



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB2377

Introduced 2/16/2005, by Rep. Lovana Jones - Frank J. Mautino -
Arthur L. Turner

SYNOPSIS AS INTRODUCED:

225 ILCS 460/4

from Ch. 23, par. 5104

Amends the Solicitation for Charity Act. Requires every registered charitable organization receiving contributions in excess of \$250,000 (now, \$150,000) in a 12 month period to file a written report with the Attorney General. Requires registered organizations receiving contributions exceeding \$25,000 but not in excess of \$250,000 (now, \$150,000) to file a simpler report. Effective immediately.

LRB094 10102 LJB 40363 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Solicitation for Charity Act is amended by
5 changing Section 4 as follows:

6 (225 ILCS 460/4) (from Ch. 23, par. 5104)

7 Sec. 4. (a) Every charitable organization registered
8 pursuant to Section 2 of this Act which shall receive in any 12
9 month period ending upon its established fiscal or calendar
10 year contributions in excess of \$250,000 ~~\$150,000~~ and every
11 charitable organization whose fund raising functions are not
12 carried on solely by staff employees or persons who are unpaid
13 for such services, if the organization shall receive in any 12
14 month period ending upon its established fiscal or calendar
15 year contributions in excess of \$25,000, shall file a written
16 report with the Attorney General upon forms prescribed by him,
17 on or before June 30 of each year if its books are kept on a
18 calendar basis, or within 6 months after the close of its
19 fiscal year if its books are kept on a fiscal year basis, which
20 written report shall include a financial statement covering the
21 immediately preceding 12 month period of operation. Such
22 financial statement shall include a balance sheet and statement
23 of income and expense, and shall be consistent with forms
24 furnished by the Attorney General clearly setting forth the
25 following: gross receipts and gross income from all sources,
26 broken down into total receipts and income from each separate
27 solicitation project or source; cost of administration; cost of
28 solicitation; cost of programs designed to inform or educate
29 the public; funds or properties transferred out of this State,
30 with explanation as to recipient and purpose; cost of
31 fundraising; compensation paid to trustees; and total net
32 amount disbursed or dedicated for each major purpose,

1 charitable or otherwise. Such report shall also include a
2 statement of any changes in the information required to be
3 contained in the registration form filed on behalf of such
4 organization. The report shall be signed by the president or
5 other authorized officer and the chief fiscal officer of the
6 organization who shall certify that the statements therein are
7 true and correct to the best of their knowledge, and shall be
8 accompanied by an opinion signed by an independent certified
9 public accountant that the financial statement therein fairly
10 represents the financial operations of the organization in
11 sufficient detail to permit public evaluation of its
12 operations. Said opinion may be relied upon by the Attorney
13 General.

14 (b) Every organization registered pursuant to Section 2 of
15 this Act which shall receive in any 12 month period ending upon
16 its established fiscal or calendar year of any year
17 contributions:

18 (1) in excess of \$15,000, but not in excess of \$25,000,
19 during a fiscal year shall file only a simplified summary
20 financial statement disclosing only the gross receipts,
21 total disbursements, and assets on hand at the end of the
22 year on forms prescribed by the Attorney General; or

23 (2) in excess of \$25,000, but not in excess of \$250,000
24 ~~\$150,000~~, if it is not required to submit a report under
25 subsection (a) of this Section, shall file a written report
26 with the Attorney General upon forms prescribed by him, on
27 or before June 30 of each year if its books are kept on a
28 calendar basis, or within 6 months after the close of its
29 fiscal year if its books are kept on a fiscal year basis,
30 which shall include a financial statement covering the
31 immediately preceding 12-month period of operation limited
32 to a statement of such organization's gross receipts from
33 contributions, the gross amount expended for charitable
34 educational programs, other charitable programs,
35 management expense, and fund raising expenses including a
36 separate statement of the cost of any goods, services or

1 admissions supplied as part of its solicitations, and the
2 disposition of the net proceeds from contributions,
3 including compensation paid to trustees, consistent with
4 forms furnished by the Attorney General. Such report shall
5 also include a statement of any changes in the information
6 required to be contained in the registration form filed on
7 behalf of such organization. The report shall be signed by
8 the president or other authorized officer and the chief
9 fiscal officer of the organization who shall certify that
10 the statements therein are true and correct to the best of
11 their knowledge.

12 (c) For any fiscal or calendar year of any organization
13 registered pursuant to Section 2 of this Act in which such
14 organization would have been exempt from registration pursuant
15 to Section 3 of this Act if it had not been so registered, or in
16 which it did not solicit or receive contributions, such
17 organization shall file, on or before June 30 of each year if
18 its books are kept on a calendar basis, or within 6 months
19 after the close of its fiscal year if its books are kept on a
20 fiscal year basis, instead of the reports required by
21 subdivisions (a) or (b) of this Section, a statement certified
22 under penalty of perjury by its president and chief fiscal
23 officer stating the exemption and the facts upon which it is
24 based or that such organization did not solicit or receive
25 contributions in such fiscal year. The statement shall also
26 include a statement of any changes in the information required
27 to be contained in the registration form filed on behalf of
28 such organization.

29 (d) As an alternative means of satisfying the duties and
30 obligations otherwise imposed by this Section, any veterans
31 organization chartered or incorporated under federal law and
32 any veterans organization which is affiliated with, and
33 recognized in the bylaws of, a congressionally chartered or
34 incorporated organization may, at its option, annually file
35 with the Attorney General the following documents:

36 (1) A copy of its Form 990, as filed with the Internal

1 Revenue Service.

2 (2) Copies of any reports required to be filed by the
3 affiliate with the congressionally chartered or
4 incorporated veterans organization, as well as copies of
5 any reports filed by the congressionally chartered or
6 incorporated veterans organization with the government of
7 the United States pursuant to federal law.

8 (3) Copies of all contracts entered into by the
9 congressionally chartered or incorporated veterans
10 organization or its affiliate for purposes of raising funds
11 in this State, such copies to be filed with the Attorney
12 General no more than 30 days after execution of the
13 contracts.

14 (e) As an alternative means of satisfying all of the duties
15 and obligations otherwise imposed by this Section, any person,
16 pursuant to a contract with a charitable organization, a
17 veterans organization or an affiliate described or referred to
18 in subsection (d), who receives, collects, holds or transports
19 as the agent of the organization or affiliate for purposes of
20 resale any used or second hand personal property, including but
21 not limited to household goods, furniture or clothing donated
22 to the organization or affiliate may, at its option, annually
23 file with the Attorney General the following documents,
24 accompanied by an annual filing fee of \$15:

25 (1) A notarized report including the number of
26 donations of personal property it has received on behalf of
27 the charitable organization, veterans organization or
28 affiliate during the proceeding year. For purposes of this
29 report, the number of donations of personal property shall
30 refer to the number of stops or pickups made regardless of
31 the number of items received at each stop or pickup. The
32 report may cover the person's fiscal year, in which case it
33 shall be filed with the Attorney General no later than 90
34 days after the close of that fiscal year.

35 (2) All contracts with the charitable organization,
36 veterans organization or affiliate under which the person

1 has acted as an agent for the purposes listed above.

2 (3) All contracts by which the person agreed to pay the
3 charitable organization, veterans organization or
4 affiliate a fixed amount for, or a fixed percentage of the
5 value of, each donation of used or second hand personal
6 property. Copies of all such contracts shall be filed no
7 later than 30 days after they are executed.

8 (f) The Attorney General may seek appropriate equitable
9 relief from a court or, in his discretion, cancel the
10 registration of any organization which fails to comply with
11 subdivision (a), (b) or (c) of this Section within the time
12 therein prescribed, or fails to furnish such additional
13 information as is requested by the Attorney General within the
14 required time; except that the time may be extended by the
15 Attorney General for a period not to exceed 60 days upon a
16 timely written request and for good cause stated. Unless
17 otherwise stated herein, the Attorney General shall, by rule,
18 set forth the standards used to determine whether a
19 registration shall be cancelled as authorized by this
20 subsection. Such standards shall be stated as precisely and
21 clearly as practicable, to inform fully those persons affected.
22 Notice of such cancellation shall be mailed to the registrant
23 at least 15 days before the effective date thereof.

24 (g) The Attorney General in his discretion may, pursuant to
25 rule, accept executed copies of federal Internal Revenue
26 returns and reports as a portion of the foregoing annual
27 reporting in the interest of minimizing paperwork, except there
28 shall be no substitute for the independent certified public
29 accountant audit opinion required by this Act.

30 (h) The Attorney General after canceling the registration
31 of any trust or organization which fails to comply with this
32 Section within the time therein prescribed may by court
33 proceedings, in addition to all other relief, seek to collect
34 the assets and distribute such under court supervision to other
35 charitable purposes.

36 (i) Every trustee, person, and organization required to

1 file an annual report shall pay a filing fee of \$15 with each
2 annual financial report filed pursuant to this Section. If a
3 proper and complete annual report is not timely filed, a late
4 filing fee of an additional \$100 is imposed and shall be paid
5 as a condition of filing a late report. Reports submitted
6 without the proper fee shall not be accepted for filing.
7 Payment of the late filing fee and acceptance by the Attorney
8 General shall both be conditions of filing a late report. All
9 late filing fees shall be used to provide charitable trust
10 enforcement and dissemination of charitable trust information
11 to the public and shall be maintained in a separate fund for
12 such purpose known as the Illinois Charity Bureau Fund.

13 (j) There is created hereby a separate special fund in the
14 State Treasury to be known as the Illinois Charity Bureau Fund.
15 That Fund shall be under the control of the Attorney General,
16 and the funds, fees, and penalties deposited therein shall be
17 used by the Attorney General to enforce the provisions of this
18 Act and to gather and disseminate information about charitable
19 trustees and organizations to the public.

20 (Source: P.A. 90-469, eff. 8-17-97; 91-444, eff. 8-6-99.)

21 Section 99. Effective date. This Act takes effect upon
22 becoming law.