

## **Charitable Solicitation Licensing Division Frequently Asked Questions for Consumers**

### **What is a charitable solicitation license?**

A charitable solicitation license is issued by the Department of the Secretary of State to a charitable or sponsor organization and gives them the right to legally solicit, or ask, the public for contributions for their charitable purpose or cause.

It is important to note that not all charities are required to get a license to solicit contributions. Some charities, like churches, schools, YMCA's, and charities that bring in less than \$25,000 a year and do not compensate anyone, are considered exempt from the law and therefore are not required to obtain a license. A complete [list](#) of all exemptions from license requirements is available on our website.

### **How do I know if a charity has a license to solicit donations?**

Simply go to [Search Our Registry](#) and enter the name of the organization. In the organization's profile you will see all filings and correspondence on record with the Department, including the organization's most recently filed financial information. By looking at an organization's profile, you will be able to see if they have registered with the Secretary of State as "exempt" or if they have obtained a license.

### **How do I know how my donation will be used by the charity?**

The best way to find out more about how a charity will use a donation is to ask the charity directly. If a charity or a solicitor acting on behalf of a charity calls asking you for a donation, they must disclose the following information to you during the solicitation process:

- Name of the charity and the place of business for the charity;
- The purpose for which the solicitation is being made;
- The name and either the address and/or telephone number of someone you can contact if you have additional questions;
- The amount of your contribution which you may deduct under federal income tax laws;
- How you can obtain financial records for the charity.

Any charity that has a license to solicit contributions in NC, must file financial information with the Department on an annual basis. The public can access that information through our on-line [Search Registry](#).

### **Will my money be used for the children, or animals, or environmental cleanup I was told about -- or will the money be used for other things?**

Like any business, charities also have overhead costs. However, most charities strive to put as much donor money as possible into their charitable programs or purposes.

As a donor you have the ability to do additional research to find out how a charity uses the money you donate. You can [Search Our Registry](#) to look at financial records on file for the charity. You can also look at other consumer information and research sites linked on our website for helpful tips on how to determine if a charity is using the money you donate in a smart way.

### **Do I have to get a receipt for my donation?**

No. But asking for a receipt is always a smart thing to do. When you receive a receipt for a charitable donation, it should include the following:

- The date the donation was made;
- The name of the charity you made the donation to;
- The dollar amount of your donation;
- The Tax ID or EIN number for the charity, if the charity has tax-exempt status.

### **Are all donations to charity tax exempt?**

No. Not all charities have received tax exempt status from the <http://www.irs.gov/Charities-&-Non-Profits> Internal Revenue Service. Our Department does not have anything to do with determining a charity's tax exempt status. However, an organization that is not tax exempt and receives a license to solicit from our Department will receive a license that clearly states "Non Tax Exempt". Additionally, charities that receive a Non Tax Exempt license from the Department are required to inform donors of their status.

### **What does it mean when a charity is 501(c)3?**

"501(c)(3)" refers to the federal tax code, and is a designation given to certain organizations by the [Internal Revenue Service](#). It means the charity does not have to pay federal income tax. To become "tax exempt" a charity must provide certain financial information to the IRS and also provide that information to the public.

Additionally, it is important to note that not every organization licensed to solicit contributions by the Department is a tax-exempt organization. The Department issues a "Non Tax-Exempt License" to those organizations that have not yet obtained or do not plan to obtain tax exempt status with the IRS. Donations to these types of organizations are not tax deductible.

### **What is the benefit to me of the charity being a "501(c)3"?**

In almost all cases, you may deduct all of your donation to a 501(c)3 or tax exempt charity on your own taxes. You should always talk to your accountant or an attorney to confirm tax deductions.

You can also check with the [Internal Revenue Service](#) for more information.

### **How do I complain about a charity?**

If you have concerns about how a charity is soliciting donations in North Carolina, please submit a [Complaint Form](#) to our office. The more information you provide to us, the better job we can do to investigate your complaint. Any complaint you submit to our office is a public record.

You may also contact the Consumer Protection Section of the North Carolina Department of Justice using their [Complaint Process](#).

### **Where can I find out how to start a charity?**

While we regulate and license certain charitable organizations, we do not govern the creation and maintenance of charitable organizations. If you're interested in starting your own charity, we can recommend several information sources. The Secretary of State's [Corporations Division](#) has information and prints a publication concerning proper creation of a nonprofit organization in North Carolina.

We also recommend a visit to the [North Carolina Center for Non-Profits site](#) as a valuable information resource for those interested in starting a charity.

### **What if I want to raise money for a charity, do I need my own license?**

No. If you are a volunteer who is raising money for a charity that has a license to solicit donations AND the charity is not compensating you in any way to raise those funds, then you do not need a license. However, you **must** get the charity's permission in writing before soliciting donations on their behalf. Soliciting for a charity without their prior permission may violate North Carolina's solicitation laws.

If you wish to raise money from North Carolina residents for a charity as a separate business venture with the intent to generate a profit, you must apply for and obtain a license as a professional fundraiser first. Contact our office for more information.

### **Can I get a copy of a charity's tax return?**

For any organization licensed to solicit contributions in North Carolina, their most recent financial information will be on file and available to you through our on-line [Search Registry](#). Charities have the option to provide their financial information in one of three formats: 1) the IRS Form 990; 2) an Annual Financial Form provided by the Department; or 3) an Audit. Each year, the charity will file financial records as part of the license application process.

### **How do I get my money back when I've been "scammed"?**

Unfortunately, in most cases it is very difficult to recover a charitable contribution once it has been made. For that reason, it is important that donors do their research BEFORE making a donation.

Our office does not have the ability to secure refunds of donations made for donors. So, please use the information available on our [website](#) to research a charity prior to making a donation.

### **How can I get charities to stop calling or sending me requests for donations?**

Many people think that if they have registered their phone number on the National Do Not Call Registry that should also keep charities from calling them. However, charities are exempt from the National Do not Call Registry, which means, even if your number is listed on the national registry, a charity may still call you.

To get a charity to stop calling you, you will need to communicate directly with the charity and inform the person calling on behalf of the charity to place you on the charity's own "no-call" list. If you receive unwanted solicitations in the mail, you can write the entity and ask them to remove you from their mailing list.

If after making these notifications you continue to receive repetitive and unwanted telephone calls or letters from charities or solicitors, please contact our office.

### **Where can I look to see if a charity that calls me has ever been in trouble?**

CSL produces an Annual Report each year that includes a summary of enforcement activity for the year. Copies of prior years and the current year's Report are available on our [website](#).

### **How do I contact your office?**

#### **By Phone:**

919-807-2214

888-830-4989 (NC Residents Only)

#### **By Fax:**

919-807-2220

#### **By Email:**

[csl@sosnc.com](mailto:csl@sosnc.com)

#### **Or By Mail:**

NC Department of the Secretary of State

ATTN: CSL

PO Box 29622

Raleigh, NC 27626-0622