

HB5595



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB5595

by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

225 ILCS 460/4

from Ch. 23, par. 5104

Amends the Solicitation for Charity Act. Provides that every charitable organization registered under the Act which shall receive in any 12-month period contributions in excess of \$750,000 (rather than \$300,000), shall file a written report with the Attorney General, which shall include a financial statement containing information provided for in the Act. Makes a conforming change.

LRB101 18324 SPS 67770 b

A BILL FOR

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
9 12-month period ending upon its established fiscal or calendar
10 year contributions in excess of \$750,000 ~~\$300,000~~ 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
14 12-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

1 furnished by the Attorney General clearly setting forth the
2 following: gross receipts and gross income from all sources,
3 broken down into total receipts and income from each separate
4 solicitation project or source; cost of administration; cost of
5 solicitation; cost of programs designed to inform or educate
6 the public; funds or properties transferred out of this State,
7 with explanation as to recipient and purpose; cost of
8 fundraising; compensation paid to trustees; and total net
9 amount disbursed or dedicated for each major purpose,
10 charitable or otherwise. Such report shall also include a
11 statement of any changes in the information required to be
12 contained in the registration form filed on behalf of such
13 organization. The report shall be signed by the president or
14 other authorized officer and the chief fiscal officer of the
15 organization who shall certify that the statements therein are
16 true and correct to the best of their knowledge, and shall be
17 accompanied by an opinion signed by an independent certified
18 public accountant that the financial statement therein fairly
19 represents the financial operations of the organization in
20 sufficient detail to permit public evaluation of its
21 operations. Said opinion may be relied upon by the Attorney
22 General.

23 (b) Every organization registered pursuant to Section 2 of
24 this Act which shall receive in any 12-month period ending upon
25 its established fiscal or calendar year of any year
26 contributions:

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

6 (2) in excess of \$25,000, but not in excess of \$750,000
7 ~~\$300,000~~, if it is not required to submit a report under
8 subsection (a) of this Section, shall file a written report
9 with the Attorney General upon forms prescribed by him, on
10 or before June 30 of each year if its books are kept on a
11 calendar basis, or within 6 months after the close of its
12 fiscal year if its books are kept on a fiscal year basis,
13 which shall include a financial statement covering the
14 immediately preceding 12-month period of operation limited
15 to a statement of such organization's gross receipts from
16 contributions, the gross amount expended for charitable
17 educational programs, other charitable programs,
18 management expense, and fund raising expenses including a
19 separate statement of the cost of any goods, services or
20 admissions supplied as part of its solicitations, and the
21 disposition of the net proceeds from contributions,
22 including compensation paid to trustees, consistent with
23 forms furnished by the Attorney General. Such report shall
24 also include a statement of any changes in the information
25 required to be contained in the registration form filed on
26 behalf of such organization. The report shall be signed by

1 the president or other authorized officer and the chief
2 fiscal officer of the organization who shall certify that
3 the statements therein are true and correct to the best of
4 their knowledge.

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

22 (d) As an alternative means of satisfying the duties and
23 obligations otherwise imposed by this Section, any veterans
24 organization chartered or incorporated under federal law and
25 any veterans organization which is affiliated with, and
26 recognized in the bylaws of, a congressionally chartered or

1 incorporated organization may, at its option, annually file
2 with the Attorney General the following documents:

3 (1) A copy of its Form 990, as filed with the Internal
4 Revenue Service.

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

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

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

1 accompanied by an annual filing fee of \$15:

2 (1) A notarized report including the number of
3 donations of personal property it has received on behalf of
4 the charitable organization, veterans organization or
5 affiliate during the preceding year. For purposes of this
6 report, the number of donations of personal property shall
7 refer to the number of stops or pickups made regardless of
8 the number of items received at each stop or pickup. The
9 report may cover the person's fiscal year, in which case it
10 shall be filed with the Attorney General no later than 90
11 days after the close of that fiscal year.

12 (2) All contracts with the charitable organization,
13 veterans organization or affiliate under which the person
14 has acted as an agent for the purposes listed above.

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

21 (f) The Attorney General may seek appropriate equitable
22 relief from a court or, in his discretion, cancel the
23 registration of any organization which fails to comply with
24 subdivision (a), (b), or (c) of this Section within the time
25 therein prescribed, or fails to furnish such additional
26 information as is requested by the Attorney General within the

1 required time; except that the time may be extended by the
2 Attorney General for a period not to exceed 60 days upon a
3 timely written request and for good cause stated. Unless
4 otherwise stated herein, the Attorney General shall, by rule,
5 set forth the standards used to determine whether a
6 registration shall be cancelled as authorized by this
7 subsection. Such standards shall be stated as precisely and
8 clearly as practicable, to inform fully those persons affected.
9 Notice of such cancellation shall be mailed to the registrant
10 at least 15 days before the effective date thereof.

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

17 (h) The Attorney General after canceling the registration
18 of any trust or organization which fails to comply with this
19 Section within the time therein prescribed may by court
20 proceedings, in addition to all other relief, seek to collect
21 the assets and distribute such under court supervision to other
22 charitable purposes.

23 (i) Every trustee, person, and organization required to
24 file an annual report shall pay a filing fee of \$15 with each
25 annual financial report filed pursuant to this Section. If a
26 proper and complete annual report is not timely filed, a late

1 filing fee of an additional \$100 is imposed and shall be paid
2 as a condition of filing a late report. Reports submitted
3 without the proper fee shall not be accepted for filing.
4 Payment of the late filing fee and acceptance by the Attorney
5 General shall both be conditions of filing a late report. All
6 late filing fees shall be used to provide charitable trust
7 enforcement and dissemination of charitable trust information
8 to the public and shall be maintained in a separate fund for
9 such purpose known as the Illinois Charity Bureau Fund.

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

17 (Source: P.A. 100-201, eff. 8-18-17.)