



When Nonprofits Need to Register in Multiple States

Many not-for-profit organizations use fundraising methods that cross state boundaries. If your nonprofit is one of them, it may need to register in multiple jurisdictions. But keep in mind that registration requirements vary — sometimes dramatically — from state to state. So be sure to determine your obligations before you invest time and money in registering.

The Critical Activity

How do you know if your nonprofit needs to register in other states? The critical activity is soliciting donations, not receiving them. So if your charity receives occasional contributions from out-of-state donors, you may not need to register in those states if you never asked for the contributions. However, email and text blasts and social media appeals are likely to be considered multistate solicitations.

Even so, a handful of state don't require certain nonprofits to register. For example, they may exempt houses of worship as well as nonprofits with total annual income under certain thresholds. Other states may require charities to register but exempt them annual filing. All of the states have varying rules, income thresholds, exceptions, registration fees and fines for violations. Even the agencies that regulate charities differ by state.

No Easy Way

Unfortunately, there isn't a simple way to register with every state. Most states require you to complete a general information form and submit it with:

- Your last financial statement,
- A list of officers and directors,
- A copy of your originating document, and
- Your IRS-issued tax-exempt determination letter.

Registration fees range from \$0 to \$2,000.

First-time registrants can use a Unified Registration Statement in most states. However, even those states mandate that annual renewals and reports be submitted using individual state forms.

Possible Consequences

If your nonprofit fails to register in states where it raises funds, the consequences can be severe. Your organization, officers and board members could face civil and criminal penalties. Your charity might lose its ability to solicit funds in certain states or even lose its tax-exempt status with the IRS. Nonprofits must also list the states where they're registered on their Form 990s.

For some nonprofits — particularly smaller organizations — cross-state registration requirements and potential penalties may lead them to limit fundraising to their own states. Contact us for help determining your registration obligations.