

# Online Fundraising: Legal Requirements under U.S. Law

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# CHARITABLE GIVING IN THE UNITED STATES

USD \$298.4 BILLION  
(2011)

*USD \$2.98 BILLION – Misused  
or solicited using fraudulent  
means.*

One World  
One Internet



# DOES THIS APPLY TO YOU?

- Do you do business in the U.S.?
  - Do you have more than USD \$25,000 revenues?
  - Do you file an IRS 990 or 990-EZ?
- Do you solicit donations in the U.S.?
- Exemptions (state specific)
  - Some Religious Organizations
  - Some Educational Organizations
  - Some Political Organizations



# CHARLESTON PRINCIPLES:

## GUIDELINES ON CHARITABLE SOLICITATIONS USING THE INTERNET

- Developed by the National Association of State Charity Officials (NASCO)
- Designed to help Not-for-Profits understand when a state may reasonably require registration
- Help Charitable Organizations adjust their activities and plan for consequences



# METHODS OF SOLICITATION

## Interactive Websites

Any website that permits a contributor to make a contribution or purchase a product in connection with a charitable solicitation.

## Passive Websites

Information only without any way to submit a contribution through the website nor any solicitation to contribute.



# REGISTRATION REQUIREMENTS: TRIGGERS

## Domicile

Is your principle place of business  
in the U.S.?

**REGISTRATION IS REQUIRED**

Regardless of Interactive or Passive  
methods of solicitation.



# REGISTRATION REQUIREMENTS: TRIGGERS

## Purposeful Availment

If your non-Internet activities alone would be sufficient for registration.

If the entity solicits contributions through an interactive website AND any one of the following

You specifically target persons physically located in the state

You receive contributions from the state on a repeated and ongoing basis

You

solicit contributions through a passive site by encouraging further offline activity or sending communication that promotes the website.



# WHAT NEXT?

Unified Registration Statement (“URS”)

Registration Fee

Annual Renewal

Consequences of Non-Registration

Fines

Felony Charges

Tax Consequence

Exclusion from soliciting in the future





# Thank You



# Questions

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