



# NONPROFIT NEWS

*From the Charitable Law Section at the Office of Ohio Attorney General Richard Cordray*

## PROFESSIONAL SOLICITATION REGISTRATION DEADLINE IS MARCH 31

All professional solicitors must register annually with the Ohio Attorney General's office and the deadline for renewals is fast approaching. Solicitors have until March 31 to register. Soliciting Ohioans for charitable contributions without being properly registered is illegal unless the solicitor is a volunteer or staff member of a nonprofit.

Professional solicitors, who are generally commercially engaged in fundraising activities on behalf of charities, have registration requirements in most states.

Lawmakers have adopted these measures in an effort to protect consumers and charities. State and federal laws regulate the activities of professional solicitors in an effort to prevent fraud.

Charities that decide to retain professional solicitors on their behalf need to ensure that the solicitors they are using are properly registered in the states where they ask for gifts, and those requirements will vary by state.

Continued on page 2

## GROUPS RISK LOSS OF 501(C)(3) STATUS FOR FAILURE TO FILE FEDERAL RETURNS

The IRS has been trying to get the message out to the nonprofit community that most tax-exempt organizations, other than churches, must file a yearly return or notice with the IRS. If an organization does not file as required for three consecutive years, it will automatically lose its tax-exempt status. That would require the group to file income tax returns and pay income taxes, and that its

contributors will not be able to deduct donations.

For information on what returns need to be filed, check out <http://www.irs.gov/charities/article/0,,id=217087,00.html>

## TAXPAYERS SHOULD AVOID CHARITABLE DONATION SCAMS

As taxpayers file their state and federal income taxes, citizens should double-check to make certain that charitable deductions being claimed are made in connection with eligible organizations. Not all nonprofit or exempt organizations qualify. Only gifts made to charitable

groups qualify for tax deductions.

Wise donors will always confirm with organizations about the deductibility of their gifts. Notes about deductibility are often included on receipts for donations.

## NATIONAL CHARITY AND FOUNDATION NUMBERS SURPASS 1.2 MILLION

There has been a 4.3 percent increase in the number of charities and foundations throughout the U.S., according to the latest figures released by The Internal Revenue Service.

The IRS reports that from 2008 to 2009, the list of 501(c)(3) organizations grew from 1,186,915 groups to 1,238,201 organizations, according to its annual data book just issued for 2009.

In other information from the IRS, preliminary data from tax returns from 2008 suggests charitable deductions appear to have dropped by 7.2 percent. In 2007 \$174.5 billion in deductions were claimed. The figure dropped to \$161.9 billion in 2007. The drop is attributed to the economic downturn. Finalized information will be available in a few months.

For more information about the deductibility of charitable donations, check out the IRS publication that outlines various issues connected with the deductibility of donations at [http://www.irs.gov/publications/p526/ar02.html#en\\_US\\_publink1000229641](http://www.irs.gov/publications/p526/ar02.html#en_US_publink1000229641)

## NEW SCAM ALERT WIDGET UNVEILED

Jumpstarting National Consumer Protection Week, Attorney General Richard Cordray held a statewide consumer summit on March 4 in which consumer advocates and experts from across the state were in attendance. The topic of discussion: protecting the consumer in the difficult economic times.

In a call to action, Cordray is asking agencies to take the necessary steps toward strengthening consumer protection programs. In an attempt to spread the information about scams and new consumer protection methods, Cordray asks that consumer advocates and state agencies work together in effectively sharing information with each other. But quickly sharing information about fraud, illegal activities can be shut down more quickly and people can be spared from becoming a victim.

Working collectively with the Better Business Bureau, Ohio Attorney General's office has revealed a real-time scam alert widget that will alert Ohio's consumers of possible scams emerging. Consumers interested in downloading the widget tool can find the instructions at <http://www.ohioattorneygeneral.gov/ScamAlertWidget>

Attorney General Richard Cordray also presented the 2010 William J. Brown Consumer Protection Award at the summit to Harold Williams, managing attorney of the Consumer Law Unit for the Legal Aid Society of Cleveland.

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## PROFESSIONAL SOLICITATION REGISTRATION DEADLINE IS MARCH 31, CONTINUED

As with any solicitation for a charitable gift, Ohioans need to make wise giving decisions so they are not victimized by scams. Asking lots of questions, asking for written information, verifying information through other sources are just some of the steps consumers can take to better ensure that their charitable gifts are used in the desired way. Additional tips for wise giving are outlined at <http://www.ohioattorneygeneral.gov/files/Publications/Publications-for-Non-Profit/Charitable-Scams-Palm-Card.aspx>.

Whenever consumers receive questionable solicitations by phone, mail or in person, they should contact the Ohio Attorney General's office and file a complaint so the situation can be investigated. Complaints can be filed online or by contacting the Call Center at 1-800-282-0515.

Consumers can also contact the office with a complaint if they are contacted by a professional solicitor who is not registered in Ohio. An updated list of registered solicitors is kept on the Attorney General's web page at <http://www.ohioattorneygeneral.gov/files/Publications/Publications-for-Non-Profit/Professional-Solicitors-Registered-in-Ohio-Reports/Professional-Solicitors-Registered-in-Ohio-as-of-0.aspx>

Solicitors can find the materials needed to renew their registration at <http://www.ohioattorneygeneral.gov/Services/Non-Profits/Services-for-Professional-Fundraisers/Professional-Solicitor-Registration>.

Berena Seifert is the solicitation registrar and can be contacted at 614-466-3181 for additional information on registration.

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### QUESTIONS AND COMMENTS

Thank you to all of you who have shared your thoughts about the Nonprofit News! Please consider submitting a question that might be of interest to others, and it may be featured in an upcoming edition. Send comments or questions to [CharitableLaw@OhioAttorneyGeneral.gov](mailto:CharitableLaw@OhioAttorneyGeneral.gov).

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