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# Annual Report on Charitable Solicitations In Colorado for the Year 2020

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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](http://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 2020 annual report is available as a series of downloadable Excel files at <https://www.sos.state.co.us/pubs/charities/reports/2020/5-Data.html>. These files present summary data on charitable solicitations activity in Colorado during 2020 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](http://www.sos.state.co.us/pubs/rule_making/rules.html#CURRENT).

### **2020 Rulemaking**

The Secretary of State adopted emergency rules on April 2, 2020 extending the due date for all registrant reports and filings that were due between April 1, 2020 and July 15, 2020 to August 15, 2020. This temporary rule 5.7 expired on Nov. 12, 2020.

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](mailto: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](http://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](http://www.charitynavigator.org)). According to its website, Charity Navigator works to guide intelligent giving and help people give to charities with confidence. Its rating system examines a charity's financial health and its accountability and transparency
- **CharityWatch** ([www.charitywatch.org](http://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.
- **Candid** ([www.candid.org](http://www.candid.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:

### 1) General Wise Giving Tips

- Verify the official name and website of the charity you wish to support. Beware of any names that sound too similar to well-known organizations

and beware of lookalike websites, especially if you are asked to provide personal financial information.

- Make sure you understand and support the charity's mission before deciding to give. Visit the charity's website, where you can find information about its mission, history, and leadership, as well as recent annual reports and financial statements.
- Visit [www.checkthecharity.com](http://www.checkthecharity.com) to review the charity's filings with the Colorado Secretary of State. The registration filings include the charity's registration number, information about the organization's leadership, mission, financial efficiency, and any paid solicitors the organization uses.
- Review a copy of the organization's Form 990, which is an annual information return filed with the IRS. Websites like Candid.org, irs.gov, and Citizen Audit post images of filed Forms 990.
- Be wary if the 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.
- Confirm how much of your donation will go to the organization's program(s) versus its administrative or fundraising expenses. If it's important to you, designate which particular programs you want your donation to support.
- Confirm the tax-deductibility of donations from the organization's website, solicitation materials, or regulatory filings. If you're not sure, ask.
- Do not pay in cash. Donate by check made payable to the charity or use the charity's website to donate by credit card.

## 2) Tips for Telephone Solicitations and In-Person (face-to-face)

While the general tips listed above are important in all giving decisions, the Secretary of State has also posted [tips specifically tailored for telephone solicitations](#). These include:

- Ask if the caller is a paid solicitor. If they are, ask for the name and registration number of the paid solicitor who employs the caller and confirm their registration status on the Secretary of State's website.
- Ask what percentage of your donation will go to the charity versus to the telemarketer.
- Did the caller say the money would be used locally? How important is that information to you? Don't be fooled by a local P.O. Box, private mailbox, or spoofed local area code.

- Be especially wary if the caller offers to send a courier to pick up your donation.
- Do not allow the caller to use inappropriate pressure tactics or harass you into making a donation. If you're uncomfortable, say no thank you or hang up.
- If solicited in person, ask for identification.

### 3) Tips for Internet and Social Media

The Secretary of State has posted [tips specifically tailored for internet and social media solicitations](#). These include:

- Don't assume that charity recommendations on Facebook, blogs, or other social media have already been vetted. Research the charity yourself.
- 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 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.

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> .

## Charity Trends

The charts and graphs that follow summarize the results of charitable solicitations in 2020 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 2020.

### Solicitation Campaigns in Perspective

- Number of registered charities (Dec. 6, 2020): 13,300
- Number of charities using paid solicitors in 2020: 217
- Percentage of all registered charities using paid solicitors, 2020: 1.6%

## Charitable Solicitations Highlights – 2020

(As of Dec. 6, 2020)

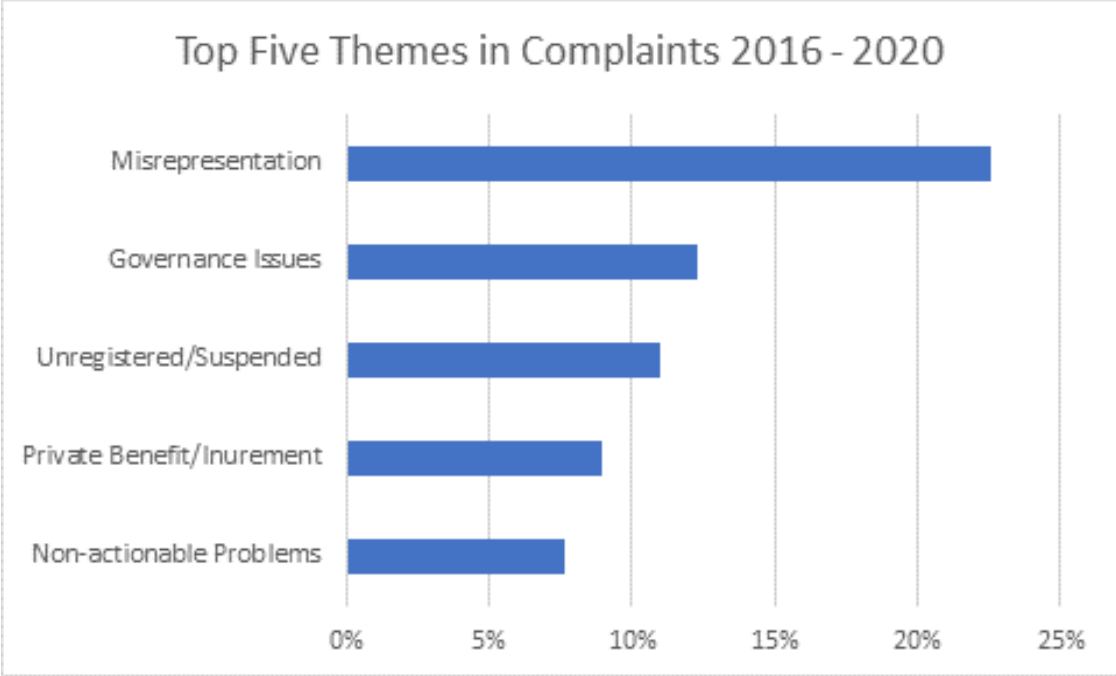
<https://www.sos.state.co.us/pubs/charities/reports/2020/SnapshotInfographic2020.pdf>

## Complaints Filed with the Secretary of State

The Secretary of State's office receives approximately 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.





From 2016-2020, 105 total complaints received. Each complaint may contain more than one allegation (theme). The Secretary received 19 complaints in calendar year 2020.