

Fund-raising Disclosure Form

North Carolina Department of the Secretary of State
Charitable Solicitation Licensing

Instructions
for charitable or sponsor organizations

Introduction

G.S. 131F-6(a)(13) requires any charitable or sponsor organization that applies for a license to submit information about any contract relationship(s) with any fund-raising consultant, solicitor, or coventurer who has acted or has agreed to act on the applicant's behalf. The new Fund-raising Disclosure Form provides a concise format for filing this information.

This new form supersedes and replaces the following previously required forms and attachments:

- 1 *Fund-raiser contract documents;*
- 2 *Schedule C – Fund-Raisers;*
- 3 *Schedule H – Special Fund-Raising Events and Activities;* and
- 4 *Schedule L – Joint Costs of Multipurpose Activities Involving Fund-Raising.*

Instead of completing and submitting these items, complete and attach one (1) fund-raising disclosure form for each contract to satisfy the disclosure requirement.

Disclosure Basics

Complete the following general steps to determine whether you need to make a fund-raising disclosure and how to disclose effectively:

1. Identify which contracts, if any, require filing a disclosure.

Step 1: Identify business relationships. Only three (3) types of business relationships require making a disclosure:

(1) A contract with a solicitor. A solicitor is a person or business that you compensate to solicit contributions for your organization. Solicitors may collect contributions directly and may exercise a broad level of control over a fundraising campaign. Solicitors conducting campaigns that solicit contributions from North Carolina residents must possess a North Carolina solicitor's license.

(2) A contract with a fund-raising consultant. A fund-raising consultant is a person or business that you compensate to assist your organization with planning fundraising campaigns or training those who will solicit contributions for your organization. Fund-raising consultants may not lawfully collect contributions directly. Fund-raising consultants working with campaigns that solicit contributions from North Carolina residents must possess a North Carolina fund-raising consultant's license.

(3) A contract with a coventurer. A coventurer is a person or business that you compensate to conduct a charitable or sponsor sales promotion informing North Carolina consumers that purchasing the coventurer's goods or services will benefit you (usually through your receiving a portion of the good or service purchase price). North Carolina law does not require coventurers to obtain a license, but the law does require coventurers and you to comply with record keeping and disclosure requirements concerning the contract(s), promotion(s), and result(s).

Step 2: Identify the appropriate time period for your disclosures. The general rule is that you must disclose any contracts that were active (services provided), signed, or completed during the period since your last application filing.

(1) If you are a renewal applicant filing on time (or with an extension), the period for disclosures is within the immediate past fiscal year. This is the same period required for your financial filings.

(2) If you are a renewal applicant filing late, the period for disclosures will be more than the immediate past fiscal year, extending to the time since your last application filing. However, file only one "consolidated" disclosure for each contract covering the entire period. You do not need to file a separate disclosure form for each fiscal year on a multiyear contract.

(3) If you are an initial license applicant, the period for disclosure is during the immediate past fiscal year (if you have one) or within the twelve (12) months preceding your application's filing date (if you do not).

Fund-raising Disclosure Form CSL
Contact Information: Instructions

2. Disclose the contract's compensation terms.

North Carolina law requires applicants to disclose compensation arrangements in covered contracts. Consider the following points when disclosing compensation terms:

1 **Your disclosure is a public document.** Consumers researching your organization will review your disclosures. The Department recommends providing concise statements in plain English describing how you compensate your contract partner(s). "Cutting and pasting" an exact copy of contract text is not required and may be less useful for the consumer than a brief, accurate description.

2 **Use the format provided to categorize your compensation terms.** The statute and the form use terms like "salaries" and "commissions" that may have several reasonable definitions. When in doubt, if your contract describes a compensation item using a statutory term, use the description block for that term to describe the item. For example, if your contract describes a compensation term as a "fee", put your description of the term in the "fee" block on the form.

3. **Guide to compensation terms:** Use the following basic descriptions for compensation terms to guide your descriptions of your contract terms:

"Salary, rate, or fee" generally means a specific amount paid for services or a specific amount paid over a period of time that recurs (e.g., "per month").

"Bonus" generally means additional compensation provided to a contractor if one or more condition(s) occur.

"Commission" generally means a compensation structure where contractor receives compensation expressed as a percentage of transactions, products, contributions received, or another similar variable.

"Expenses" generally means any outlay, charge, or cost paid by the applicant to secure services, benefits, or results under the contract.

"Other compensation" is miscellaneous term covering compensation arrangements not otherwise described.

3. Disclose the amount you received under the contract.

Calculate and disclose the amount you received as a result from the contract. North Carolina law does not specify whether the amount you report must be the gross amount you received under the contract (i.e., the total amount without subtracting compensation and expenses) or the net amount you received under the contract (i.e, the total amount you received after subtracting all compensation and expenses) . The Department will accept either or both figures, and provides a space on the disclosure form for specifying which type(s) you report.

General formatting and attachment instructions

The Department posts this form on its website in Rich Text (RTF) format so that applicants may download the form, complete it on any standard word processor, and print the completed form for submission with a license application. The RTF form permits extending answers beyond the original form length of one page. Applicants may also print the empty form and complete the form using legible handwriting.

The Department accepts attachments to hand-completed forms and accepts word processed forms exceeding one page of printed text. If you submit multi-page forms or attachments, please submit them in simplex (printed on one side only) format on standard 8 1/2" x 11" paper. Doing so expedites processing.

How we process your disclosure(s) with your license application

Upon receipt with the rest of your application, the Department will scan your disclosure form(s) into electronic format. The Department will examine the form to make sure (1) all form questions have answers and (2) submitted form information is reasonably consistent with other information in your application. The Department will make your filed form available for public inspection by consumers.

Appendix: Specific line item instructions

This section provides specific guidance for completing the form questions on your fund-raising form(s): “**Form ___ of ___ filed with Application**” Answering this block is requested, but not required. The Department uses this information to help keep your application documents ordered during processing. For example, if the form is the first of three you are submitting, mark: “Form 1 of 3 filed with Application”. **Item 1. Applicant Name.** Enter your organizations’ name here. This name should match your answer to the “Full Legal Name” question on your license application. **Item 2. Contractor Name.** Enter your contract partner’s full legal name here. **Item 3 -Contractor Street Address.** Enter your contract partner’s street address (NOT P.O. Box address) here. **Item 4. Contractor Telephone Number.** Enter your contract partner’s primary telephone number here. **Item 5. Contractor Type.** Determine your contract partner’s TYPE and check the appropriate box, using one of these choices: Coventurer, Fund-raising Consultant, or Solicitor.

Item 6. Contract signing/execution date. Enter the date you signed the contract here. The Department uses this information to confirm whether your contract falls within your reporting period. **Item 7. Contract services begin date.** Enter the date services began or will begin under your contract here. The Department uses this information to confirm whether your contract falls within your reporting period.

Item 8. Contract services end date. Enter the date services ended or will end under your contract here. The Department uses this information to confirm whether your contract falls within your reporting period. **Item 9. Is this a continuing or multiyear contract?** Answer YES if your contract has extended or will extend over multiple years. Otherwise, answer NO. This information helps the Department and consumers match your multiyear contract disclosures to the underlying contract.

Item 10. Are North Carolina residents solicited for contributions as a direct or indirect result of this contract? Answer YES or NO. The Department uses this information to evaluate whether your contract partner, if not licensed in North Carolina, may require a North Carolina solicitation of contributions license.

Item 11. Does contract contain salary, rate, or fee terms? Answer YES or NO. If YES, describe your contract’s salary, rate, or fee terms in the block provided or in a labeled attachment. **Item 12. Does contract contain bonus terms?** Answer YES or NO. If YES, describe your contract’s bonus terms in the block provided or in a labeled attachment.

Item 13. Does contract contain commission terms? Answer YES or NO. If YES, describe your contract’s commission terms in the block provided or in a labeled attachment. **Item 14. Does contract contain expenses terms?** Answer YES or NO. If YES, describe your contract’s expense terms in the block provided or in a labeled attachment.

Item 15. Does contract contain other compensation terms? Answer YES or NO. If YES, describe your contract’s other compensation terms in the block provided or in a labeled attachment. **Item 16. Amount of funds received resulting from contract since your last license application filing:** In the space provided, state either the gross amount of funds received (total amount before subtracting compensation and expenses), or the net amount of funds received (total after subtracting compensation and expenses). You may also opt to provide both amounts.

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