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Annual Report on Charitable Solicitations

In Colorado for the Year 2023

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Purpose of the Report

The Colorado Charitable Solicitations Act (“The Act”) requires charities and paid solicitors that ask for contributions in Colorado to register with the Secretary of State’s Office, and it directs the Secretary of State to compile and publish an annual report on charitable solicitations.

The online registry (www.checkthecharity.com) and this annual report help potential donors decide which charitable organizations deserve their support and help charitable organizations make informed decisions when contracting with paid solicitors.

The 2023 annual report is available as a series of downloadable Excel files at <https://www.coloradosos.gov/pubs/charities/reports/2023/7-Data.html>. These files present summary data on charitable solicitations activity in Colorado during 2022 and list the short-term and long-term results of solicitation campaigns run by each paid solicitor.

Colorado Charitable Solicitations Act (Title 6, Article 16, C.R.S.)

The Act governs charitable fundraising activities in Colorado and applies to three types of entities involved with fund raising: charitable organizations, paid solicitors and professional fundraising consultants.

A **charitable organization** is defined as any person who is or holds himself out to be established for any benevolent, educational, philanthropic, humane, scientific, patriotic, social welfare or advocacy, public health, environmental conservation, civic, or other eleemosynary purpose, any person who operates for the benefit of the objectives of law enforcement officers, firefighters, other persons who protect the public safety, or veterans, or any person who in any manner employs a charitable appeal or an appeal which suggests that there is a charitable purpose as the basis for any solicitation (C.R.S. § 6-16-103(1)).

A **paid solicitor** is a person who, for monetary compensation, performs any service in which contributions will be solicited in Colorado by such compensated person or by any compensated person he or she employs to solicit for contributions (C.R.S. § 6-16-103(7)). A director, officer, or compensated employee who is directly employed by a 501 (c) (3), (c) (4), (c) (8), (c) (10), or (c) (19) charitable organization is not considered a paid solicitor, nor is a bona fide volunteer ((C.R.S. § 6-16-103(7)(c)-(d)) or grant writer (as long as they don’t earn commissions on the amount of funds raised). Fundraising activities by such persons employed by or volunteering for the charity will be reflected in the charitable organization’s overall financial statements (available online). Paid solicitors, in addition to filing annual registration statements, must file a solicitation notice before commencing a solicitation campaign, and must file a financial report on the results of such a campaign within 90 days of its conclusion. The *Annual Report on Charitable Solicitations* summarizes the results of these solicitation campaigns.

Finally, a **professional fundraising consultant** is any person, other than a bona fide officer or regular employee of a charitable organization, who is retained by a charitable organization for a

fixed fee or rate under a written agreement to plan, manage, advise, consult, or prepare material for a solicitation of contributions for a charitable organization, but who does not solicit contributions or employ, procure, or engage any compensated person to solicit contributions (C.R.S. § 6-16-103(9.3)). Professional fundraising consultants do not need to register unless they will have custody or control of contributions from a solicitation, but they are subject to other requirements concerning contracts, banking, and record-keeping. They also must provide financial reports of solicitation campaigns directly to the charitable organizations (not to the Secretary of State).

Rules for the Administration of the Colorado Charitable Solicitations Act [8 CCR 1505-9]

Current Rules

The current Secretary of State rules, including the rules concerning the Colorado Charitable Solicitations Act, are available online at

http://www.sos.state.co.us/pubs/rule_making/rules.html#CURRENT .

2023 Rulemaking

No new rulemaking hearings were held in 2023.

If you would like to receive notices or other alerts concerning rulemaking, send an email with the subject line: “Charitable Solicitations Rules Notification List” to

SoS.Rulemaking@sos.state.co.us. Please provide your contact information (i.e., your name, title, organization, and email address).

Industry Standards for Accountability and Transparency

The following organizations are well known for evaluating and rating charities.

- The **BBB Wise Giving Alliance** (www.give.org), affiliated with the Council of Better Business Bureaus, has established a set of 20 non-binding *Standards of Charitable Accountability* to help donors make sound giving decisions and increase public trust in charities.
- **Charity Navigator** (www.charitynavigator.org). According to its website, Charity Navigator’s mission is to make impactful giving easier for all by providing free access to data, tools, and resources to guide philanthropic decision-making.

- **CharityWatch** (www.charitywatch.org), formerly known as the **American Institute of Philanthropy**. CharityWatch is another well-known charity watchdog group dedicated to helping donors give thoughtfully.
- **GuideStar/Candid** (www.guidestar.org). A source of extensive nonprofit data, well known for providing images of all Forms 990 filed by charities.

Tips on Wise Giving

Even though donors can usually rely on charities to be good stewards of their donations and to operate an efficient organization, it is still very important to be informed and cautious when considering charitable giving options, especially in response to telephone solicitations. Unscrupulous solicitors rely on the fact that many donors do not monitor the use of their donations, so unsuspecting donors usually do not even become aware of the fact that their generous and heart-felt contributions may have been wasted. Charitable contributions should actually reach the people in need of assistance.

The Secretary of State offers the following wise giving tips to make sure that charitable contributions are being used by legitimate organizations as intended and not lining the pockets of scam artists:

Wise Giving Tips

- When giving to a charity, it's important to confirm the organization is registered and current at <http://www.checkthecharity.com>.
- When receiving solicitation calls, ask if the caller is a paid solicitor, and if so, ask for their name and the name of their company, the paid solicitor's registration number, and the percent of your donation that will go to charity. If they refuse to give you any of this information, do not give to that charity.
- Make a note of what charitable purposes or programs they said your donation would benefit and whether or not anyone will benefit locally. Call the charity itself to confirm the details of the solicitation and any local benefits.
- Be extra vigilant when donating online in the wake of natural disasters or national tragedies. Some charities are formed shortly after these events and may have the best of intentions; however, an existing charity is more likely to have the sound management and experience to quickly respond to these situations, and it will have a track record, which you can review. And, unfortunately, sham charities often pop up to take advantage of people's generosity during these times. Consider donating to existing charities which have experience providing targeted disaster relief and emergency hardship assistance in response to natural disasters.
- Bear in mind that donations earmarked for the benefit of a particular individual or family are not tax-deductible. Contributions to qualified charities may, however, be earmarked for flood relief, wildfire relief, or other disaster relief.
- Ask whether the charitable contribution is tax-deductible and verify with your tax advisor or the IRS. The fact that a charity has a tax identification number does not necessarily mean

your contribution is tax-deductible. Ask for a receipt showing the amount of the contribution and stating that it is tax-deductible.

- Watch out for charities with names that sound similar to well-known, reputable organizations. Sometimes these sound-alike names are simply intended to confuse donors.
- Be careful to not click on links to charities on unfamiliar websites or in texts or emails. These may take you to a lookalike website where you will be asked to provide personal financial information or to click on something that downloads harmful malware into your computer.
- Don't assume that charity recommendations on Facebook, blogs or other social media have already been vetted.
- If you want to set up a peer-to-peer fundraising page, please contact the charity beforehand to get permission to use its name and to make sure the representations you make on your page are correct.
- Be wary if a charity fails to provide detailed information about its identity, mission, and finances and how the donation will be used. Reputable charities will gladly provide the information requested.
- Do not pay in cash. Donate by check made payable to the charity or use the charity's website to donate by credit card.
- Be especially wary if the caller offers to send a courier to pick up your donation.
- If solicited in person, ask for identification.
- There is no need to give on the spot, whether to a telemarketer or door-to-door solicitor. If you feel pressured or uncomfortable, just say, "No, thank you" or hang up.

If you believe that you have been solicited by a fraudulent charity, please file a complaint with the Secretary of State (303) 894-2200, option 2, <http://www.sos.state.co.us/pubs/charities/charitableHome.html> or the Attorney General, 800-222-4444, <https://coag.gov/file-complaint> .

Giving Trends in 2022

Each year Giving USA Foundation, The Giving Institute, and the Indiana University Lilly Family School of Philanthropy partner to produce the Giving USA report, which summarizes American’s generosity. The Giving USA 2023 reports on charitable giving in the year 2022.

Giving USA 2023: The Annual Report on Philanthropy for the Year 2022					
	Bequests	Foundations	Corporations	Individuals	Total Giving
Amount (billions) 2022	\$45.60	\$105.21	\$29.48	\$319.04	\$499.33
Percent Increase Over 2021	-0.89%	15.77%	39.85%	-2.40%	2.99%
Percent of Total	9.13%	21.07%	5.90%	63.89%	100.00%

Highlights from the *Giving USA 2023* report:

- Total giving decreased in 2022, which is unusual.
- According to Indiana University’s Lilly Family School of Philanthropy, the decline in giving was caused by drops in the stock market and high inflation in 2022.
- Individual giving as a share of overall charitable giving continues to shrink. In 2022, individual giving accounted for 67.5% of overall giving, while forty years ago, it accounted for 83% of all charitable giving.
- The 2022 results follow the two best years on record for charitable giving, including 2021 when giving surpassed \$500 billion for the first time.

Data Trends

The charts and graphs that follow summarize the results of charitable solicitations in 2023 as reported to the Secretary of State and compare these results to past years.

Bear in mind that charitable organizations use a variety of methods to raise funds to support their missions. The method many people think of first (contracting with a paid solicitor) is used by a relatively small number of charities. This activity is reflected in the charts summarizing the results of solicitation campaigns. It’s important to keep the overall fundraising picture in mind when considering the results of the solicitation campaign reports filed in 2023.

Solicitation Campaigns in Perspective

- Number of registered charities (Nov. 30, 2023): 14,622
- Number of charities using paid solicitors in 2023: 227
- Percentage of all registered charities using paid solicitors in 2023: 1.6%

Charitable Solicitations Highlights – 2023

(As of Nov. 30, 2023)

[INSERT ATTACHED INFOGRAPHIC HERE]

Complaints Filed with the Secretary of State

The Secretary of State's office typically receives 20-30 complaints about charities per year, mostly from concerned citizens.

The chart below summarizes complaints about charities received by the Secretary of State over the past five years. Bear in mind that the Attorney General's office also receives citizen complaints, as well as referrals from this office when allegations fall within the Attorney General's jurisdiction.

Insert Updated 2019-2023 "Top Five Themes in Complaints" Chart Here.

The Secretary received **xx** complaints containing **xx** types of allegations in calendar year 2023. Each complaint may contain more than one allegation (theme). From 2019-2023, **xxx** total complaints were received containing **xxx** types of allegations.