



# Lions Clubs International

300 W 22ND STREET • OAK BROOK ILLINOIS 60523-8842 USA • 630.571.5466

David Kingsbury

STAFF ATTORNEY

LEGAL DIVISION

TO: COUNCIL CHAIRPERSON, DISTRICT GOVERNORS, CLUB  
SECRETARIES AND CLUB TREASURERS OF MD 1- ILLINOIS

DATE: SEPTEMBER 2018

RE: ILLINOIS CHARITABLE TRUST ACT AND SOLICITATION FOR CHARITY  
ACT

The following information concerning the requirements under the Illinois Charitable Trust and Solicitation for Charity Acts is provided for your convenience. Please be advised that this is an abbreviated list of requirements. Additional information regarding these Acts is available on the Illinois Attorney General's website at [www.ag.state.il.us](http://www.ag.state.il.us).

## Reporting Requirements

The Attorney General has determined that each Lions district and club is a separate charitable organization. Thus, any Lions district or club that conducts any solicitation in Illinois must register with the Illinois Attorney General, Charitable Trust Bureau, unless otherwise exempt under the Solicitation for Charity Act. Those clubs that newly register are subject to a \$15 filing fee. Any club that solicits contributions prior to registering with the Illinois Attorney General may be assessed a \$200 late registration fee.

Each Lions club or district having revenue and/or assets less than \$15,000 is required to file Form AG990-IL on an annual basis.

Each Lions club or district having revenue more than \$15,000 or assets more than \$25,000 is required to file Form AG990-IL, with a \$15.00 report filing fee, on an annual basis.

Each Lions club or district required by the IRS to file Form 990 or 990EZ is required to file Form AG990-IL, with a copy of its IRS Form 990 or 990-EZ, and a \$15.00 report filing fee, on an annual basis.

Please note that the Illinois Attorney General's office may assess an additional \$100 late reporting fee for each late annual report (AG990-IL). Reports cannot be accepted and will not be considered filed if they are submitted late and late fees are not paid.

All filing and reporting fees due must accompany the registration forms. A 60-day extension may be granted only upon the filing of a written request with the Illinois Attorney General's office prior to the report's due date.



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Each Lions club or district that receives gross contributions of over \$150,000 and/or uses a professional fundraiser generally must file an independent CPA audit report on an annual basis. These forms and reports are due six months after the close of the club's or district's respective fiscal or calendar tax year. Failure to file in a timely manner can result in a late filing fee. Use of a Professional Fundraiser (PFR)

The association discourages use of professional fundraisers for many reasons. The primary reason is the fact that participation of club members is limited or non-existent, which is contrary to the purposes of the association. Additionally, there are many issues that must be considered in deciding whether to use a PFR. The Legal Division is pleased to provide the following legal requirements concerning the duties and responsibilities of Lions organizations that decide to use a PFR:

1. A professional fundraiser is one who is given compensation for conducting, managing or carrying on any solicitation or fundraising drive or campaign on behalf of a Lions club for the purpose of soliciting, receiving or collecting contributions, or who holds him/herself out as independently engaged in the business of soliciting, receiving or collecting contributions for such purposes.
2. Contracts with paid professional fundraisers must be in writing and be approved by a majority of the charity's trustees, or by the corporate president and at least one member of the board of directors.
3. A contract with a paid professional fundraiser must contain an estimated budget and the target amount to go to the charitable organization. It must specify a geographic scope (usually the district or club boundaries unless other districts or clubs give express consent), duration and method of fundraising, and ensure record-keeping and accountability by the fundraiser. If it is a percentage or hourly rate contract, the budget projections, target amounts to be raised and, if applicable, hours to be worked must be disclosed by the professional fundraiser in the contract itself. Also, fundraisers must disclose conflicts of interest such as ownership or interest in supplying vendors (i.e., a circus or ice show) in the contract itself. The Attorney General's Draft Contract sets forth model provisions.
4. Show tickets and their proceeds and ad book revenues must be accounted for through careful record-keeping.
5. Any professional fundraiser, whether an organization or individual person, when describing its program, or when soliciting, receiving or collecting property or funds, must disclose the primary program purpose for which the funds or property will be used.
6. Professional fundraisers and all others who take actual possession of charitable funds are subject to a strict fiduciary duty to account for them and not commingle charitable funds with other funds.



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7. Professional fundraisers, if asked, must disclose that they are paid fundraisers and disclose their hourly rate or percentage rate as applicable.

For more detailed information in this regard, please contact the Illinois Attorney General's Office as listed below.

Registration, annual report and affidavit forms are available from the office of the Attorney General or online at [www.ag.state.il.us](http://www.ag.state.il.us). Any additional questions concerning the Illinois Charitable Trust and Solicitation for Charity Acts should be directed to: Office of the Attorney General, Charitable Trust Bureau, Attn: Annual Report Section, 100 W. Randolph Street, 11<sup>th</sup> Floor, Chicago, IL 60601-3175, (312)814-2595.

Your cooperation in this matter is appreciated.

Very truly yours,

A handwritten signature in black ink, appearing to read 'D. Kingsbury', written over a white background.

David Kingsbury  
Attorney

DGK

cc: Daniel Harris, Council Chairperson, MD 1  
Kathleen Marusich, Council Secretary, MD 1