

## CHAPTER 309

## SOCIAL AND CHARITABLE ORGANIZATIONS

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**309.50 SOLICITATION OF CHARITABLE FUNDS; DEFINITIONS.**

*[For text of subs 1 to 11, see M.S.1982]*

Subd. 12. "Fund raising costs" means costs determined to be fund raising by generally accepted accounting principles.

Expenses incurred in planning or developing a fund raising campaign, regardless of whether the expenses are incurred before, during, or after that campaign, constitute fund raising costs.

**History:** 1983 c 75 s 1

**309.501 REGISTERED COMBINED CHARITABLE ORGANIZATIONS.**

Subdivision 1. **Definitions.** As used in this section, the following terms have the meanings given them.

"Registered combined charitable organization" means an organization

(1) which is tax exempt under section 501(c)3 of the Internal Revenue Code of 1954, as amended through December 31, 1980 (hereinafter "Internal Revenue Code"), and to which contributions are deductible under section 170 of the Internal Revenue Code;

(2) which secures funds for distribution to ten or more charitable agencies in a single, annual consolidated effort;

(3) which is governed by a voluntary board of directors which represents the broad interests of the public;

(4) which distributes at least 70 percent of its total collected income and revenue to the designated agencies it supports and expends no more than 30 percent of its total income and revenue for management and general costs and fund raising costs;

(5) and each designated agency supported by the recipient institution devotes substantially all of its activities directly to providing health, welfare, social, or other human services to individuals;

(6) and each designated agency supported by the recipient institution provides health, welfare, social, or other human services, in the community and surrounding area in which the recipient institution's fund drive takes place; and

(7) which has been registered with the commissioner of securities and real estate in the department of commerce in accordance with this section.

"Charitable agency" means a governmental agency or an organization (1) which is tax exempt under section 501(c)3 of the Internal Revenue Code; (2) to which contributions are deductible under section 170 of the Internal Revenue Code; and (3) which is in compliance with the provisions of this chapter.

Subd. 2. **Designated contributions.** A registered combined charitable organization may offer a state officer or employee the option of designating in writing that the amount deducted in section 15.375, subdivision 2, be designated to any charitable agency, whether or not the charitable agency receives funds from the

single, annual consolidated effort. A registered charitable organization which offers this option shall provide a list of charitable agencies receiving funds and the amount each charitable agency receives in the annual report required pursuant to section 309.53.

Subd. 3. **Registration.** An organization may apply to the commissioner of securities and real estate in the department of commerce as a registered combined charitable organization. An organization which applies to the commissioner shall provide the commissioner with all information the commissioner deems necessary to identify the charitable and tax exempt status of the organization and its compliance with the provisions of this chapter.

A registered combined charitable organization shall disclose in its solicitation and its annual report filed under section 309.53:

- (a) gross dollars received in contributions in the prior year;
- (b) names of and amount of money distributed to each charitable agency by the combined charitable organization;
- (c) percentage of gross dollars contributed which was directly received by the charitable agencies; and
- (d) projected percentage of the contribution to be received by the charitable agencies in the year for which the solicitation is being made.

If participating charitable agencies are required to pay any fees to the combined charitable organization, it shall also be disclosed in the solicitation and annual report. In the annual report the combined charitable organization shall include a list of charitable agencies to which donors specifically designated funds, and the amount designated to each agency. Notwithstanding section 309.53, subdivision 1a, each charitable agency shall file the report required in section 309.53. The commissioner shall consult with the attorney general to determine if the combined charitable organization and its charitable agencies are in compliance with this chapter. The commissioner shall register or not register the application of an organization within 60 days. No organization may apply to the commissioner more than once in a 12-month period. Registered combined charitable organizations shall file the report required in section 309.53. The commissioner shall notify the commissioner of finance in writing of his decision to register an organization under this section.

**History:** 1983 c 355 s 2

### 309.502 RULES.

The commissioner shall promulgate rules to implement the provisions of sections 15.375, subdivision 2, and 309.501. The rules shall not require the modification of any existing payroll deduction fund drive for state employees previously authorized by section 15.375, subdivision 1.

**History:** 1983 c 355 s 3

### 309.515 EXEMPTIONS.

Subdivision 1. Subject to the provisions of subdivisions 2 and 3, sections 309.52 and 309.53 shall not apply to any of the following:

- (a) Charitable organizations:
  - (1) which did not receive total contributions in excess of \$10,000 from the public within or without this state during the accounting year last ended, and

(2) which do not plan to receive total contributions in excess of such amount from the public within or without this state during any accounting year, and

(3) whose functions and activities, including fund raising, are performed wholly by persons who are unpaid for their services, and

(4) none of whose assets or income inure to the benefit of or are paid to any officer.

For purposes of this chapter, a charitable organization shall be deemed to receive in addition to contributions solicited from the public by it, the contributions solicited from the public by any other person and transferred to it. Any organization constituted for a charitable purpose receiving an allocation from a community chest, united fund or similar organization shall be deemed to have solicited that allocation from the public.

(b) A religious society or organization.

(c) Any educational institution which is under the general supervision of the state board of education, the state university board, the state board for community colleges, or the University of Minnesota or any educational institution which is accredited by the University of Minnesota or the North Central association of colleges and secondary schools, or by any other national or regional accrediting association.

(d) A fraternal, patriotic, social, educational, alumni, professional, trade or learned society which limits solicitation of contributions to persons who have a right to vote as a member. The term "member" shall not include those persons who are granted a membership upon making a contribution as the result of a solicitation.

(e) A charitable organization soliciting contributions for any person specified by name at the time of the solicitation if all of the contributions received are transferred to the person named with no restrictions on his expenditure of it and with no deductions whatsoever.

(f) A private foundation, as defined in section 509(a) of the Internal Revenue Code of 1954, which did not solicit contributions from more than 100 persons during the accounting year last ended.

*[For text of subs 2 and 3, see M.S.1982]*

**History:** 1983 c 284 s 17

### **309.53 ANNUAL REPORT.**

*[For text of subs 1 and 1a, see M.S.1982]*

Subd. 2. Such annual report shall include a financial statement covering the immediately preceding 12 months period of operation, and shall be executed by any two duly constituted officers of the charitable organization, who shall acknowledge that it was executed pursuant to resolution of the board of directors or trustees, or if there be no such board, then by its managing group which has approved the content of the annual report. This annual report shall also include a copy of any tax return, including amendments, submitted by the charitable organization to the Internal Revenue Service for the period covered by the annual report.

A charitable organization which files the annual report required under this subdivision with the securities and real estate division is not required to file the tax return with the commissioner of revenue. An organization which fails to file the

tax return required under this section is subject to the penalties imposed by the commissioner of revenue as set forth in section 290.05, subdivisions 4 and 5.

*[For text of subd 3, see M.S.1982]*

Subd. 3a. The federal tax return may be filed in lieu of other financial statements if it is prepared in accordance with generally accepted accounting principles and meets the requirements for financial statements set forth in subdivisions 2, 3, and 4.

*[For text of subds 4 to 7, see M.S.1982]*

**History:** 1983 c 284 s 18,19; 1983 c 301 s 184,185