of proof in the contested case. The contested case hearing must be held within seven days after the petition is filed. A final decision must be made within five days of the hearing. The contested case hearing proceedings shall be conducted in accordance with Chapter 150B of the General Statutes except that the time limits and provisions set forth in this section shall prevail to the extent of any conflict. The applicant shall be permitted to continue to operate or continue operations pending judicial review of the Department's denial of the application. The Department shall make rules regarding the custody and control of any funds collected during the review period and disposal of such funds in the event the denial of the application is affirmed on appeal.

(c) License Renewal. – The license shall be renewed on an annual basis. Any change in information from the original application for a license shall be filed annually on or before the fifteenth day of the fifth calendar month after the close of each fiscal year in which the charitable organization or sponsor solicited in this State, or by the date of any applicable extension of the federal filing date, whichever is later, provided that extensions given under this section shall not exceed three months after the initial renewal date or eight months after the conclusion of the year for which financial information is due at the time of renewal. A charitable organization or sponsor whose federal filing date has been extended shall, within seven days after receipt, forward a copy of the document granting the extension to the Department.

(d) Extension of Time. – For good cause shown, the Department may extend the time for the license renewal and the annual filing of updated information for a period not to exceed 60 days, during which time the previous license shall remain in effect. (1981, c. 886, s. 1; 1985, c. 497, s. 3; 1987, c. 827, ss. 1, 239; 1989, c. 566, s. 1; 1993 (Reg. Sess., 1994), c. 759, s. 2; 2011-398, s. 47.)

#### **§ 131F-6. Information required for licensure.**

(a) Initial Information Required. – The initial application for a license for a charitable organization or sponsor shall be submitted on a form provided by the Department, signed under oath by the treasurer or chief fiscal officer of the charitable organization or sponsor, and shall include the following:

- (1) The name of the charitable organization or sponsor, the purpose for which it is organized, the name under which it intends to solicit contributions, and the purpose for which the contributions to be solicited will be used.
- (2) The principal street address and telephone number of the charitable organization or sponsor and the street address and telephone numbers of any offices in this State or, if the charitable organization or sponsor does not maintain an office in this State, the name, street address, and telephone number of the person who has custody of its financial records. The parent organization that files a consolidated registration statement under G.S. 131F-7 on behalf of its chapters, branches, or affiliates shall additionally provide the street addresses and telephone numbers of all of its locations in this State.
- (3) The names and street addresses of the officers, directors, trustees, and the salaried executive personnel.
- (4) The date when the charitable organization's or sponsor's fiscal year ends.
- (5) A list or description of the major program activities.
- (6) The names, street addresses, and telephone numbers of the individuals or officers who have final responsibility for the custody of the contributions and who will be responsible for the final distribution of the contributions.
- (7) The name of the individuals or officers who are in charge of any solicitation activities.
- (8) A financial report for the immediately preceding fiscal year upon a form provided by the Department. The report shall include the following:
  - a. The balance sheet.
  - b. A statement of support, revenue, and expenses, and any change in the fund balance.
  - c. Repealed by Session Laws 1995 (Regular Session, 1996), c. 748, s. 1.3.
  - d. A statement of expenses in the following categories:
    1. Program.
    2. Management and general.
    3. Fund-raising.
- (9) In substitution for the information described in subdivisions (3), (4), (5), (6), and (8) of this subsection, a charitable organization or sponsor may submit, at the time the application is filed, a copy of its Internal Revenue Service Form 990 and Schedule A filed for the preceding fiscal year, or a copy of its Form 990-EZ filed for the preceding fiscal year.
- (10) A charitable organization or sponsor may include a financial report which has been audited by an independent certified public accountant or an audit with opinion by an independent certified public accountant. In the event that a charitable organization or sponsor elects to file this, this optional filing shall be noted in the Department's annual report submitted under G.S. 131F-30.
- (11) A newly organized charitable organization or sponsor with no financial history shall file a budget for the current fiscal year.
- (12) A statement indicating all of the following:
  - a. Whether or not the charitable organization or sponsor is authorized by any other state to solicit contributions.

- b. Whether or not the charitable organization or sponsor or any of its officers, directors, trustees, or salaried executive personnel have been enjoined in any jurisdiction from soliciting contributions or have been found to have engaged in unlawful practices in the solicitation of contributions or administration of charitable assets.
  - c. Whether or not the charitable organization or sponsor has had its authority denied, suspended, or revoked by any governmental agency, together with the reasons for the denial, suspension, or revocation.
  - d. Whether or not the charitable organization or sponsor has voluntarily entered into an assurance of voluntary compliance or agreement similar to that set forth in G.S. 131F-24(c), together with a copy of that agreement.
- (13) The names, street addresses, and telephone numbers of any solicitor, fund-raising consultant, or coventurer who is acting or has agreed to act on behalf of the charitable organization or sponsor, together with a statement setting forth the specific terms of the arrangements for salaries, bonuses, commissions, expenses, or other compensation to be paid the fund-raising consultant, solicitor, or coventurer, and the amounts received from each of them, if any.
- (14) With initial licensing only, when and where the organization was established, the tax-exempt status of the organization, and a copy of any federal tax exemption determination letter. If the charitable organization or sponsor has not received a federal tax exemption determination letter at the time of initial licensing, a copy of the determination shall be filed with the Department within 30 days after receipt of the determination by the charitable organization or sponsor. If the organization is subsequently notified by the Internal Revenue Service of any challenge to its continued entitlement to federal tax exemption, the charitable organization or sponsor shall notify the Department of this fact within 30 days after receipt.

(b) **Renewal Information Required.** – A license shall be renewed on an annual basis. The charitable organization or sponsor shall submit any changes in the information submitted from the initial application. (1981, c. 886, s. 1; 1993 (Reg. Sess., 1994), c. 759, s. 2; 1995 (Reg. Sess., 1996), c. 748, s. 1.3.)

**§ 131F-7. Consolidated application and renewal.**

(a) **Election to File Consolidated Application.** – Each chapter, branch, member, or affiliate of a parent organization or association that is required to obtain a license under G.S. 131F-5 shall either file a separate application or shall report the required information to its parent organization or association. The parent organization or association may then file, on a form provided by the Department, a consolidated application for the parent organization or association and its chapters, branches, members, and affiliates located in this State.

(b) **Consolidated Financial Information.** – If all contributions received by chapters, branches, or affiliates are remitted directly into the parent organization's centralized accounting system from which all disbursements are made, the parent organization may submit one consolidated financial report as part of the application on a form provided by the Department.

(c) Renewal Information. – The parent organization or association may file the information required for a renewal of a license in a consolidated form provided by the Department. (1993 (Reg. Sess., 1994), c. 759, s. 2.)

**§ 131F-8. License fees.**

(a) Required Fees. – Except as provided in subsections (b) and (c) of this section, every charitable organization or sponsor shall pay the following fees with each license application:

- (1) Fifty dollars (\$50.00), if the contributions received for the last fiscal year were less than one hundred thousand dollars (\$100,000).
- (2) One hundred dollars (\$100.00), if the contributions received for the last fiscal year were one hundred thousand dollars (\$100,000) or more, but less than two hundred thousand dollars (\$200,000).
- (3) Two hundred dollars (\$200.00), if the contributions received for the last fiscal year were two hundred thousand dollars (\$200,000) or more.

(b) Exemption. – A licensed charitable organization or sponsor that received less than five thousand dollars (\$5,000) in the last calendar or fiscal year shall not pay a fee.

(c) Parent Organization. – A parent organization or association filing on behalf of one or more chapters, branches, members, or affiliates shall pay a single license fee for itself and its other chapters, branches, members, or affiliates. These license fees shall be imposed as follows:

- (1) One hundred dollars (\$100.00) for a parent organization or association and one to five chapters, branches, members, or affiliates.
- (2) Two hundred dollars (\$200.00) for a parent organization or association and 6 to 10 chapters, branches, members, or affiliates.
- (3) Two hundred fifty dollars (\$250.00) for a parent organization or association and 11 to 15 chapters, branches, members, or affiliates.
- (4) Four hundred dollars (\$400.00) for a parent organization or association and 16 or more chapters, branches, members, or affiliates.

(d) Late Filing. – A charitable organization or sponsor which fails to file the renewal information by the due date may be assessed an additional fee for the late filing. The late filing fee shall be established by rule of the Department and shall not exceed twenty-five dollars (\$25.00) for each month or part of a month after the date on which the information was due to be filed or after the period of extension granted for the filing. (1981, c. 886, s. 1; 1993 (Reg. Sess., 1994), c. 759, s. 2.)

**§ 131F-9. Disclosure requirements of charitable organizations and sponsors.**

(a) Contributions for Expressed Purpose. – A charitable organization or sponsor shall solicit contributions only for the purpose expressed in its application and may apply contributions only in a manner substantially consistent with that purpose.

(b) Disclosures. – A charitable organization or sponsor soliciting in this State shall include all of the following disclosures at the point of solicitation:

- (1) The name of the charitable organization and state of the principal place of business of the charitable organization or sponsor.
- (2) A description of the purpose for which the solicitation is being made.
- (3) Upon request, the name and either the address or telephone number of a representative to whom inquiries could be addressed.

- (4) Upon request, the amount of the contribution which may be deducted as a charitable contribution under federal income tax laws.
- (5) Upon request, the source from which a written financial statement may be obtained. The financial statement shall be for the immediate past fiscal year and shall be consistent with G.S. 131F-6. The written financial statement shall be provided within 14 days after the request and shall state the purpose for which funds are raised, the total amount of all contributions raised, the total costs and expenses incurred in raising contributions, the total amount of contributions dedicated to the stated purpose or disbursed for the stated purpose, and whether the services of another person or organization have been contracted to conduct solicitation activities.

(c) Printed Disclosure. – Every charitable organization or sponsor that is required to obtain a license under G.S. 131F-5 shall conspicuously display in type of a minimum size nine points, the following statement on every printed solicitation, written confirmation, receipt, or reminder of a contribution:

"Financial information about this organization and a copy of its license are available from the State Solicitation Licensing Branch at [telephone number]. The license is not an endorsement by the State."

The statement shall be made conspicuous by use of one or more of the following: underlining, a border, or bold type. When the solicitation consists of more than one piece, the statement shall be displayed prominently in the solicitation materials, but not necessarily on every page.

(d) Collection Receptacle Disclosure. – Any person who is required to obtain a license under any provision of this Chapter and who is soliciting donated clothing, household items, and other items for resale through the use of a collection receptacle shall display on all sides of each collection receptacle a permanent sign or label with the name of the charitable organization or sponsor for whom the solicitation is made and the phone number or electronic mail address of a contact at the charitable organization or sponsor. The sign or label shall be placed on all sides of the collection receptacle with the required information printed in letters that are no less than three inches in height and no less than one-half inch in width and in a color that contrasts with the color of the collection receptacle so that the sign or label is clearly visible. Upon request, the charitable organization or sponsor must provide the donor with documentation of its tax exempt status and license issued under this Chapter. (1985, c. 497, s. 8; 1989, c. 566, s. 3; 1993 (Reg. Sess., 1994), c. 759, s. 2; 1995 (Reg. Sess., 1996), c. 748, s. 1.1; 2011-319, s. 3.)

#### **§ 131F-10. Disclosure requirements for other organizations.**

Any person who is not a charitable organization or sponsor and who places or maintains a collection receptacle in public view for the purpose of collecting donated clothing, household items, and other items for resale shall display on all sides of each collection receptacle a permanent sign or label with the phone number or electronic mail address of a contact for the person and the following statement: "This is not a charity. Donations made here support a for-profit business and are not tax deductible." The sign or label shall be placed on all sides of the collection receptacle with the required information printed in letters that are no less than three inches in height and no less than one-half inch in width and in a color that contrasts with the color of the collection

receptacle so that the sign or label is clearly visible. Upon request, the person must provide the donor with documentation of its license issued under this Chapter. (2011-319, s. 4.)

**§ 131F-11. Reserved for future codification purposes.**

**§ 131F-12. Reserved for future codification purposes.**

**§ 131F-13. Reserved for future codification purposes.**

**§ 131F-14. Reserved for future codification purposes.**