

**MICHIGAN
FUND RAISING REGISTRATION
AND
REPORTING REQUIREMENTS**

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MICHIGAN FUND RAISING AND REPORTING REQUIREMENTS

A. Initial Questionnaire

- (1) Promptly after you incorporate your charitable organization, you should complete and send to the Charitable Trust Section of the Michigan Attorney General's office the Initial Questionnaire developed by that office. (Most forms mentioned in these materials are attached and also can be downloaded from the Attorney General's web site, www.michigan.gov/ag.)
- (2) The Charitable Trust Section will use the Questionnaire to determine whether your organization must register as a charitable trust in Michigan and obtain a solicitation license to do fund raising.

B. Registering as a Charitable Trust

- (1) *Who Must Register.* Most organizations that hold property for a charitable purpose in Michigan must register as a charitable trust. (There are exemptions, though, including for religious organizations, governmental agencies, educational institutions, amateur theater, band and orchestra organizations, and hospitals.)
- (2) *Registration Process.* You register by submitting two forms, the Registration Statement and the Inventory. To maintain an up-to-date charitable trust registration, you must file a financial accounting with the Charitable Trust Section six months following the end of each fiscal year. You can meet this requirement by sending a copy of tax return that was filed with the IRS, a copy of a bank accounting, or a certified audit.

If your organization has gross receipts of less than \$25,000 and holds assets valued at all times during its fiscal year at less than \$100,000, the organization may qualify for a waiver of the financial accounting requirement. The Charitable Trust Annual Report Waiver Statement may be submitted only after the organization has at least one financial accounting on file with the Charitable Trust Section.

This information is provided for general guidance, and is not intended as a substitute for legal advice. For more information about your specific situation, please seek advice from an attorney or other professional.

C. Charitable Solicitation License.

- (1) *Application for Solicitation License.* An organization must obtain a charitable solicitation license if it solicits or receives contributions in Michigan of more than \$8,000 or if it compensates any person for fund raising services (including, in some circumstances, employees). Some organizations are exempt from licensing requirements, such as state certified educational institutions and licensed hospitals. Don't assume, however, that an exemption applies to your organization. That determination must be made by the Charitable Trust Section.

If a charitable solicitation license is required, your organization must submit an Application for License to Solicit Donations. Because you can't solicit funds until the license is issued, many new organizations apply for the license immediately, at the time they submit the Initial Questionnaire, rather than waiting for a determination from the Charitable Trust Section.

- (2) *Renewal of Solicitation License.* The charitable solicitation license expires each year, either six or seven months following the end of the organization's fiscal year. The expiration date is stated on the license. To renew the license, you submit an Application 30 days prior to the expiration date, along with all necessary attachments. The attachments include a list of the board of directors, an IRS Form 990 (including Schedule A) or 990EZ, and if required, an audit or review.

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D. Professional Fund Raiser Requirements.

- (1) *Definition.* A professional fund raiser is a person who is paid for conducting or managing a fundraising drive or campaign for a charitable or religious organization. A professional fund raiser also includes someone who is independently in the business of soliciting contributions for charities. An officer or employee of a charitable organization is not a professional fund raiser unless his or her salary or other compensation is tied to funds to be raised or actually raised.
- (2) *Professional Fundraiser License.* Any professional fund raisers your organization uses must be licensed. To become licensed, the fund raiser must file a completed Application for License of Professional Fund Raiser prior to any solicitations. The fund raiser must also obtain a \$10,000 bond and submit the Uniform Professional Fundraiser Surety Bond form, accompanied by a power of attorney form signed by the surety. In addition, individual solicitors hired to make phone calls or to solicit door-to-door are required to be registered through the filing of Registration of Professional Solicitor forms for each individual. The professional fundraiser license expires each year on June 30. To renew the license, the fund raiser must submit an Application 30 days prior to that expiration date, along with a bond continuation certificate.
- (3) *Continued Reporting.* A professional fund raiser must submit a Professional Fundraiser Contract Summary Sheet for every contract entered into with a charitable or religious organization. In addition, professional fund raisers who handle funds must file a Campaign Financial Statement with the Charitable Trust Section 90 days following the end of each campaign, or yearly if the campaign is ongoing.

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