

Charities Advisory Council
June 3, 2016 Meeting Minutes
Matt Griffin YMCA, SeaTac

Present: Stuart Grover, Mike Plymale, Mary Giannini, Judy Andrews, Adam Borgman, Howard Donkin, Liz Davis, Tsering Cornell SOS, Marta DeLeon, AGO, Patrick Reed, SOS, Teresa Glidden, SOS, and Rebecca Sherrell, SOS.

By Phone: Moonwater

Absent: Tammy Watts, Carrie Green, and Nola Grier

Agenda Item #1: Call to Order

Stuart welcomed the members of the Charities Advisory Council

- Elect new chairperson: Tsering advised the members that it was time to elect a new chair. Members nominated Mike Plymale.

A motion to nominate Mike Plymale as council chair was made and seconded. Votes were cast and the motion carried.

Mike, as the new council chair took over the meeting -

Agenda Item #2: Introduce New Corporations & Charities Division Director

Tsering re-introduced herself in her new role as the Director of the Corporations and Charities Division. At the end of March, she joined the SOS replacing Pam Floyd. She expressed that Secretary Wyman and Assistant Secretary Mark Neary are thrilled about the council and happy with their work and the way you're passing along advice and what to be on the lookout for going forward. They are excited to be working with the council and extend their thanks to you all for your service. We hope that either Secretary Wyman and/or Assistant Secretary Mark Neary will be joining us for some portion of the January meeting.

Tsering explained that Sarah Shifley, with the Consumer Protection Division of the Attorney General's Office, was unable to attend today's meeting due to a prior commitment. Sarah asked Tsering to pass along some charitable enforcement news regarding Daring Hands, which the council discussed at the last meeting. The Attorney General's Office recently filed a complaint against Daring Hands. Daring Hands is a "table-top solicitor" and is typically outside grocery stores, using aggressive solicitation tactics and known to chase you down – sometimes out to your car, to get you to donate. Documents filed by the Attorney General are posted to the Secretary of State Website under "legal actions" on the Donor tab.

Tsering asked Patrick to brief the council on "Corporate Record Service." Patrick explained that an organization was sending out letters to registered entities in the state and implying the entity needed to fill out annual meeting minutes and different items on a form and send it back with a \$125.00 fee. The form looked very similar to the Secretary of State's annual report for nonprofit or profit entities. The Attorney General's Office took action that was finalized in March and the Attorney General won a \$1.2 million dollar action against them.

Patrick indicated something similar is occurring now where customers are receiving postcard and in some cases a letter implying entities need to request a "certificate of existence" to keep on hand at all times. The company is charging \$80 for the service, when they can request a certificate of existence from the Secretary of State for \$20.

The profit and nonprofit entities receiving the mailers are not aware they don't need to order the certificates of existence, so Patrick posted a "consumer alert" to the Corporation Division Website. Judy suggested also adding consumer alerts to Wayfind and Washington Nonprofits websites.

- The Director's Vision of the Advisory Council:
After seeing the council in action and speaking with the Secretary and Assistant Secretary Mark Neary, everyone is very pleased with the advice this council provides, just continuing that effort is great. To the extent you all can, continue to share what your clients in the charity sector would like in terms of support and help from our office. In terms of educational outreach, it would be very helpful going forward because it helps guide us. As leaders in the field, you have "fingers on the pulse" on what charities are looking for and what we can do to better help them.

Agenda Item #3: Old Business

- Review January 25, 2016 Meeting minutes: The following corrections were made:
 - (1) Add Howard Donkin as "present" for the meeting;
 - (2) Add Liz Davis as "present" for the meeting;
 - (3) Correct the spelling of "Vimeo" on Page 2, agenda item #4.

A motion to accept the minutes as amended was made and seconded. Votes were cast and the motion carried.

- Review of Action Items

Action Item #1: Adam volunteered to set up a Google document so members could access the document to make suggested edits and avoid duplication.

→Adam set up a Google document, but there was some technical difficulty. Some members were able to access the document and some were not. Ultimately, Adam was able to collect comments and insert edits.

- Action Item #2: Rebecca will send a Meeting Wizard to schedule meeting.
→June 3 meeting was scheduled.

- Action Item #3: Add the URL to outgoing corporations and charities renewal postcards with the goal of directing the nonprofit and charitable entities to the SOS web page where the available training the SOS is co-sponsoring with Washington Nonprofits is posted.
→The renewal postcards are currently jam packed with text; we are unable to add any additional information. It will be much more feasible to include the training information with the electronic renewal notices when the division implements the online filing system.

- Action Item #4: Create a short informational video describing where users can find the information they need from our website – a brief tour of materials available.

→Teresa created and posted an excellent video at the top of the Charities home page titled, "Education Resources Video."

- Draft "Fact Sheet" Donation of Clothes and Household Items:
Members reviewed the draft fact sheet and determined two changes are needed.
 - (1) Delete "received" on page 1, second paragraph;
 - (2) Add a return on page 2, second paragraph

A motion to accept the amended draft was made and seconded. Votes were cast and the motion carried.

A question arose whether a gas card or ticket to an event would fall under this? The members decided gas cards or tickets would not be included. After much discussion, it was determined that another informational sheet may be needed for items donated to organizations for fundraising events (Gas card, gift baskets, etc.).

Is another Fact Sheet needed?

- Mike asked Howard to create a one-page document regarding fundraising events. Focusing on donated tangible property and donated services.
(Picture of the board with notes is attached)
Front & back tangible property / Front & back donated services

Agenda Item #4: Online System Update

Tsering shared that the implementation of the new online filing system has been broken into two segments; the first segment will be launched by Corporations and Trademark, including LLC, Profit, Nonprofit, Limited Partnership, Limited Liability Partnerships and Trademarks, and we're tentatively looking at a late October launch date. The second segment is Charities and that will be a January 2017 launch date.

This was not the intent, but with the passage of the HUB Bill, it created quite a few changes to the requirements that the vendor had already received, and it changed the scope of the project by 40%. Tsering explained there is some reporting capability beyond what is currently available and some will even be available to the public.

Corporations' online payment options will be credit card only to create an entity. Online annual reports may use an E-check option. (The E-check process was developed on the Business Licensing system and they receive the reports for the Secretary of State as our agent.)

Charities online payment options will be credit card only. Some concern was expressed for smaller charities that don't have credit cards.

Renewal notices will continue to be postcard notifications and the customer can opt-in to receive email renewal notices.

Agenda Item #5: Donor Education in Washington State

Teresa distributed education handouts for council's review. She still plans to update the "Giving Wisely" video to the new logo "GIVESMART." She also plans to work on another video that involves the basics on how to file a nonprofit. Mike asked Teresa to email the link to the video on how to file a nonprofit to the members so they know it's there.

Public outreach for donors is going strong. Secretary of State's Office is a very active part of the Consumer Protection Washington group and Teresa has become the unofficial coordinator and facilitator of Consumer Protection Fairs. To date, there have been three fairs. A flyer was distributed, showing all of the organizations that are part of Consumer Protection Washington.

Last week there was a presentation at the Washington State Association of Senior Centers Annual Conference. Leadership attended from all over the state and from this event; two more presentation requests were made.

Consumer Protection Washington group will also be at the Puyallup Fair in September. The fair has designated the last weekend of the fair "Consumer Awareness Days." Five complete booths will be manned by the group.

Future events will include two, full day and two, half-day workshops on compliance. The Department of Revenue, Gambling Commission, Liquor and Cannabis Board, and possibly Employment Security will participate.

Teresa attended the Washington State Nonprofit Conference in Bellevue as well as Yakima. Another conference in Spokane is scheduled for October.

Agenda Item #6: Crowdfunding

Based on the list created at the last meeting (on flip chart), the items were placed in categories and placed each item into one of three columns in an Excel spread sheet:

- CAC Guidance Would Be Helpful
- Closer Look at RCW 19.09 Needed / what do Other States Do?
- Information We Would Like to Know – Need to Research

Crowdfunding is a recent fundraising technique that has grown rapidly and wasn't addressed in the Charitable Solicitations Act when it was written so long ago. The items on the chart were the concerns identified by the council at the last meeting (January 2016).

It was clarified that under the Charitable Solicitations Act, registration requirements do not apply to fundraising for individuals, but only if all of the proceeds of the solicitation are given to or expended for the direct benefit of that individual, 19.09.081(2). Therefore fundraising on crowdfunding sites for individuals is not a focus of the Secretary of State's Office.

The Attorney General's Office has provided some guidance with a checklist to assist with the registration requirements under the current law.

Where this council will be helpful is in terms of the "quick reference sheets" much like the "Donations of Clothes and Household Goods." Developing tools for charities and donors to

understand, “when I use Go Fund Me, what am I getting myself into?” Do donors know about any fees that might be associated with their donation?

Discussion ensued regarding the council working to develop a checklist for donors to use answering the following questions:

- What is crowdfunding?
- Before you donate using a crowdfunding website, consider these things.
- Before you Sign up to Raise Funds using a Crowdfunding Website, Consider These Things (A section for donors and a section for fundraisers)

Mike suggests everyone brainstorm by email. Mike asked Adam to take the lead in collecting member’s suggested items and/or questions for the checklists. Adam will compile those and email them out to the group to be edited. (Adam’s email is aborgman@ymcaspokane.org)

Agenda Item #7: Council Members and the Web

Rebecca proposed posting the Charities Advisory Council Members on the Charities Webpage and requested the member’s permission. The posting will also include minutes from the last four council meetings along with the next scheduled meeting. Their listing would not include personal information such as their address, only their name and city.

Following a discussion, the council members decided that the information should also a reference to the type of professions represented by the members on the council.

With the added information discussed and agreed upon above, the council members approved posting a list of the council to the Charities Webpage.

Agenda Item #8: For the Good of the Order

- Judy informed the council that the Washington State Nonprofit Corporations Committee is working on revisions to 24.03 RCW, Washington Nonprofit Corporation Act, and is planning to take it to the Legislature in 2017 when it’s a longer session. It’s a complete overhaul of the chapter. Judy will keep the council informed.
- Effective July 1, 2016, the IRS Form 1023EZ filing fee will reduce from \$400 to \$275.
- Charity Navigator not only has a new Executive Director, but also has “Tips for Donating Your Non-Cash Goods.”
- Mike brought up something that he noticed in the Vancouver paper a few days ago regarding fundraising.

A nonprofit is suing a profit entity. The profit entity is in the business of organizing racing events. At times, they will donate to a charity, with the charity’s awareness and permission.

The second thing they’ll do is approach a charity and say, “we want you to be actively involved, we need volunteers.” We’re going to put the charity’s name up, we’re going to give

you exposure, and we're going to give you a microphone so the charity has time on the stage and can do some outreach.

Mike asked if the profit entity activities is that of a commercial fundraiser.

Rebecca didn't believe so based on the definition of a "commercial fundraiser" under the Charitable Solicitations Act.

Agenda Item #9: Next Meeting?

The next meeting will be in January 2017 and if possible, we would like to schedule it before the Legislative Session begins January 16. Based on the discussion, the next meeting is tentatively scheduled for January 9, 2017. Rebecca will send out a Meeting Wizard email to confirm a January 9, 2017 council meeting.

A question arose concerning the status of council member's terms. Rebecca agreed to send out an up to date list of council members with term dates.

Current Action Items

- 1. Action Item:** Include consumer alerts to Wayfind and Washington Nonprofits websites.
- 2. Action Item:** Teresa will email the link to the "Education Resources" video to the council members from the Charities webpage.
- 3. Action Item:** Mike asked Howard to create a one-page document regarding fundraising events. Focusing on donated tangible property and donated services.
(Front & back tangible property / Front & back donated services)
- 4. Action Item:** Adam is collecting member's suggestions and/or questions for the checklists. Adam will compile those and email them out to the group to be edited.

With No Further Business, Meeting Adjourned

Rebecca Sherrell
Respectfully submitted