STATE OF MARYLAND
EXECUTIVE DEPARTMENT

MARTIN O'MALLEY
GOVERNOR

ANTHONY G. BROWN
LT. GOVERNOR

OFFICE OF THE SECRETARY OF STATE
STATE HOUSE
ANNAPOLIS, MARYLAND 21401
410-974-5521
TOLL FREE: 888-874-0013
FAX: 410-974-5190
TTY: 800-735-2258

JOHN P. MCDONOUGH
SECRETARY OF STATE

December 1, 2014

Sarah T. Albert
Mandated Reports Specialist
Department of Legislative Services
90 State Circle
Annapolis, Maryland 21401

RE: HB1352 / Ch. 654, Sec. 2, 2014 – MSAR # 10109

Dear Ms. Albert:

Please find enclosed the Charitable Enforcement and Protection Workgroup interim report required under Ch. 654 – Secretary of State and Attorney General – Charitable Enforcement and Protection of Charitable Assets, Section 2. The report details the workgroup's progress in studying the information that should be reported to the Secretary of State by charitable organizations, charitable representatives, and fund-raising counsel, and how that information can most effectively and efficiently be collected and shared with other government agencies to protect the public and charitable assets.

If you have any questions or concerns, please feel free to contact me at peter.fosselman@maryland.gov or 410-974-5521.

Sincerely,

Peter C. Fosselman
Deputy Secretary of State

Enclosure

cc: Martin J. O'Malley, Governor
Thomas V. Mike Miller, President of the Senate
Michael E. Busch, Speaker of the House of Delegates
Kisha A. Brown, Director of Legislative Affairs & Civil Rights
Richard A. Tabuteau, Deputy Director of Legislative Affairs & Civil Rights
Michael P. Schlein, SOS Investigator & Extradition Coordinator

INTRODUCTION

The Charity Enforcement and Protection Workgroup created under House Bill 1352 convened on July 1, 2014 to study the information that should be reported to the Secretary of State by charitable organizations, charitable representatives, and fund-raising counsel and how that information can be most effectively and efficiently collected without imposing an unnecessary burden on those subject to reporting.

Members of the workgroup are as follows:

1. Richard Tabuteau, Co-Chair, Office of the Attorney General
2. Kisha A. Brown, Co-Chair, Office of the Attorney General
3. Michael Schlein, Co-Chair, Office of the Secretary of State
4. Peter Fosselman, Co-Chair, Office of the Secretary of State
5. Jonathan May, Maryland State Bar Association, Whiteford Taylor Preston
6. Melanie Styles, Foundations, Abell Foundation
7. Carole Carlson, Certified Public Accountant, The Rights and Resources Initiative
8. Karl Emerson, General Public, Montgomery McCracken
9. Robin Jacobs, Nonprofits, Community Law Center
10. Chris Cash, National Association of State Charities Officials, Colorado Dept. of State
11. Ryan Galloway, General Public, The Galloway Groupe
12. Kyle Roberts, Internal Revenue Service
13. Kate McGuire, Fundraising, The Arc of Baltimore

JULY 1, 2014 MEETING

At the first meeting, the Office of the Secretary of State outlined how it currently handles charitable registrations and noted the delay in processing charitable registration documentation, which is currently 6-8 weeks from the time the documentation is received. The workgroup recommended condensing and simplifying registration forms, especially for smaller organizations who do not owe a registration fee. It was also noted smaller organizations are unaware of the filing requirement altogether. The group suggested combining all different registration forms into one registration document. The NASCO representative alerted the

workgroup that there is a multi-state filer system that is being worked on by several states for charity registration. The system is expected to be operational in 2-3 years.

The workgroup set the agenda for future meetings and planned how the workgroup should move forward. It decided to first review the items currently required by the Secretary of State for compliance with registration for charitable organizations, professional solicitors, fund-raising counsel, and public safety solicitors. After that is established, the workgroup would move forward with determining how that information can be effectively and efficiently collected to prevent an undue burden on the reporting organizations and how that information can be shared by government agencies. The meeting closed with a request to review the current registration forms of the Secretary of State so that recommendations for changes can be made at the next meeting.

SEPTEMBER 10 AND OCTOBER 15, 2014 MEETINGS

At the second meeting held on September 10, 2014, the workgroup broke into three subgroups to review all of the relevant forms. The first subgroup reviewed charity registration documents - the Exempt Organization Fund-Raising Notice, the Registration Statement for Charitable Organizations-Form COR-92, and the Certification form. The second subgroup reviewed financial reporting forms - the Annual Update of Registration, COF-85 (state financial form for charities that do not file a 990 or 990-EZ with the IRS), and the Accounting Report for Professional Solicitor. The third subgroup reviewed the registration forms for Professional Solicitors, Fund-Raising Counsel, and Public Safety Solicitors; and the Fund-Raising Notice form for Professional Solicitor. Each subgroup discussed recommended changes to the forms and presented their recommendations to the group for discussion. After discussion and a thorough review, changes were adopted by general consensus to be incorporated into the Secretary of State's final documents. Overall, members agreed there should be instructions that accompany each form to provide greater guidance on how to fill out the forms. In addition, many of the forms should be reformatted to allow for greater comprehension and consistency. Each form will now have the official seal of the Office of the Secretary of State.

At the third meeting held October 15, 2014, the workgroup further reviewed the changes to forms required for charitable organizations, solicitors, and fund-raising counsel. At the

conclusion of that meeting, the workgroup recommended several additional revisions. Below are material changes to each of the forms reviewed.

REVISIONS TO CHARITY FORMS

The Exempt Organization Fund-Raising Notice is filed annually by charitable organizations that received less than $25,000 per year in charitable contributions in their most recently completed fiscal year as required by statute. The workgroup found that the form should be reorganized and that certain requested personal information should be better protected, such as bank information and Social Security Numbers.

For example, Item 1 should be changed to simply ask for name instead of legal name. Item 17 was reworded to make its purpose more obvious. The term "contribution" needed to be defined so it can be distinguished from public grants. Under the term "check one", the information should be reworded to "did not receive more than $25,000 to date". Changing the wording refers to the current status. There should also be a box included so people have the option to check one of the two. Moreover, there should be a note which makes it clear that if an organization cannot check either of the boxes they are filling out the wrong form. Third, information about paid fundraisers needed to be added.

The Registration Statement for Charitable Organizations-Form COR-92 is the initial registration statement for organizations that receive over $25,000 in charitable contributions in their most recently completed fiscal year. This can also be filed by organizations receiving $25,000 or less per year if they choose to use this form instead of the Exempt Organization Fund-Raising Notice form (organization under $25,000 may voluntarily file because they anticipate receiving over $25,000 within the next year or two). The workgroup decided that the alternate address required on the form could be a home or business address for the purpose of having additional contact information for the charity. Under the instructions on the first line of the form, there should be a fee chart incorporated or a reference to where the fee chart can be found. On item 7, Federal I.D. number should be changed to EIN number. The workgroup suggested putting "yes or no" in parenthesis because this question should be as intuitive as

possible. This form also asks for a home or alternative business address. There needs to be a note on the form that informs people the alternative address can be a business address.

The Annual Update of Registration form and Certification Form are both used to complete the annual registration process for charitable organizations. The forms are of the same value, both contain the affidavit required by statute when filing the annual update of registration. The only difference is that the Annual Update of Registration form also contains a checklist of items to file along with the form to complete an organization's annual filing. It was recommended we make this one form and create instructions, eliminating the need for duplicate forms. It was suggested that we name the new form Annual Update of Registration form because that is how the law defines it. The instructions for this form now include a checklist and a chart for the annual registration fee. The workgroup suggested that since the title of the form has changed, there needs to be a note online that there has been a change in name so that people are not confused. Lastly, there should be an attachment that states, "I have attached all of the forms required for registration."

The COF-85 is a financial report form, specific to Maryland charities that file a registration but are not required to file a 990 or 990-EZ with the Internal Revenue Service (IRS). The original form was four pages in length and sought information on revenue received, a breakdown of expenses, a balance sheet and a board of directors list along with information on paid members of the organization. Notably, the threshold for filing a 990-EZ or 990 with the IRS is between $50,000 and $200,000 in charitable contributions, which is a higher threshold than some of the registered Maryland charitable organizations receive. The COF-85 form was last updated around 2006-2007 and was modeled after the first three pages of the IRS Form 990. It was pointed out that the COF-85 form was more detailed than the 990-EZ, but was required by organizations with less revenue. Knowing many of the smaller organizations may not have the technical resources of a certified public accountant to fill out more complicated forms, the workgroup recommended simplifying the COF-85 and creating detailed instructions to aid in its completion. The form could be revised into three different categories: contributions, program service revenue, and investment income.

The Accounting Report for Professional Solicitors is filed by professional solicitors when a fundraising campaign has been completed. It requires the gross contributions received from the fundraising campaign, a breakdown of expenses (mostly related to salary paid to solicitors), total expenses and the net contributions received that are retained by the charity. This information is collected to determine how much of the funds from each fundraising campaign are actually allocated to the charity's cause. Under expenses, the line that is titled "other expenses" should be titled "difference". This helps to analyze the percentage of income that goes directly to the charitable organization. The workgroup agreed that this form should be made more widely available to the public by the Office of the Secretary of State.

The Professional Solicitor, Fund-Raising Counsel, and Public Safety Solicitor forms were separate forms that collected near identical information. There was only one different item on each form. The workgroup agreed the three separate forms should be combined into one document. This allows for less paper and documentation to be filled out, but gives the filer the opportunity to most efficiently select which type of charitable representative they are on the form. The newly merged form required further revisions relating to jurisdiction and venue.

The Fund-Raising Notice form is filed by professional solicitors prior to the start of a new fundraising campaign. This form provides basic information on the professional solicitor, the charity with which they will be soliciting on behalf of, when the campaign is scheduled to begin and end, where they expect to solicit in Maryland and their methods of doing so. It also provides names of those who will be soliciting for the professional solicitor on behalf of the charity. It was recommended that the second page, which the Office of the Secretary of State does not use, be deleted. A copy of the new fundraising agreement/contract will/should? be required to be sent in with this form. The instructions needed additional language to inform individuals that if they already submitted a contract, the submission of this form is not necessary.

CONCLUSION

Since July 1, 2014, the workgroup has studied the information that should be reported to the Secretary of State by charitable organizations, charitable representatives, and fund-raising

counsel. As a result, the workgroup recommended a number of changes to all of the charity forms and the Office of the Secretary of State has updated all of the documents and created new instructions for each form. Copies of the forms and instructions are included as appendices. In 2015, the workgroup will focus our attention on effective and efficient ways to collect registration documents and fees with consideration on how that information can best be shared with other agencies and the public.

Appendixes

Appendix A: Exempt Organization Fund-Raising Notice form and instructions

Appendix B: Registration Statement for Charitable Organizations, Form COR-92 and instructions

Appendix C: Annual Update of Registration form and instructions

Appendix D: Form COF-85, financial report for charities that do not file 990 or 990-EZ with IRS

Appendix E: Application to register as a Professional Solicitor, Fund-Raising Counsel, or Public Safety Solicitor

Appendix F: Fund-Raising Notice form

Appendix G: Accounting Report for Professional Solicitor form

Appendix H: Minutes from Workgroup meeting on July 1, 2014

Appendix I: Minutes from Workgroup meeting on September 10, 2014

Appendix J: Minutes from Workgroup meeting on October 15, 2014

Appendix A: Exempt Organization Fund-Raising Notice form and instructions

Exempt Organization Fund-Raising Notice

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

_____NEW _____RENEWAL

If you cannot check one of the following statements, this is the wrong form. You will most likely need to file the Initial Registration Statement(COR-92). Go to this link to view the initial registration statement and instructions: http://www.sos.state.md.us/Charity/COR-92.pdf.

1. Check One:

_____This organization is exempt from registering as a charitable organization because it solicits contributions for a named individual and the gross amount is delivered to the individual (Business Regulation Section 6-102(c)(1)(ii)(1): *provide link to relevant section of law)*

or

_____This organization is exempt from registering as a charitable organization because it did not receive more than $25,000 in charitable contributions during the most recently completed fiscal year and does not have a professional solicitor. (Business Regulation Section 6-102(c)(1)(ii)(4): *provide link to relevant section of law)*

2. Most recently completed fiscal year end is:_____(month)_____(year)

---

3. Name of Charitable Organization or Name of Individual for whom the fund-raising campaign is being conducted. _____

4. Employer I.D. Number of Charitable Organization or Social Security Number of Individual

_____

5. Street Address _____

6. City, State & Zip _____

7. County _____

8. Telephone Number _____ 9. FAX Number _____

10. E-mail address _____

11. Purpose of Charitable Organization or Charitable Fund-raising

_____

12. Have you received 501(c)(3) status from IRS? Circle one (*you can still complete this filing if you circle "no"*):

_____Yes _____No _____Pending

If you checked "yes", please submit a copy of your organization's tax determination letter issued by the Internal Revenue Service.

13. Methods of Fund-raising (check all that apply).

Mail_____ Telephone_____ Canisters_____ Door-to-Door_____

Website_____ Email_____ Social Media_____ Other (please describe):_____

_____

_____

14. Name and address of individual with custody of financial records

_____

15. Names and addresses of persons with final responsibility for custody and final distribution of contributions

_____

16. Bank name and account number where contributions are deposited

_____

17. Has the organization filed any of the following forms with the IRS? If so, please check the space.
_____990 _____990-EZ _____990-N

If the organization has filed the 990 or 990-EZ with the IRS, please attach a copy of that to this form.
If the organization has filed the 990-N or none of the above with the IRS, please complete parts A and B.

A. Amount of contributions received in most recently completed fiscal year *(this should be the amount received in the most recently completed fiscal year noted on the first page of this form)* _____

B. Amount of contributions received to date in current fiscal year *(this should be the amount received to date, in the current fiscal year that is occurring at the time this form is being completed)* _____

18. Is your organization affiliated with any Maryland State agency (as defined in COMAR 01.02.04.01L)?

_____Yes _____No (If yes, and raised more than $100,000 you must submit an Audit and Agreed upon Procedures Report with application)

If yes, list the name(s) of the Maryland State agencies with which you are affiliated (use a separate sheet of paper, if needed): _____

I do solemnly affirm under the penalties of perjury that the contents of this document are true to the best of my knowledge, information, or belief.
(Type or Print) Name of Individual or Chief Executive Officer of Organization

_____
Name

_____
Signature Date

INSTRUCTIONS FOR COMPLETING EXEMPT ORGANIZATION FUND-RAISING NOTICE FORM

This form is required if you are soliciting charitable contributions in Maryland and received less than $25,000 in charitable contributions in your most recently completed fiscal year. This form is also required for when you are soliciting charitable contributions for a named individual and the gross amount is delivered to the individual *(example: Jane Doe is sick and in the hospital, she cannot afford her medical bills, a fundraiser is held to raise money to give to Jane Doe to pay her medical bills).* You cannot use the services of a Professional Solicitor and file this form.

This form should be filed prior to any solicitation occurring and then annually thereafter. This form must be completed annually as long as you are soliciting charitable contributions in Maryland.

Print this form, complete it, and mail it to:
Charitable Organization Division, Secretary of State, State House, Annapolis, MD 21401.
For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completing this form are as follows:

If the organization has never filed with the Secretary of State prior to completing this form, it should check 'New.' If the organization has filed this form with the Secretary of State prior to completing this form, it should check 'Renewal.'

1. Check one: If the organization solicits for a named individual, it should check the first box. If the organization is exempt because it has received less than $25,000 in its most recently completed fiscal year, it should check the second box. If the organization cannot check either one of these statements, this is the incorrect form. The organization will most likely need to file the documentation found on the Registration Instructions and Checklist page found at this link: http://www.sos.state.md.us/Charity/Instructions.aspx.

2. Enter the most recently completed fiscal year. Provide the month and year in which the organization's most recent fiscal year ended. For example, if your fiscal year ends on December 31st, you should write "December" into the month field. If completing this form in 2015, your most recently completed fiscal year would have ended in December 2014.

3. Enter the name of the charitable organization. This name should match the name on the current version of your Articles of Incorporation. If not incorporated, use the name under which you are or plan to solicit charitable contributions. If you are filing this form because you are soliciting contributions for a named individual, you should enter the name of the person for whom the fundraising is being conducted.

4. Enter the organization's Federal Employer Identification Number (EIN), also known as Federal Tax Identification Number. If you do not have one, enter the Social Security Number of the person for whom the fundraising is being conducted. If you do not wish to provide a Social Security Number, you should obtain an EIN from the IRS. There is no cost to obtain an EIN. You can apply online, at the IRS' website, www.irs.gov.

5. Please provide the mailing address for the charity. If the street address is different than the mailing address, please provide that as well.

6. Provide city/state/zip code for the mailing address. If the street address is in a different city, state, or zip, please provide that information for the street address as well.

7. Enter the County in which the organization is located.

8. Enter the organization's phone number.

9. Enter the organization's fax number.

10. Enter the organization's email address.

11. Enter the purpose or purposes for which contributions are to be used. If the purpose is very long, please attach a separate page and write "see attached." Please note that we have limited space to enter the purpose of the organization into our system. If the purpose is too long, we will use as many sentences as possible until space runs out.

12. If your organization has received a letter of determination from the IRS, giving 501(c)(3) status, please check 'yes' and attach a copy of the IRS Tax Determination Letter to the form. If the organization has applied for 501(c)(3) status from the IRS but has not yet received its letter of determination, please check 'pending.' If the organization was denied 501(c)(3) status, has not yet applied for it, or has no intention of applying for it, please check 'no.' You can file this form even if you are not a 501(c)(3). There is no penalty for checking 'no.'

13. Identify your methods of fundraising. You can identify multiple methods. Please select all that apply to your organization. "Canisters" are can or collection jars left in the public view, often times at a place of business, and often times asking people to place their change in them. If you solicit from a method other than the 5 listed, please list them in the space provided after "Other." These methods can include fundraising events, email, raffles, etc. You should describe any method listed in other.

14. Enter the name and address of the individual with custody of financial records for the organization. This is often times the Treasurer

15. Enter the names and addresses of persons who have final responsibility for the custody and final distribution of the contributions received by this organization.

16. Provide the name of the bank at which your contributions are deposited and the bank account number into which contributions are deposited. This information will remain confidential.

17. If the organization has completed any of the listed IRS forms, please check the one it has it completed. For organizations that have filed a 990 or 990-EZ, please attach a copy of that to this form. There is no need to complete parts A and B if a 990 or 990-EZ was submitted.

    If the organization has a completed the 990-N or none of the listed forms, it will need to complete parts A and B of this section. Part A should provide the amount of contributions received in the most recently completed fiscal year; it should be the amount received in the fiscal year noted on the first page. Part B should provide the amount of contributions received to date in the current fiscal year; the fiscal year that is occurring at the time this form is being completed.

18. Check the correct answer for whether or not your organization is affiliated with a Maryland State agency. "Organization affiliated with a State agency" means a charitable organization which engages in activities for the benefit of the State agency or to further the purposes of the State agency, or both, through the use of contributions solicited from the public. If the organization circles 'yes' it must list the names of the agencies with which it is affiliated. If it answers' yes' and it has raised more than $100,000 in charitable contributions, it must also submit an Agreed Upon Procedures Report along with the organization's annual registration. See what is required in an Agreed Upon Procedures Report at this link: http://www.dsd.state.md.us/comar/getfile.aspx?file=01.02.04.20-1.htm.

Affidavit section: Remember to sign the form and print the name of the person signing the document along the date this form was signed.

Appendix B: Registration Statement for Charitable Organizations, Form COR-92 and instructions

Registration Statement for Charitable Organizations (COR-92)

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

Effective October 1, 2014, the Annual Charity Registration Fee for non-profits receiving more than $500,000 in charitable contributions will increase from $200 to $300.

1. Fee Submitted $_____ 2. Month Fiscal Year Ends _____ 3. EIN _____

4. Name _____

If name under which solicitation is made is different from above, indicate here:

_____

5. Mailing Address of Charity _____

Address of Physical Location _____

6. County _____ 7. Telephone _____ 8. FAX _____

9. Email _____

10. Names and addresses of any chapters, branches, or affiliates in Maryland:

_____

_____

_____

11. Names and home or alternative business addresses of officers, including principal salaried executive officers:

_____

_____

_____

12. Names and home or alternative business addresses of persons who have final responsibility for the custody and final distribution of the contributions:

_____

_____

_____

13. Purpose or purposes for which contributions are to be used:

_____

_____

_____

14. Does your organization engage or have a contract with a professional solicitor or fund-raising counsel? Enter yes or no for both.

_____Professional solicitor _____Fund-raising counsel

If YES to either or both, attach a copy of the contract(s) and give name and address of firm(s).

_____ _____

_____ _____

_____ _____

_____ _____

1. Does applicant or any officer, director, partner, or employee of applicant, or any person holding any financial interest in the applicant, have any interest in any mail house, cashiering, professional solicitor, fund-raising counsel, or other business with which applicant does business pursuant to or in conjunction with a contract between the applicant and a professional solicitor, fund-raising counsel, or solicitor? Answer Yes or No._____ If YES, provide details.

_____
_____
_____
_____

2. Is any officer, director, partner, or employee of the applicant, or any person holding any financial interest in the applicant, also an officer, director, partner, or employee of a professional solicitor, fund-raising counsel, or solicitor with which the applicant does business?
Answer Yes or No. _____ If YES, provide details.

_____
_____
_____
_____

15. Check One.

_____All taxes due from the applicant to the State or Baltimore City or a county of the State for the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State for the preceding fiscal year have been collected and paid over.

_____The taxes due from the applicant to the State or to Baltimore City or a county of the State are under dispute and the dispute has not been finally resolved.

_____The taxes due from the applicant to the State or to Baltimore City or a county of the State have not been paid but are not under dispute.

16. Is your organization affiliated with any Maryland State agency (as defined in COMAR 01.02.04.01L)?

_____Yes _____No (If yes, and raised more than $100,000) you must submit an Audit and Agreed upon Procedures Report with application.

If yes, list the name(s) of the Maryland State agencies of which you are affiliated (use a separate sheet of paper, if needed): _____

17. I have attached all forms required in the instructions for registration.

Affidavit
I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing COR-92 and each supporting document are true. Additionally, I certify that the IRS Form 990 or IRS Form 990-EZ submitted to the Office of the Secretary of State is a copy of the form submitted to the Internal Revenue Service.

_____ _____
Signature of the President, Chairman or Principal Officer Date

_____
Print or Type Name of President, Chairman, or Principal Officer

Note: Only a form issued by the Office of the Secretary of State or printed directly from the Internet will be accepted by the Office of the Secretary of State.

INSTRUCTIONS FOR REGISTRATION STATEMENT (COR-92) AND ADDITIONAL DOCUMENTATION NEEDED FOR INITIAL REGISTRATION

Instructions for completing Initial Registration and form:

This form must be completed and filed in order to complete an initial registration with the Secretary of State so that an organization may solicit charitable contributions in the State of Maryland. This should be completed and filed prior to the beginning of any charitable solicitations in Maryland. If the organization is filing an Annual Update of Registration, please complete the Annual Update of Registration form. There is no need to complete this form if this is for your annual update of registration.

Print this form, complete it, and mail it along with the required documentation to: Charitable Organization Division, Secretary of State, State House, Annapolis, MD 21401. For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completion of this form, the Registration Statement for Charitable Organizations (COR-92):

1. If fee submitted, please enter amount of fee submitted along with this form. If you are unsure of your registration fee, please refer to the table at the end of the instructions for help in calculating your registration fee.
2. Enter the month in which the organization's fiscal year ends.
3. Enter the organization's EIN (Federal Tax Identification Number).
4. Enter the name of the charitable organization. This name should match the name on your IRS Tax Determination Letter and current version of your Articles of Incorporation. If the organization does business under any other names, please list them in the space provided.
5. Enter the mailing address and physical address of the charity. The mailing address is the address to which we will mail all correspondence for this charitable organization. The physical address should be the actual location at which the organization's primary place of business can be located.
6. Enter the County in which the organization is located.
7. Enter the organization's telephone number.
8. Enter the organization's fax number.
9. Enter the organization's email address. This should be an email address of someone who handles state registration issues for the organization.

10. Enter the names and addresses of any chapters, branches, or affiliates of this organization that are located in Maryland.

11. Enter the names and home or alternative business addresses of officers, including principal salaried executive officers for the organization. If attaching a separate list, please write "see attached list." An **officer** is a person elected or appointed to manage the organization's daily operations. An officer that served at any time during the organization's **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice-president, secretary, treasurer and, in some cases, a Board Chair. A principal salaried executive is a person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization; for example, the organization's president, CEO, or executive director. It can also be a person who has ultimate responsibility for managing the organization's finances; for example, the organization's treasurer or chief financial officer. Reference directions for completing the IRS Form 990 for more detailed information.

12. Enter the names and home or alternative business addresses of persons who have final responsibility for the custody and final distribution of the contributions received by this organization.

13. Enter the purpose or purposes for which contributions are to be used. If the purpose is very long, please attach a separate page and write "see attached." Please note that we have limited space to enter the purpose of the organization into our system. If the purpose is too long, we will use as many sentences as possible until space runs out. This purpose will be displayed on our website for people searching for information on your organization. You should try to keep this purpose to 25 words or less.

14. If your organization has contracts/fundraising agreements with a Professional Solicitor write "yes" into the appropriate field. If not, write "no" into the appropriate field. Do the same for Fund-raising counsel. You will only need to answer "yes" if the company solicits contributions on your behalf in Maryland or advises about a solicitation that will occur in Maryland. If you enter "yes" to either or both, attach a copy of the contract(s) and give the name and address each company with which a contract exists.

    Also, answer yes or no to the two questions regarding potential conflicts of interest. If you answer "yes" to the question, you should provide details of why you answered "yes." These details should include you involvement with the charity and your involvement with the company with which the charity does business including your influence in the decision-making processes for the charity and company.

15. Check one of the three boxes. If all taxes owed to the State of Maryland, a county in Maryland, or Baltimore City for the prior year have been paid you will want to check the first statement. If you did not owe any taxes to the State of Maryland, a county in Maryland, or Baltimore City, you

will also want to check the first statement. You will only check the second statement if not all taxes due from the prior year have been paid to the State of Maryland, a county in Maryland, or Baltimore City or there is a dispute over taxes owed to State of Maryland, a county in Maryland, or Baltimore City from the prior year. If you have not paid all of your taxes due to the State of Maryland, or county in Maryland, or Baltimore City but they are not under dispute you will check the third statement.

16. Check the appropriate line to answer for whether or not your organization is affiliated with a Maryland State agency. "Organization affiliated with a State agency" means a charitable organization which engages in activities for the benefit of the State agency or to further the purposes of the State agency, or both, through the use of contributions solicited from the public. If the organization circles 'yes' it must list the names of the agencies with which it is affiliated. If it answers yes and it has raised more than $100,000 in charitable contributions, it must also submit an Agreed Upon Procedures Report along with the organization's annual registration. See what is required in an Agreed Upon Procedures Report at this link: http://www.dsd.state.md.us/comar/getfile.aspx?file=01.02.04.20-1.htm.

17. By signing this form, you are certifying that you have attached all required forms from these instructions.

Affidavit section: Remember to sign the Registration Statement and Print the name of the person signing the document and their position within the charity. Also, note the date the document was signed.

Along with this form, you are required to submit the following documentation to complete the organization's initial registration:

1. A current copy of the organization's articles of incorporation and/or other governing instruments (bylaws/charter).
2. A copy of the organization's IRS tax determination letter or other confirmation from the IRS showing the tax exempt status of the charitable organization. If the organization has applied for tax determination with the IRS, but it has not been granted, submit a copy of the IRS Form 1023.
3. A copy of a signed IRS Form 990 or 990 EZ. The Office of the Secretary of State's Form COF-85 may be filed in lieu of IRS Form 990 if you are exempt from IRS filing requirements or if filing the 990 N. If your IRS Form 990 is incomplete, please submit an approved IRS Form 8868, the IRS request for an extension of the Form 990 filing deadline.
4. A. If the organization's charitable contributions are at least $200,000, but are less than $500,000 a **financial review** performed by an independent certified public accountant.

OR

B. If the organization's charitable contributions are at least $500,000 an **audit** performed by an independent certified public accountant.

5. If the organization is a private foundation (as defined in COMAR 01.02.04.01L) that is affiliated with any Maryland State agency and raised more than $100,000, you must submit an Audit and Agreed Upon Procedures Report with the application.
6. The names and home or alternative business addresses of the board of directors. This is not the address of the charitable organization and not a post office box. Unless the home or alternative addresses are included in the IRS Form 990, please submit a separate list of home or alternative business addresses.
7. A copy of all **contracts** with professional solicitors or fund-raising counsel and all subcontracts or other contracts in furtherance of such an agreement under which solicitation is conducted in Maryland.
8. A check or money order made payable to the Secretary of State in payment of the registration fee. This fee is based on the organization's level of charitable contributions. See below chart. *Note: For purposes of determining the annual registration fee and the audit or review requirements, charitable contributions are computed on each form as follows:*

    1. IRS Form 990: add lines 1(b), 1(c), 1(d), 1(f), 8(a), 9(a) on Part VIII (page 9). If the organization is a PTA, also add line 10(a).

    2. IRS Form 990-EZ: add lines 1, 6(a), 6(b) on page 1. If the organization is a PTA, also add line 10(a)

    3. COF-85: add lines 1(a), 1(b), 9(a) on page 1. If the organization is a PTA, also add 10(a)

Level of Charitable Contibutions	Annual Registration Fee
Less Than $25,000 (see note below)*	$0
At least $25,000 but less than $50,0001	$50
At least $50,001 but less than $75,001	$75
At least $75,001 but less than $100,001	$100
At least $100,001 but less than $500,001	$200
$500,001 and above	$300

*A charitable organization that collects less than $25,000 in charitable contributions but uses the services of a Professional Solicitor is required to pay an annual fee of $50.

Appendix C: Annual Update of Registration form and instructions

Annual Update of Registration Form

(This form also used to be known as the Certification Form)

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

1. Fee submitted: $_____

2. Fiscal year end being reported: _____Month _____Year

3. Name of Charitable Organization: _____

4. Address: _____

5. City, State and Zip Code: _____

5. Telephone Number: _____ 6. Fax Number: _____

7. E-mail address: _____

8. Does your organization engage or have a contract with a professional solicitor or fund-raising counsel? If yes, please attach a copy of the contract(s). In order to process your organization's application, you must respond to this question.

Professional Solicitor: _____Yes _____No

Fund-raising Counsel: _____Yes _____No

9. Is your organization affiliated with any Maryland State agency (as defined in COMAR 01.02.04.01L)?

_____Yes _____No (If yes, and raised more than $100,000 you must submit an Audit and Agreed upon Procedures Report with application)

If yes, list the name(s) of the Maryland State agencies of which you are affiliated (use a separate sheet of paper, if needed): _____

10. I have attached all forms required in the instructions.

I hereby certify that this registration statement and all supporting documents are true to the best of my knowledge, and the IRS Form 990 or IRS Form 990-EZ for the above noted fiscal year submitted to the Office of the Secretary of State under section 6-408 of the Business Regulation Article of the Annotated Code of Maryland is a copy of the form submitted to the Internal Revenue Service.

_____ _____
Name of Individual Preparing this Form Signature

_____ _____
Title Date

INSTRUCTIONS FOR COMPLETING ANNUAL UPDATE OF REGISTRATION AND FORM:

This form must be completed and filed for annual updates of registration. Annual Registrations are due 6 months after the end of the organization's fiscal year. If this is the organization's initial registration, please complete the form COR-92. There is no need to complete this form if this is your organization's initial registration.

If your organization's IRS Form 990 or 990-EZ is not complete at the time the organization's annual registration is due, please submit a copy of the IRS Form 8868, the IRS request for an extension of the IRS Form 990 or 990-EZ filing deadline. As long as your organization does not owe any documentation or registration fees from prior fiscal years and does not owe a late fee, we will grant an extension for the filing of your annual update of registration with our office. The extension of the filing deadline for Maryland will be extended to the same date provided on the IRS Form 8868 *(For example, the organization's fiscal year ends in December and it must file its 990 or 990-EZ with the IRS by May 15th of the following calendar year. If the organization files an IRS Form 8868 seeking an extension of the filing deadline with the IRS until August 15th and sends a copy of that extension request to us, we will grant an extension for your Maryland charitable registration deadline. The new filing deadline with our office would also be August 15th.)* This extension that we grant is for all information due on the annual update of registration, not just the 990 or 990-EZ.

Note: This form used to be two separate forms: the Annual Update of Registration form and the Certification form.

Print this form, complete it, and mail it along with the required documentation to: Charitable Organization Division, Secretary of State, State House, Annapolis, MD 21401. For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completion of this form:

1. Provide the amount of the annual update of registration fee being submitted. If you are unsure of your registration fee, please refer to the table at the end of the instructions for help in calculating your registration fee.

2. Provide the fiscal year end that is being reported with this filing. The fiscal year end that is provided on this form should match the fiscal year end on the 990, 990-EZ or COF-85 that is filed along with this form.

3. Enter the name of the charitable organization. This name should match the name on the current version of your Articles of Incorporation. If not incorporated, use the name under which you are soliciting charitable contributions.

4. Please provide the mailing address for the charity. If the street address is different than the mailing address, please provide that as well.

5. Provide city/state/zip code for the mailing address. If the street address is in a different city, state, or zip, please provide that information for the street address as well.

6. Enter the organization's phone number.

7. Enter the organization's fax number.

8. Enter the organization's email address.

9. Check the correct answer for whether or not your organization has a fundraising agreement/ contract with a Professional Solicitor and/or Fund-Raising Counsel. If you check 'yes' to having a contract with a Professional Solicitor and/or Fund-Raising Counsel, you must provide a copy of the contract along with this form. If you use the services of more than one Professional Solicitor and/or more than one Fund-Raising Counsel, you should include a copy of the contract between the charitable organization and each Professional Solicitor and/or Fund-Raising Counsel with which the charitable organization has a contract.

10. Check the correct answer for whether or not your organization is affiliated with a Maryland State agency. "Organization affiliated with a State agency" means a charitable organization which engages in activities for the benefit of the State agency or to further the purposes of the State agency, or both, through the use of contributions solicited from the public. If the organization circles 'yes' it must list the names of the agencies with which it is affiliated. If it answers yes and it has raised more than $100,000 in charitable contributions, it must also submit an Agreed Upon Procedures Report along with the organization's annual registration. See what is required in an Agreed Upon Procedures Report at this link: http://www.dsd.state.md.us/comar/getfile.aspx?file=01.02.04.20-1.htm.

11. By signing this form, you are certifying that you have attached all required forms from these instructions.

Affidavit section: Remember to sign the form and print the name of the person signing the document along with their position with the charitable organization and the date this form was signed.

Along with this form, you must submit the following documentation to complete the organization's annual update of registration:

1. A signed copy of an IRS Form 990 or 990-EZ. The Office of the Secretary of State form COF-85 may be filed in lieu of the IRS Form 990 or 990-EZ if your organization is exempt from IRS filing requirements or files the 990-N. If your organization's IRS Form 990 or 990-EZ is not complete at the time the organization's annual registration is due, please submit a copy of the IRS Form 8868, the IRS request for an extension of the IRS Form 990 or 990-EZ filing deadline.

2. If charitable contributions are at least $200,000 but less than $500,000, a copy of a financial review performed by an independent certified public accountant. Or, if charitable contributions are at least $500,000, a copy of an audit performed by an independent certified public accountant.

3. An updated list of the names and home or alternative business addresses of the board of directors. This may not be the same address as the charitable organization or a post office box. Unless the home or alternative business addresses are included in the IRS Form 990, please submit a separate list, including the home or alternative business address.

4. A copy of all fundraising agreements, if one or more independent contractors or subcontractors solicit charitable contributions on your organization's behalf in Maryland. This should include all fundraising agreements with Professional Solicitors and Fund-raising Counsel.

5. Any changes to the registration or other documents, for example, change to name, address, telephone number, articles of incorporation, bylaws, etc.

6. A check or money order made payable to the Secretary of State in payment of the annual update of registration fee. This fee is based on the organization's level of charitable contributions. See below chart. *Note: For purposes of determining the annual registration fee and the audit or review requirements, charitable contributions are computed on each form as follows:*

    a. IRS Form 990: add lines 1(b), 1(c), 1(d), 1(f), 8(a), 9(a) on Part VIII (page 9). If the organization is a PTA, also add line 10(a).

    b. IRS Form 990-EZ: add lines 1, 6(a), 6(b) on page 1. If the organization is a PTA, also add line 7(a)

    c. COF-85: add lines 1(a), 1(b), 9(a) on page 1. If the organization is a PTA, also add 10(a)

Level of Charitable Contibutions	Annual Registration Fee
Less Than $25,000 (see note below)*	$0

At least $25,000 but less than $50,0001	$50
At least $50,001 but less than $75,001	$75
At least $75,001 but less than $100,001	$100
At least $100,001 but less than $500,001	$200
$500,001 and above	$300

*A charitable organization that collects less than $25,000 in charitable contributions but uses the services of a Professional Solicitor is required to pay an annual fee of $50.

Appendix D: Form COF-85, financial report for charities that do not file 990 or 990-EZ with IRS

Annual Financial Report for Charities- Form COF-85

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

This form should be filed annually as part of the charitable organization's annual update of registration. This form must be completed if the organization does not file a 990 or 990-EZ with the IRS. This form must also be completed if the organization files a 990-N with the IRS. You do not need to complete this if the organization files a 990 or 990-EZ with the IRS.

Name of organization_____

Mailing address of organization_____

EIN_____

Fiscal year end being reported: _____Month _____Year

Part I- Statement of Revenue

1. Contributions/donations received: _____
2. Government Grants/Contributions received: _____
3. Program Service Revenue received: _____
4. Membership Dues and Assessments received: _____
5. Investment Income received: _____
6. Fundraising/Special Events Income:
   a. Gross revenue received from fundraising events: _____
   b. Less Direct Expenses: _____
   c. Net revenue received from fundraising events (= line 6a- line 6b) _____
7. Gaming Activities Income:
   a. Gross revenue received from gaming activities: _____
   b. Less Direct Expenses: _____
   c. Net revenue received from gaming activities (= line 7a- line 7b) _____
8. Revenue from Sales of Inventory:
   a. Gross revenue received from sales of inventory: _____
   b. Less cost of goods sold: _____
   c. Net revenue received from sales of inventory (= line 8a- line 8b): _____
9. Other income (provide attachment explaining): _____
10. **Total Revenue (sum of lines 1 through 9):** _____

Part II- Statement of Expenses

11. Program Services Expenses incurred: _____
12. Management and General Expenses incurred: _____
13. Fundraising Expenses incurred: _____
14. Other Expenses incurred (provide attachment explaining): _____
15. **Total Expenses (sum of lines 11 through 13):** _____

Part III- Totals

16. Excess (or deficit) income for the year (= line 15- line 10) _____
17. Net assets or fund balances at beginning of year _____
18. **Net assets or fund balances at end of year (=line 16+ line 17)** _____

Part IV- Statement of Program Accomplishments

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Describe the services provided, the number of persons benefited, and other relevant information for each program.

DESCRIPTION OF PROGRAM SERVICES PROVIDED:	EXPENSES:
a.)	
b.)	
c.)	

Part V- List of officers, directors, trustees, and key employees

List the officers, directors, trustees, and key employees. Give their name, title, average hours per week devoted to the position, and reportable compensation.

NAME	TITLE	HOURS PER WEEK	REPORTABLE COMPENSATION

Part VI- Other Information

19. Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other charitable or non-charitable organization? _____Yes _____No

20. The financial books are in the care of:_____
    Located at:_____
    Telephone number:_____
    Email address:_____

UNDER THE PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS REPORT, INCLUDING ACCOMPANYING STATEMENTS AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS TRUE, CORRECT, AND COMPLETE.

Name of Officer:_____Title:_____Date:_____

Signature of Officer:_____

INSTRUCTIONS FOR ANNUAL FINANCIAL REPORT FOR CHARITIES-FORM COF-85

A COF-85 is required to be filed as part of an organization's initial and annual registrations. The COF-85 is required only when an organization files a 990-N with the IRS or files nothing with the IRS at all. This form is not required for organizations that file a 990 or 990-EZ with the IRS. If your organization files a 990 or 990-EZ with the IRS, a signed copy of that form will satisfy the registration requirement.

The directions for the IRS Form 990 are thorough and do a good job of explaining what is needed. You will see italics at the end of various numbers in the instructions. Those italics reference the corresponding lines on the 990 that will also be helpful in completing this form. You should consult the directions for the 990 if further research is needed.

At the top of the form, be sure to note the name of the organization for which this financial report is completed, the mailing address of the organization, the EIN of the organization, and the fiscal year end that is being reported. Please note both the month and year of the fiscal year end being reported.

Print this form, complete it, and mail it to:
Charitable Organization Division, Secretary of State, State House, Annapolis, MD 21401.
For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completing the financial report, form COF-85:

Part I-Statement of Revenue:

1. Enter the gross revenue received from charitable contributions, grants, and all other gifts received by the charitable organization for the fiscal year being reported. This amount should include all donated goods, both cash and in-kind. If the organization is a 501(c)(3), the amount reported on this line should be close or the same as the amount of tax deductible contributions that were received by the charitable organization. Do not include any money received from the government (any level of government) on this line. *See instructions for IRS Form 990, Part VIII, Line 1a, 1b, 1c, 1d, and 1f for further guidance.*
2. Enter the gross revenue received by the charitable organization from the government. All government money should be included on this line. The money reported on this line is not considered a charitable contribution by Maryland. It should not be counted towards an annual registration fee. *See instructions for IRS Form 990, Part VIII, Line 1e for further guidance.*
3. Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. Program service revenue also includes tuition received by a school, revenue from admission to a concert or

performance, museum, and registration/user service fees. *See instructions for IRS Form 990, Part VIII, Line 2 for further guidance.*

4. Membership dues and assessments received that compare with the membership benefits provided by the organization should be reported on this line. Benefits would include subscriptions, newsletters, use of an organization's facilities, and discounts on services or admissions to events that a nonmember can buy. *See instructions for IRS Form 990, Part VIII, Line 2 for further guidance.*
5. The amount of revenue received from savings accounts, investments, and securities. *See instructions for IRS Form 990, Part VIII, Lines 3-4 for further guidance.*
6. Fundraising/Special events revenue is reported on line 6. Special events include dinners, dances, concerts, sporting events, auctions, carnivals. The gross revenue received from these events should be entered on line 6a. The expenses directly associated with making the Fundraising event occur should be entered on line 6b. The difference between 6a and 6b should be reported on line 6c (equation is 6a minus 6b equals 6c). If 6c is a negative amount, please indicate that by putting the number in parenthesis. If gaming occurs at a fundraising event, the income and expenses from this should be reported on line 7, separate from the rest of the Fundraising event. *See instructions for IRS Form 990, Part VIII, Lines 8a, 8b, and 8c for further guidance.*
7. Gaming events revenue should be reported on line 7. Gaming events include raffles, pull tabs, and any other form of gambling that occurs with a gaming device. A gaming device, according to Maryland law, means:
    i. A gaming table, except a billiard table, at which a game of chance is played for money or any other thing or consideration of value; or
    ii. A game or device at which money or any other thing or consideration of value is bet, wagered, or gambled.

   A gaming device includes a paddle wheel, wheel of fortune, chance book, and bingo. The gross revenue received from these events should be entered on line 7a. The expenses directly associated with making the gaming event happen should be entered on line 6b (this includes payment of cash prizes). The difference between 7a and 7b should be reported on line 7c (equation is 7a minus 7b equals 7c). If 7c is a negative amount, please indicate that by putting the number in parenthesis. *See instructions for IRS Form 990, Part VIII, Lines 9a, 9b, and 9c for further guidance.*
8. Sales of inventory should be reported on line 8. Sales of inventory include sales of items that are donated to the organization, that the organization makes to sell to others, or items that the organization buys for resale. You should not include the sale of goods related to a fundraising event, as that should be reported on line 6. Gross revenue from the sales of inventory should be reported on line 8a. The cost of the items sold should be reported on line 8b. The difference between 8a and 8b should be reported on line 8c (equation is 8a minus 8b equals 8c). If 8c is a negative amount, please indicate that by putting the number in parenthesis. *See instructions for IRS Form 990, Part VIII, Lines 10a, 10b, and 10c for further guidance.*
9. Report all revenue not reportable on lines 1-8 here. Provide an attachment explaining how that revenue was generated.
10. Enter the total revenue received on line 10. This amount should equal the sum of lines 1, 2, 3, 4, 5, 6c, 7c, 8c, and 9.

Part II- Statement of Expenses:

11. The total cost of all program services expenses should be reported on line 11. Program services expenses are activities which the organization was created to conduct and which form the basis for the organization's tax-exempt status. Each major program service shall be distinguishable from all other program services and shall include activities, the costs of which can be practicably segregated and accounted for in the records of the organization. Examples of program services expenses include, but are not limited to, the following:
    a. Research;
    b. Public education;
    c. Professional education and training;
    d. Patient services; and
    e. Community services.

    The expenses of public education materials and activities which include a specific appeal for financial support, may be jointly allocated with other functions according to the Financial Accounting Standard Board's Statement of Position 98-2 and any subsequent accounting guidance. This section is taken from the Code of Maryland Regulations 01.02.04.04A. *See instructions for IRS form 990, Part IX, Column B for further guidance.*
12. The total cost of all management and general expenses should be reported on line 12. Management and general expenses are the expenses which are not directly identifiable with any of the organization's program service activities or fund-raising activities but are indispensable to the conduct of each of them and to an organization's existence. They include expenditures for the overall direction of the organization, general record keeping, business management, general board activities, and related purposes. Examples of management and general expenses include, but are not limited to, the following:
    a. General board and committee meetings;
    b. Executive direction;
    c. General staff meetings;
    d. Office management;
    e. Accounting, auditing, and budgeting;
    f. Legal services;
    g. Personnel procurement;
    h. Purchasing and distribution of materials unrelated to fundraising activities
    i. Receptionist, switchboard, mail distribution, filing, and other central services;
    j. Administrative reporting;
    k. Legal and accounting services generated by papers required to be filed by the Act;
    l. Fees required by the Act; and
    m. Organization and procedure studies.

    If the chief officer or any member of his staff spends a portion of their time directly supervising fund-raising or program service activities, their salary and expenses shall be prorated among those activities. If the chief officer or any member of the staff spends all of their time supervising the overall direction of the organization, their salary and expenses shall be management and general expense. Direct supervision of program services and of fund-raising shall be allocated to those activities and not to the

management and general expenses. This explanation is taken from the Code of Maryland Regulations 01.02.04.04B. *See instructions for IRS Form 990, Part IX, Column C for further guidance.*

13. The total cost of all fund-raising activities should be reported on line 13. Fund-Raising expenses are the expenses of those activities of which the intent and purpose is an appeal for financial support or the solicitation of funds. They include expenditures for activities that constitute an integral and inseparable part of an appeal for financial support. Examples of fund-raising expenses include, but are not limited to, the following:
    a. Transmitting appeals for contributions to the public;
    b. Salaries of personnel associated with campaigns or other solicitations;
    c. Fund-Raising services and materials received from affiliates;
    d. Publicizing fund-raising campaigns and special events
    e. Conducting fund-raising campaigns, including the services of fund-raising consultants and professional solicitors; purchasing, preparing, maintaining, and revising mailing lists; recruiting and training volunteer solicitors and other campaign personnel, soliciting in person or by mail; acquiring and distributing of seals and other enclosures with appeals for contributions, campaign kits, coin containers, and other fund-raising materials; and maintaining fundraising records;
    f. Participation in local federated and governmental fund-raising campaigns, including attendance at pre-campaign budget reviews;
    g. Participation in fund-raising special events by employees of the organization benefited;
    h. Solicitation of bequests, foundation grants, and other special gifts;
    i. Clinics, workshops, and other activities for improving fund-raising techniques;
    j. Preparation and distribution of fund-raising manuals and instructions;
    k. Feasibility studies;
    l. Goods, food, entertainment, or drink sold or provided in connection with an appeal for contributions; and
    m. Postage and printing expenses incurred in connection with an appeal for contributions.

    An organization shall allocate to fund-raising expenses an appropriate portion of the salaries of regular staff members who devote time to record keeping relating to fund-raising activities whether during a campaign period or other period of solicitation. This explanation is taken from the Code of Maryland Regulations 01.02.04.04C. *See instructions for IRS Form 990, Part IX, Column D for further guidance.*
14. Report all expenses not reportable on lines 11-13 here. Provide an explanation as to how that expense was incurred.
15. Enter total expenses on line 15. This should equal the sum of lines 11, 12, 13, and 14.

Part III-Totals:

16. Enter the excess or deficit for this fiscal year. This figure will give how much money the organization made or lost in the fiscal year. The equation for this line is line 10 minus line 15 equals line 16.
17. Enter the net assets or fund balance from the beginning of the fiscal year. This is the amount of assets or funds that the organization had in its possession at the end of the

prior fiscal year. If filing this form for a second year in a row, this amount can be found on line 18 of the COF-85 from the prior fiscal year (line 21 of the old COF-85).

18. Enter the net assets or fund balances at the end of this fiscal year. The equation for this line is line 16 plus line 17 equals line 18.

Part IV- Statement of Program Accomplishments

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. If the organization does not have three program service accomplishments list the ones that it does have. Describe the services provided, the number of persons benefited, and other relevant information for each program in the left column. In the right column, provide the total expense in performing that program service. *See instructions for IRS Form 990, Part III for further explanation.*

Part V- List of officers, directors, trustees and key employees

List the officers, directors, trustees, and key employees. For this form, a key employee would be an Executive Director, CEO, CFO, or someone who manages the day-to-day operations or the money of the charitable organization. The employee can be paid or a volunteer. Give their name, title, average hours per week devoted to the position, and reportable compensation. In the first column, print the name of the person. In the second column, print the title of the person. In the third column, provide the average hours per week the person devotes to that position/job function for the charitable organization. In the fourth column, provide the reportable compensation of the person. Reportable compensation is the amount of money that the person must report as income generated from their position at this organization when paying federal income taxes. *See instructions for IRS Form 990, Part VII for further explanation of reportable compensation.*

Part VI- Other Information

19. Check "yes" if there is at least one other charitable organization with a board of directors that is similar or identical to this organization.
20. Provide the name of the person who has custody of the financial records of this organization. Provide the address at which those financial records may be found as well as a telephone number and email address at which that person may be contacted.

Provide the name of the officer, director, trustee, or key employee signing the COF-85. List their title and the date of signature. Be sure to sign the signature line as well.

Appendix E: Application to register as a Professional Solicitor, Fund-Raising Counsel, or Public Safety Solicitor

Application to Register as a Professional Solicitor, Fund-Raising Counsel, or Public Safety Solicitor

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

Check the one that applies: ___Professional Solicitor
___Fundraising Counsel
___Public Safety Solicitor

1. Name: _____

2. Has the applicant ever been known under any name other than that given above?
_____Yes
_____No
If yes, list each such name: _____
_____

3. In what state was the applicant organized to do business? _____

4. The applicant is a:
_____corporation _____partnership
_____individual _____LLC
_____Other (if other, please specify):_____

5. Mailing Address: _____
Physical Address (if different): _____

If address is not in Maryland, give principal Maryland address, if any, where financial records are kept: _____

6. Telephone: _____ FAX: _____ Email: _____

EIN or Social Security Number: _____

7. List all Officers, Directors or Partners:

Name	Title	Residential Address

8. List person(s) having more than a 5% financial interest or ownership:
Name Title Residential Address

9. Does the applicant or any officer, director, partner or employee of the applicant or any person holding any financial interest in the applicant, have any interest in any mail house, cashiering or other business with which it or client charitable organization does business pursuant to or in conjunction with a contract between the applicant and the charitable organization? Yes _____ No_____ If yes, provide details: _____

10. Is any officer, director, partner or employee of the applicant or any person holding any financial interest in the applicant also an officer, director partner or employee of a charitable organization or public safety organization with which the applicant does business? Yes _____ No _____ If yes, provide details: _____

11. Has the applicant had any license, registration or permit denied, canceled or revoked, or is any such action pending?
Yes _____ No _____ If yes, provide the following information:
Name & Address of Government Agency Name of Action Date

12. Has the applicant ever been enjoined or prohibited from soliciting contributions in any state, including Maryland, either personally or as a principal of another entity?
Yes _____ No _____ If yes, please explain: _____

13. Has the applicant, or any principal of the applicant, ever been licensed or held a certificate as a professional solicitor, fundraising counsel, or public safety solicitor in any other state(s) either personally or as a principal in another entity? Yes_____ No_____ If yes, please list states and dates licensed: _____

14. List the names and addresses of all charitable organizations or public safety organizations with which the applicant has contracts to act as a professional solicitor, fundraising counsel, or public safety solicitor in Maryland. Attach copies of all current contracts. _____

15. List the names and addresses of all individuals or organizations with which the applicant has subcontracts and the subcontracting agreement furthers the purpose of the agreement between the professional solicitor, fundraising counsel, or public safety solicitor and the charity. Attach copies of all current contracts. _____

16. Does any contract between the applicant and a client charitable organization provide for the use of a cashiering or caging entity for receipt for contributions?
Yes_____ No_____If so, list the charity and cashiering or caging entity below.
_____

17. What type of solicitation program do you plan to use (personal contact, direct mail, telephone, radio, television, etc.)? _____

18. I acknowledge that the Maryland Secretary of State is deemed to be my agent upon whom may be served any summons, subpoena, subpoena duces tecum or other court process directed to the applicant or any partner, principal officer or director of the applicant.
Yes _____ No_____

19. Check One.

_____All taxes due from the applicant to the State or Baltimore City or a county of the State for the preceding fiscal year have been paid, and all taxes the applicant was required to collect and pay over to the State or to Baltimore City or a county of the State for the preceding fiscal year have been collected and paid over.

_____The taxes due from the applicant to the State or to Baltimore City or a county of the State are under dispute, and the dispute has not been finally resolved.

_____ The taxes due from the applicant to the State or to Baltimore City or a county of the State have not been paid but are not under dispute.

Affidavit

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

_____

(Type or Print) Name of President, Chair or Principal Officer

_____

Signature of President, Chair or Principal Officer

INSTRUCTIONS FOR COMPLETING APPLICATION TO REGISTER AS A PROFESSIONAL SOLICITOR, FUND-RAISING COUNSEL, OR PUBLIC SAFETY SOLICITOR FORM

Overview of filing requirements for Professional Solicitors, Fund-Raising Counsel and Public Safety Solicitors

Professional Solicitors & Fund-Raising Counsel:
This application to register must be submitted annually by professional solicitors and fundraising counsel who wish to solicit in Maryland. The annual filing fee for a Professional Solicitor is $350. The annual filing fee for a Fundraising Counsel is $250. Copies of all new contracts with charitable organizations shall be submitted by the Professional Solicitor or Fundraising Counsel. If the applicant has already submitted a copy of the contract, the applicant does not need to submit it again. Any amendments to contracts that have been made must be submitted as part of this filing unless the applicant already submitted the amendment to the contract. Professional solicitors must also include a Surety Bond or irrevocable letter of credit in the amount of $25,000.

If a currently registered professional solicitor is applying for a new registration, it must submit any outstanding final accounting reports as required by the Maryland Solicitations Act, Business Regulation Article 6-506 or an interim accounting report for each individual charity with which the professional solicitor has an on-going contract as required by the Maryland Solicitations Act, Business Regulation Article 6-306. Final accounting reports from the prior year do not have to be submitted with this application if they were already submitted to the Secretary of State. Interim accounting reports should be submitted on the same Accounting Report for Professional Solicitor form as a final accounting report is submitted on. You will check the box on that form to indicate that it is an interim report.

A professional solicitor should also be sure to include any new Fund-Raising Notice forms that must be submitted. If the Fund-Raising Notice form was submitted since the last application was filed with this office, the applicant does not have to submit it again.

Public Safety Solicitors:
This application must be submitted by a Public Safety Solicitor for each Public Safety Organization with which the Public Safety Solicitor contracts. The application fee for a Public Safety Solicitor is $100 per application. A copy of the contract between the applicant and the public safety organization shall be submitted along with a copy of the application. Also, this application should be accompanied by a Surety Bond in the amount of $25,000. If the organization has a current Surety Bond on file with the Secretary of State it does not have to provide a separate Surety Bond for each application. The same Surety Bond can be used for each application as long as it is current.

If the organization acts as more than one of these, it should file a separate application for each (for example, if the organization has contracts in which it acts as a professional solicitor and other contracts in which it acts as a public safety solicitor, it must submit separate applications to register, one to register as a professional solicitor, and one (or more) to register as a public safety solicitor)

Instructions for completing form:

Check the type of applicant you are. See definitions for Professional Solicitor, Fundraising Counsel, and Public Safety Solicitor in the Maryland Solicitations Act, Business Regulation Article 6-101 to assist in making determination. Link to the Maryland Solicitations Act: http://www.sos.state.md.us/Charity/MarylandSolicitationAct.pdf.

1. Enter the name of your company. If you do business under any other names, please list those as well.

2. Check "yes" or "no," whichever is appropriate. If "yes" is checked, please list the name(s) that the organization used to be known as

2. Enter the state in which the company was organized to do business.

3. Check the correct term that applies to the applicant.

5. Provide the mailing address of the applicant. If this is different from the physical location of the applicant, please provide the physical location of the applicant as well. If there is an address in Maryland where financial records are maintained, please provide that address.

6. Provide the telephone number, fax number, email address and EIN (Federal Tax ID number) of the applicant. For email address, please make sure it is an email address for the person who handles state registrations for the applicant. If the applicant does not have an EIN, provide the Social Security Number of the applicant.

7. Provide the name, title, and home address of all officers, directors, and trustees of the applicant.

8. List any person(s) that has more than 5% financial interest or ownership in the applicant. Provide their name, title, and home address.

9. If answering "yes", please explain the relationship in greater detail. Clearly explain the relationship between the applicant and the related company.

10. If answering "yes", please explain the relationship in greater detail. Clearly explain the position held with the applicant and held with the charitable organization or public safety organization along with the duties fulfilled by the person(s) listed for both the applicant and charitable organization or public safety organization.

11. If answering "yes", please provide the name and address of the government agency that took the action as well as the name of the action and date on which it was taken.

12. If answering "yes", provide the state(s) and explain the reasoning the applicant was prohibited from soliciting contributions in that state.

13. If answering "yes", please list the states and dates of licensing. If too many to list in space provided, please attach a separate list.

14. Provide a list of all charitable organizations and/or public safety organizations with which the applicant has a contract to solicit on behalf of in Maryland. Attach a copy of the contract for all organizations with which the applicant has a contract.

15. If the applicant subcontracts any of its duties as outlined in the contract between itself and the charitable organization or public safety organization please list the companies/individuals with which it subcontracts. Provide a copy of the contract between the applicant and that subcontractor to carry out any of those duties that are subcontracted.

16. If yes, list the cashiering or caging entity. Also, list the charitable organizations or public safety organizations whose contributions will be received by the cashiering or caging entity.

17. Explain the solicitation program the applicant plans to use. The answer should explain how the professional solicitor, fund-raising counsel, or public safety solicitor intends to reach prospective donors.

18. Check "yes" or "no." If you do not want to designate the Secretary of State to be the agent of the applicant, check "no."

19. Check one of the three boxes. If all taxes owed to the State of Maryland, a county in Maryland, or Baltimore City for the prior year have been paid you will want to check the first statement. If you did not owe any taxes to the State of Maryland, a county in Maryland, or Baltimore City, you will also want to check the first statement. You will only check the second statement if not all taxes due from the prior year have been paid to the State of Maryland, a county in Maryland, or Baltimore City or there is a dispute over taxes owed to State of Maryland, a county in Maryland, or Baltimore City from the prior year. If you have not paid all of your taxes due to the State of Maryland, or county in Maryland, or Baltimore City but they are not under dispute you will check the third statement.

Affidavit section: Print the name of the person signing the document and provide their title. Be sure this is legible. Then, sign on the line provided.

Appendix F: Fund-Raising Notice form

Fund-Raising Notice for Professional Solicitors

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

1. Professional Solicitor: _____

   Address: _____

   Telephone Number: _____ Fax Number _____

   Authorized Representative _____

   Email address: _____

2. Charitable organization (client): _____

   Address _____

   Telephone No. _____ Fax No. _____

   Authorized Representative _____

   Email address: _____

3. Name or title and description of specific fund-raising campaign:

   _____

   _____

   _____

   _____

   _____

   _____

4. Date solicitations begin: _____; end: _____

5. Describe the fund-raising method(s) to be used by checking the appropriate selection:

   _____Telephone

   _____Direct Mail

   _____Combination Telephone/Mail

   _____Other (please specify):_____

   _____

6. Specific geographical area to be solicited:

_____Statewide

_____County (what county? _____)

_____City (what city? _____)

7. State addresses of all places from which oral solicitation will be conducted:

_____

_____

_____

_____

8. State names and addresses of all persons engaged in oral solicitation, either directly or in a supervisory capacity:

_____

_____

_____

_____

9. State name, address of bank and account number where receipts of fund-raising campaign will be deposited in an account exclusively in the name of the charitable organization:

_____

_____

_____

_____

10. **I certify that I have attached a copy of the agreement (contract) between the professional solicitor and the charitable organization to this form.**

I acknowledge that the Maryland Secretary of State is deemed to be my agent upon whom may be served any summons, subpoena, subpoena duces tecum or other court process directed to the applicant or any partner, principal or director of the applicant.

_____

Affidavit

I solemnly affirm under the penalties of perjury and upon personal knowledge that the contents of the foregoing paper are true.

Signature of authorized representative of professional solicitor:

_____

Print or type name and title: _____

INSTRUCTIONS FOR COMPLETING FUND-RAISING NOTICE FOR PROFESSIONAL SOLICITORS

A Fund-Raising Notice is required to be filed by a professional solicitor before starting a public solicitation. See Maryland Solicitations Act, Business Regulation Article, 6-502.

Along with this Fund-Raising Notice, the professional solicitor shall submit a copy of the agreement (contract) between itself and the charitable organization and any subcontract or other contract in furtherance of the agreement. See Maryland Solicitations Act, Business Regulation Article, 6-501.

Print this form, complete it, and mail it along with the required documentation to: Solicitor and Counsel Registrations, Secretary of State, State House, Annapolis, MD 21401. For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completing the Fund-Raising Notice form:

1. Enter name of the professional solicitor, mailing address to which documentation concerning registration should be mailed, telephone number, fax number, authorized representative of the professional solicitor, and an email address.

2. Enter the name of the charitable organization (should use the name under which it is registered with our office), address of the charitable organization, telephone number of the charitable organization, fax number of the charitable organization, authorized representative of the charitable organization with which the professional solicitor has entered into an agreement with, and an email address of the charitable organization.

3. Provide the name or title and a description of the fundraising campaign. The description should include the purposes for which funds are solicited by the solicitor on behalf of the charitable organization.

4. Enter the date on which the solicitation campaign will begin and end.

5. Check the appropriate fundraising method(s) to be used in this fundraising campaign. If checking "Other," please specify the method that will be used for fundraising.

6. Provide the specific geographical area in the State of Maryland in which the solicitation will occur. If soliciting in the entire state of Maryland, check "statewide." If soliciting in a specific county or counties, check "county" and list the county or counties into which the professional solicitor will solicit. If soliciting in a specific city or cities, check "city" and list the city or cities into which the professional solicitor will solicit.

7. Provide the address of all places from which oral solicitations will be conducted. All locations of any oral solicitations made to Marylanders should be included. The address

provide should be the physical location at which the oral solicitations are made, not a Post Office Box.

8. Provide a list of the names and addresses of all persons engaged in oral solicitation, either directly or in a supervisory capacity. You can attach a list if necessary.

9. Provide the account number along with the bank name and address into which funds from this campaign will be deposited. The bank account should be exclusively in the name of the charitable organization. The professional solicitor may not be authorized to withdraw money from the bank account of the charitable organization.

10. By signing this form, you are certifying that you have attached the agreement (contract) between the professional solicitor and the charitable organization for this fundraising campaign.

Affidavit Section. By signing the affidavit you are also acknowledging the statement above the affidavit making the Secretary of State the agent of the professional solicitor. Be sure to sign the form as well as print the name and title of the authorized representative of the professional solicitor who is signing the form.

Appendix G: Accounting Report for Professional Solicitor form

Accounting Report for Professional Solicitors

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

1. Name of Professional Solicitor: _____

2. Campaign _____ Dates Held _____ Date of Report _____

3. Charitable Organization _____

4. Is this an interim report? _____Yes _____No If yes, report is current through_____

5. **Total Contributions Received:** **$** _____

6. **Expenses:**

   a) Solicitor management salaries & wages $ _____

   b) Professional solicitor salaries & wages $ _____

   c) Associate solicitor salaries & wages $ _____

   d) Printing and postage expenses $ _____

   e) Other expenses $ _____

   f) Total Fund-Raising Expenses (sum of all expense categories, a-e): **$** _____

7. **Net Contributions for Organization** **$** _____
   (total contributions received minus total fund-raising expenses equals net contribution for organization)

CERTIFICATION

I, (print name) _____, being an officer or other duly authorized representative of the organization which has entered into an agreement with the professional solicitor who has prepared this report, do hereby certify, under penalties of perjury, that the statements contained herein are true to the best of my knowledge.

For _____ By _____
Name of Organization Signature of Representative

I, (print name) _____, being an officer or other duly authorized representative of the professional solicitor reporting herein, do hereby certify, under penalties of perjury, that the statements contained herein are true to the best of my knowledge.

For _____ By _____
Name of Professional Solicitor Signature of Representative

INSTRUCTIONS FOR ACCOUNTING REPORT FOR PROFESSIONAL SOLICITOR

An Accounting Report is required to be filed by a professional solicitor within 3 months after the end of each fund-raising drive, campaign, or event. The accounting report shall contain an accounting of all money received and disbursed on a gross basis. See Maryland Solicitations Act, Business Regulation Article, 6-506.

An Interim Accounting Report is required if a currently registered professional solicitor applies for a new registration and has not yet submitted the accounting required by Maryland Solicitations Act, Business Regulation Article, 6-506. See Maryland Solicitations Act, Business Regulation Artcile 6-306.

The interim accounting report must account for all money received and disbursed for each fund-raising drive, campaign, or event through a date within 3 months before the professional solicitor's current registration expires.

An accounting report or interim accounting report is also required for a person that acts as a professional solicitor before applying to register as a professional solicitor.

Print this form, complete it, and mail it to:
Solicitor and Counsel Registrations, Secretary of State, State House, Annapolis, MD 21401.
For questions about the form, please call us at 410-974-5534 or email us (contact us: http://www.sos.state.md.us/ContactUs.aspx).

Directions for completing the Accounting Report form:

1. Enter name of the professional solicitor.

2. Enter the name or title of the fundraising campaign. This should match the name or title of the fundraising campaign for this charitable organization that was provided on the Fund-Raising Notice form filed prior to the start of this fundraising campaign. Also, provide the dates on which this campaign was held and the date of this report. The date of this report should be the date this form is being completed.

3. Enter the name of the charitable organization (should use the name under which it is registered with our office) for which the fundraising campaign was conducted.

4. If this is a final accounting report, check "no." If this is an interim accounting report, check "yes." If checking "yes" for interim accounting report, provide the date for which this report is current through. The financial information for this fundraising campaign that is being provided must be current with the date entered into this field.

5. Enter the gross amount contributions generated from this fundraising campaign.

6. Enter the gross amounts of fundraising expenses for the various categories:
   (a) The amount entered for this field should include the amount of wages paid to management level employees of the professional solicitor from this campaign. Management includes supervisors of solicitors as well as executive employees of the professional solicitor.
   (b) The amount entered for this field should include the amount of wages paid to all solicitors making calls for this fundraising campaign that are employees of the professional solicitor.
   (c) The amount entered for this field should include the amount of wages paid to all associate solicitors making calls for this fundraising campaign. An associate solicitors is a person who solicits or receives charitable contributions for a professional solicitor but is not employed by the solicitor (a subcontractor).
   (d) The amount entered for this field should include all expenses related to printing and postage for this fundraising campaign. The cost of mailers, pledge cards, receipts, or any other expense related to printing and postage.
   (e) The amount entered for this field should include any expenses not included in (a) through (d).
   (f) The amount entered for this field should be the sum of lines (a) through (e). This should also equal the total amount of money paid by the charitable organization to the professional solicitor for conducting this fundraising campaign.

7. Enter the net amount of contributions retained by the charitable organization from this fundraising campaign. This amount should equal the amount of money entered on line 5 minus the amount of money entered on line 6(f).

Certification Section. The professional solicitor and an authorized official of the charitable organization for which the professional solicitor acts shall sign the accounting and certify that it is true to the best of their knowledge. See Maryland Solicitations Act, Business Regulation Article 6-506. Both of these certifications must be completed in order for the form to be considered complete.

Appendix H: Minutes from Workgroup meeting on July 1, 2014

Charitable Enforcement and Protection Workgroup Meeting- Minutes

Meeting Date: July 1, 2014

Meeting Start Time: 10:05 A.M.

Meeting End Time: 11:53 A.M.

Attendees Present

1. Richard Tabuteau, Co-Chair, Office of the Attorney General
2. Kisha Brown, Co-Chair, Office of the Attorney General
3. Michael Schlein, Co-Chair, Office of the Secretary of State
4. Peter Fosselman, Co-Chair, Office of the Secretary of State
5. Kate McGuire, Fundraising, The Arc Baltimore
6. Jonathan May, Maryland State Bar Association, Whiteford Taylor Preston
7. Henry Bogdan, Nonprofits, Maryland Nonprofits
8. Melanie Styles, Foundations, Abell Foundation
9. Carole Carlson, Certified Public Accountant, The Rights and Resources Initiative
10. Karl Emerson- General Public, Montgomery McCracken
11. Robin Jacobs, General Public, Community Law Center

Attendees Present by Phone

1. Ryan Galloway, General Public, The Galloway Groupe
2. Chris Cash, National Association of State Charities Officials

Attendees Not Present

1. Internal Revenue Service official

The initial Charitable Enforcement and Protection workgroup meeting, as required by House Bill 1352/Chapter 654, was held on July 1, 2014. Chapter 654 provides the Maryland Attorney General greater power to investigate and enforce provisions of the Maryland Solicitations Act regarding charitable organizations and representatives. Prior to this bill, the Attorney General could only enforce and investigate charitable organizations by request of the Secretary of State. This workgroup was created to discuss what information should be reported to the Secretary of State by charitable organizations, charitable representatives, and

fund-raising counsel, and to determine how that information can most effectively and efficiently be collected and shared with other government agencies to protect the public and charitable assets.

The meeting began with an introduction of all attendees. Richard Tabuteau led a preliminary discussion about instances of charitable asset fraud and embezzlement, making the broadening of the Attorney General's enforcement power a necessity. Chapter 654 extends the Attorney General's power to investigate the misapplication, diversion, or waste of charitable assets.

Peter Fosselmen next provided a brief overview of the current application process and filing procedures required to register as a charitable organization. The application is done by paper and is manually processed and scanned by the Secretary of State's office. After the applications are reviewed and processed, the Secretary of State then mails the applicant responsive correspondence. Registration is due within 6 months at the end of that fiscal year. As a result of this manual processing, there is a backlog of at least 60-90 days before an application may be reviewed; a core goal of the workgroup is to create a more efficient way to collect applicant information and dissemination to the Secretary of State.

Michael Schlein further elaborated on the registration process required for charitable organizations to solicit contributions in Maryland. Beginning October 1, 2014, the application fee will be $250 for registration as a fund-raising counsel, and $350 for registration as a professional solicitor. Along with the registration fee, the application must include the name and address of the charitable organization and of any affiliate in the State; the name and address of each officer with final responsibility for the custody and final distribution of the contributions made to the organization; a statement of purpose for which the organization was formed and will be used; whether the organization intends to solicit directly or have a professional solicitor or fund-raising counsel solicit charitable contributions on its behalf; a copy of the articles of incorporation or other instrument of the charitable organization; a copy of a letter from the Internal Revenue Service, or other documentation showing the organization's tax-exempt status; along with several other forms provided in Chapter 654.

Schlein distributed 9 forms to the workgroup that are used in the registration process. Those forms included: a Registration Statement (COR92), Certification form, Annual Update of Registration form, Fund Raising Notice, Exempt Organization Fund-Raising Notice, Application to Register as a Professional Solicitor, Accounting Report for the Professional Solicitor, and a Financial Form to be Filed by Organizations not Filing Form 990.

An organization soliciting in Maryland is required to register each year it continues to solicit in Maryland. Each organization collecting more than $25,000 in charitable

contributions must pay an annual fee ranging from $50 - $300, depending on the amount of charitable contributions received by the organization.

Robin Jacobs recommended a more efficient registration process such as cross-sharing required documentation to encourage organizations to work together.

Fosselmen recommended condensing the registration forms into one. Karl Emmerson agreed with Fosselmen that application forms should be condensed and simplified.

Chris Cash commented that his goal is to simplify the registration process within 2-3 years.

Jon May asked what the overarching point was to the registration of the organizations receiving less than $25,000 in charitable contributions, since they don't have to pay an annual fee. He wanted to know what they were trying to accomplish with this registration.

Mike Schlein answered that it was a way to track them and to help inform them who is out there and how to find them if there's a problem.

Jon May then asked how they could get more of these smaller charities to register. He hypothesized that they're probably not registering because they don't know they have to. He then said that the goal should be to get the registration process down to a point where these organizations can register easily and quickly.

Robin Jacobs then noted how complicated and lengthy the registration process can be, especially since these organizations have to do both the IRS filing and the state level filing.

Jon May said that it would be great if we could link the IRS and the state filing processes together. This would make the whole process quicker and more efficient.

Fosselman then asked whether registration could be condensed to one initial form. Then, based on the organizations' answers to questions on that form, they could be directed to more forms tailored to what they need to file.

Mike Shlein replied that it was probably possible to get it down to one form, but the form might be longer.

Karl Emerson then recounted a story from his time working in Pennsylvania. When he looked at the registration packet, he was shocked to see that it was 26 pages long. He said it was too long and too confusing. He was told that everything had to be in there, though, and that it couldn't be changed. However, he was eventually able to eliminate 16 pages from the registration packet, and turned it into more of a one-size fits all system. He found that there had been a lot of duplicate information throughout the packet. Shortening the registration process made the system better and more efficient.

Chris Cash then discussed how the National Charities Organization is trying to develop a national filing system where everyone could easily file from any state. He is hoping that this system will be in place in 2-3 years.

Henry Bogdan suggested using an online application process for registration.

Kisha Brown suggested focusing on collecting and revising forms, and possibly creating new forms, for the remainder of this year. She also suggested that next year's focus be on how to most effectively disseminate that information to the public.

Jon May commented that the group should focus on "what" first and then move to "how." He said that once we figure out what information we need, it will make it easier to figure out how to put in place the best possible system.

The group then discussed the timeframe of receiving a determination letter from the IRS, which Mike Shlein said is usually between 6-12 months.

Henry Bogdan then talked about how, by the time the report on a charitable organization comes out, the information is no longer current. It is usually 18 – 24 months old. Sometimes there have been significant organizational changes in the charity by the time the report comes out. It may not even look like the same charity anymore. If everything was filed online, we could get better and more current information.

The group then started discussing how they could target bad charities and look for red flags.

Karl Emerson talked about how he didn't have the power to tell citizens whether a charity was legitimate or not. He could only provide them with information about the charity. If a citizen wanted to donate to a charity that he knew only used 2% of their money on their charitable purpose, he couldn't tell that citizen that the charity was probably not legitimate. All he could do was provide the citizen with the relevant information and let them decide.

The group then discussed how most people assume that it's only the big charities that are deceptive. This is not always the case, and it is important to remember that these smaller volunteer organizations can commit fraud as well.

Mike Shlein then started discussing the exemption for public safety organizations, like fire departments. He further discussed the role of professional solicitors within the public safety organizations. The current filing process aims to have more accountability for public safety solicitors. Several investigations were conducted into certain public safety solicitors and it was found that there were some former criminals doing it. Additionally, some were unregistered and employing deceptive practices aimed at confusing and deceiving the potential donors. Now they ask for contracts in hopes of minimizing fraudulent practices.

Kisha Brown proposed breaking into subgroups and to work on collective meetings, and also proposed that the next meeting focus on the forms required for registration, because that was the primary means of collecting data.

John May suggested that the workgroup participants make a broad list of the information currently on the forms, and what needs to be added to the forms, to discuss at the next meeting.

The workgroup set the next two meeting dates for: September 10th, 2014 and October 15th, 2014, both from 10 A.M. until 12:00 P.M. The interim report containing the findings and recommendations of the workgroup is due on or before December 1, 2014

Appendix I: Minutes from Workgroup meeting on September 10, 2014

Charitable Enforcement and Protection Workgroup Meeting Minutes

Date: September 10, 2014

Start Time: 10:10 A.M.

End Time: 12:22 P.M.

Attendees Present:

1. Richard Tabuteau, Co-Chair, Office of the Attorney General
2. Kisha Brown, Co-Chair, Office of the Attorney General
3. Michael Schlein, Co-Chair, Office of the Secretary of State
4. Peter Fosselman, Co-Chair, Office of the Secretary of State
5. Jonathan May, Maryland State Bar Association, Whiteford Taylor Preston
6. Melanie Styles, Foundations, Abell Foundation
7. Carole Carlson, Certified Public Accountant, The Rights and Resources Initiative
8. Karl Emerson, General Public, Montgomery McCracken

Attendees Present by Phone

1. Robin Jacobs, Nonprofits, Community Law Center
2. Chris Cash, National Association of State Charities Officials
3. Ryan Galloway, General Public, The Galloway Groupe

Attendees Not Present

1. Patrick Maloney, Internal Revenue Service
2. Kate McGuire, Fundraising, The Arc Baltimore

Following the introduction was the approval of the July 1, 2014 meeting minutes.

The meeting began by mentioning an assignment from the previous meeting which was to review the forms required in the registration process for charitable organizations and note any revisions. The workgroup was then instructed to break into 3 smaller subgroups. Each subgroup was assigned 3 or 4 forms required in the registration process for charitable organizations and representatives. Their task was to review the forms and recommend changes to them. The forms reviewed were grouped in several ways: registration, accounting, and notice requirements. Each subgroup was asked to consider 3 questions when reviewing their designated forms: 1) Does the information sought serve a material purpose? 2) Is there unnecessary duplication? 3) Is any part of the form unclear, ambiguous, or vague? The overall goal of each subgroup was to update and simplify the forms. Once each of the subgroups discussed the material, they presented their recommendations to the larger workgroup. The subgroups were as follows:

- Subgroup 1: Robin Jacobs, Karl Emerson, Jonathan May, Chris Cash

- Subgroup 2: Peter Fosselman, Carole Carlson, Ryan Galloway
- Subgroup 3: Richard Tabuteau, Michael Schlein, Melanie Styles

The workgroup members broke into subgroups at 10:25 A.M.

The workgroup reconvened at 11:24 A.M. The presentations began with subgroup 2. This subgroup was responsible for the annual update of registration form, certification form, accounting report form, and form COF-85. Carole Carlson led the presentation for this subgroup.

Subgroup 2's presentation began with a discussion of form COF-85. The subgroup concluded that this form was not needed because if the organization's revenue is between a certain amount, the information has already been supplied. The form is ultimately aimed at organizations that collect under $50,000 in charitable contributions. It was noted that the purpose of the accounting report form was to include the information that was really needed. The subgroup concluded the discussion about this form by saying the best remedy is to combine forms with the questions that need to be asked. One form allows people to know what to fill out.

Subgroup 2 then moved on to discuss the accounting report form. They wondered if there was a legal reason for all of the detail in the form. The response was that the form goes to the solicitor. That is why there is a small breakdown. This helps to keep track of what people at the top are doing. Furthermore, none of the forms looked official. There is no State of Maryland emblem on any of the forms. It was also noted that definitions should be included on the forms because people may not understand all of the terms.

The subgroup's discussion then turned to the annual update of registration form. The subgroup asked why there was an alternative address section on the annual update of registration form. The response was that there is a statute that requires the alternative addresses, but there is really no practical use. Larger organizations often have a third party filer as the alternate address. There is really no need for alternative addresses. When it comes to some of the hot topic issues such as gun rights, the organizations use third party filers as their alternate address because people do not want their address listed publically. It is a safety concern. Maryland is the only state to require an alternate address.

Some final points were made on the forms assigned to subgroup 2. On the annual update of registration form, on the line that asks for an email address, the word "recommended" needs to be removed. It was then asked if all of the dollar amount levels are the same now that there has been a change in statute. It was pointed out that new fee levels need to be added to reflect the statutory changes.

The workgroup then moved to subgroup 3. The designated forms for this group were the application to register as a professional solicitor, application to register as a fund-raising counsel,

application to register as a public safety solicitor, and the fundraising notice form. Michael Schlein led the presentation for this subgroup.

Subgroup 3 started their presentation by saying that the 3 applications (application to register as a professional solicitor, application to register as a fundraising counsel, and the application to register as a public safety solicitor) should be consolidated into one form with questions that are relevant for every solicitor or counsel. There is tremendous duplication across each of the forms. The application to register as a professional solicitor should be the base form. Most of the changes are the addition of legal terms so that the questions become relevant to everyone. The new form would also have check boxes.

The final form discussed by this subgroup was the fundraising notice form. In between registration, organizations are required to send this form. On the first page of the form, items 1 through 4 are relevant. However, items 5 through 8 are not important. It is known how solicitors raise money, so many of these questions are not needed. The third page of the form can be kept. It was added that there should also be a request for email addresses added to the fundraising notice form as well.

The final group to present was subgroup 1. They were responsible for evaluating the registration statement for charitable organizations and the exempt organization fund raising notice forms. Jonathan May led the presentation.

The presentation started with the subgroup's evaluation of the registration statement for charitable organizations form (COR-92). The group did not have many changes. The core information on the form is important. However, the group did wonder about the practical need for addresses in several places. Item 10 on the form (which asks for the names and addresses of any chapters, branches, or affiliates in Maryland) is the most irrelevant. Subgroup 1 then went on to ask about item 13 on the form- is having to write out the purpose for each contribution made or used helpful? If this information is not helpful, then it is just extra information. The response to the subgroup's question was that the information is put into a public database. The information is helpful, but could be obtained from the 990 EZ.

Subgroup 1 addressed questions 15 and 16 on the form (COR-92). They pointed out that question 15 is statutory, but questioned whether there was a statutory purpose for 16. It was responded that there is a statutory purpose for question 16 on the form. Also, an important point was raised about item 17 on the form. This year there were amendments to Title VI of the Solicitations Act. The form needs to be consistent with the new law that will take effect in a few weeks.

Subgroup 1 then moved on to address the exempt organization fundraising notice form. It was noted that the question which pertains to the level to file this form is statutory, but there is a gap. Therefore, this form should be tied to the 990 to fill the gap. It was explained that item 16 should be moved to the top of the form to let people decide if they should continue on with

the form. The subgroup then discussed item 2, the social security number of the individual. It was pointed out that the social security portion of the form can be changed. Subgroup 1 also mentioned that to encourage compliance, there should be a statement that the information is confidential. As to item 10, the question should be rephrased. It should ask, do you have 501(c)(3) status or is it pending? This helps to break the question down. It was added that the question serves a consciousness raising function as well. The hope is that those filling out the form look at the information and question it.

The final point made about the forms assigned to subgroup 1 related to the possibility of combining the two forms. It is not possible on paper because of the differences in the way the forms work. However, there is a possibility of combining the forms online. There could be a decision tree format. The answers to questions could lead you to other questions.

Kisha Brown concluded the meeting. The workgroup is scheduled to meet again on October 15, 2014 from 10:00 A.M. until 12:00 P.M. The next meeting will be focused on refining the findings of the last two meetings and preparing for the interim report that is due on or before December 1, 2014.

Appendix J: Minutes from Workgroup meeting on October 15, 2014

Charitable Enforcement and Protection Workgroup Meeting Minutes

Date: October 15, 2014

Start Time: 10:07 A.M.

End Time: 12:20 P.M.

Attendees Present:

1. Richard Tabuteau, Co-Chair, Office of the Attorney General
2. Kisha Brown, Co-Chair, Office of the Attorney General
3. Michael Schlein, Co-Chair, Office of the Secretary of State
4. Peter Fosselman, Co-Chair, Office of the Secretary of State
5. Jonathan May, Maryland State Bar Association, Whiteford Taylor Preston
6. Melanie Styles, Foundations, Abell Foundation
7. Carole Carlson, Certified Public Accountant, The Rights and Resources Initiative
8. Karl Emerson, General Public, Montgomery McCracken
9. Ryan Galloway, General Public, The Galloway Groupe
10. Robin Jacobs, Nonprofits, Community Law Center
11. Kate McGuire, Fundraising, The Arc Baltimore

Attendees Present by Phone

1. Kyle Roberts, Internal Revenue Service
2. Chris Cash, National Association of State Charities Officials

The meeting began with the approval of the previous meeting's minutes. In the last meeting, the workgroup broke into subgroups to review forms required in the registration process for charitable organizations. At the conclusion of that meeting, the workgroup recommended several revisions. The goal of this meeting was to review the revisions that were incorporated into the forms by Michael Schlein.

The first form reviewed was the exempt organization fund-raising notice form. The workgroup discussed the changes made to the form. Item 1 includes an explanation that assists people in deciding if this is the proper form for them to fill out. Item 1 also asks for the legal name of the organization. This is ambiguous and it assumes that the organization is incorporated. It was concluded the language should change to simply ask for name instead of legal name. Item 17 was reworded to make its purpose more obvious.

The workgroup then discussed additional changes that need to be added to the form and the instructions. First, the term "contribution" needs to be defined so it can be distinguished from public grants. It should be noted that government grants are not included in public grants. Second, under the term "check one", the information should be reworded to "did not receive

more than $25,000 to date". Changing the wording refers to the current status. There should also be a box included so people have the option to check one of the two. Moreover, there should be a note which makes it clear that if an organization cannot check either of the boxes they are filling out the wrong form. Third, information about paid fundraisers needs to be added. For instance, there should be language that references the fundraising start date.

The second form reviewed was the registration statement for charitable organizations (COR-92). There was a typo at the top of the page and parenthesis missing in the telephone number. Under the instructions on the first line of the form, there should be a fee chart incorporated or a reference to where the fee chart can be found. On item 7, Federal I.D. number should be changed to EIN number. Item 14 is unclear. The workgroup suggested putting "yes or no" in parenthesis because this question should be as intuitive as possible. This form also asks for a home or alternative business address. This is a statutory requirement. However, there needs to be a note on the form that informs people the alternative address can be a business address.

The third form discussed was the annual update of registration form. Prior to last meetings suggestions, this was initially 2 forms. This form incorporates the certification form as well. The instructions for this form now include a check list and a chart for the annual registration fee. The workgroup suggested that since the title of the form has changed, there needs to be a note online that there has been a change in name so that people are not confused. The workgroup also pointed out a typo. Under directions for the completion of this form, the language says circle the correct information. Instead, it should say "check" the correct information. The final point made about the instructions was in reference to a certification attachment. Some people do not like to read instructions, so there should be an attachment that says, "I have attached all of the forms required for registration."

The fourth form evaluated was the application to register as a professional solicitor. Initially, this form was 3 separate forms. This form has merged the application to register as a professional solicitor, application to register as fund-raising counsel, and the application to register as a public safety solicitor. The workgroup suggested that the form title should change to reflect this. There were also two other majors changes. First, the bottom of page 4 needs to be removed. All of that information is in the instructions. Second, the jurisdiction and venue information on page 4 needs to be updated. The new changes to Title VI are not specific to Anne Arundel County. The language needs to incorporate all counties.

The fifth form analyzed was the fund raising notice form. This form was originally 3 pages, but it has been consolidated into 2 pages. There were 3 major changes. First, there needs to be a line on item 1 next to professional solicitor. There needs to be space for individuals to write their name. Under the same item there should also be a line added for an email address. Second, the instructions need language to inform individuals that if they already submitted a contract, the submission of this form is not necessary. Third, the law is stated at the top of the form. This should be moved to the instructions.

The sixth form discussed was the accounting report form for professional solicitors and public safety. There were minor changes for this form. Under expenses, the line that is titled "other expenses" should be titled "difference". This helps to analyze the percentage of income that goes directly to the charitable organization.

The COF-85 form was the last to be evaluated. The workgroup was concerned with the complexity of this form. It was pointed out that the State is asking for more information then the federal government. The form could be revised in three different categories. Those categories are: contributions, program service revenue, and investment income. Smaller organizations do not have the sophistication to complete a form this complicated.

The workgroup was instructed to email any additional questions to Michael Schlein. The workgroup will begin to work on the interim report that is due on or before December 1, 2014.