Upper Peninsula Land Conservancy
Policy 5A: Legal and Ethical Practices

Board Approved: May 9th, 2017

The UPLC complies with all charitable solicitation laws, does not engage in commission-based fundraising, and limits fundraising costs to a reasonable percentage of overall expenses. The UPLC will have active fundraising and finance committees and a responsible governing board whose members closely control the acquisition and expenditure of funds. These committees and the board will carefully and accurately track fundraising expenses using generally accepted accounting procedures. And the UPLC will truthfully disclose fundraising costs upon request.

What Is the Law?

- **Registration.** These laws generally require organizations to register one time or annually with a state agency, generally the office of the attorney general, secretary of state or consumer protection agency. Registration involves filing basic information about the organization, including the purpose for which it raises funds and whether it is tax exempt.

- **Filing of financial reports.** Many states require charities to file an annual report and/or some version of the charity's IRS Form 990 (the federal return for tax-exempt organizations). Many states also require independent financial audits for charities whose budgets exceed certain levels.

- **Paid solicitor requirements.** Many state charitable solicitation statutes also impose requirements on outside persons who solicit on behalf of the charity (paid solicitors) or who provide advice (fundraising counsel). These laws cover the registration, licensing, and bonding of solicitors and counsel, and whether contracts between the charity and these individuals must be filed with the state.

- **Prohibitions.** Many solicitation laws also specifically prohibit the charity or its representatives from engaging in certain actions, such as misrepresenting the purpose for which solicited money will be used, and making false and misleading solicitation statements.

Charitable solicitation laws are designed to enhance public accountability and to aid potential donors by making the registration material and financial reports available to the public. At the same time, state law enforcement agencies may use the material to detect and prosecute illegal conduct. States impose civil and/or criminal penalties for violations.

What Is Reasonable? The Wise Giving Alliance standards (http://www.give.org/for-charities/How-We-Accredit-Charities/) recommend that an organization spend at least 65 percent of its expenses on program activities. It also suggests that an organization spend no more than 35 percent of related contributions on fundraising. Related contributions include donations, legacies and other gifts received as a result of fundraising expenditures. How much a nonprofit spends on its program is frequently used as a measure of good governance and operations by workplace giving campaigns, foundations, donors, and in comparison studies of the effectiveness of different environmental groups.