



Starting a Charitable Organization in Connecticut



Photo Credit: Andy Hart



CONNECTICUT DEPARTMENT OF
CONSUMER PROTECTION

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Table of Contents

Introduction	3
Obtaining Tax Exempt Status	4
Doing Business in Connecticut	4
Charity Registration Process	5
Professional Fundraisers	8
Events and Fundraising	10
Tips for Consumers: Avoiding Scams	11
Report Charity Scams	13
Contacting Consumer Protection	13

Introduction

The Department of Consumer Protection (DCP) registers and regulates public charities in the State of Connecticut. All charitable organizations actively soliciting in Connecticut must be registered with DCP.

Many people start charities in order to help others, and DCP wants to make sure that they have the information they need to comply with the state's requirements.

While DCP registers charities, the Secretary of the State's Office registers active legal entities in the state, including businesses and non-profits, the Internal Revenue Service (IRS) grants tax exempt status, and the Department of Revenue Services (DRS) issues tax exemption certificates. Organizations may need to file with those agencies separately from DCP and need to contact those agencies directly.

Charities do not need to file with the Secretary of the State's Office or obtain tax exempt status in order to apply for a registration with DCP to solicit for charitable purposes.

Organizations that are soliciting funds or sponsoring fundraisers should seek advice from an attorney or an accountant regarding the most appropriate way to establish their organization.



Obtaining Tax Exempt Status and a FEIN

Information about how to obtain a 501(c) tax exempt status from the IRS can be found on the IRS website at www.IRS.gov/charities-non-profits.

Information about how to obtain a Federal Employer Identification Number (FEIN) can be found by visiting the IRS website at www.IRS.gov and clicking on “Apply for an Employee ID Number” (EIN).

If you have questions about your taxable income, tax status, or tax filing obligations, you should seek advice from an attorney or accountant familiar with the appropriate tax laws and regulations.



Doing Business in Connecticut

Information about how to register to do business or incorporate as a nonprofit in Connecticut is obtained from the Secretary of the State’s office <https://business.ct.gov/>

Information about tax exemption certificates is obtained from the Department of Revenue (DRS) office at <https://portal.ct.gov/DRS>

Charity Registration Process

Prior to any solicitations, charitable organizations must register with DCP's Public Charities Unit. There are two types of registrations: full requirements and exempt from full requirements.

Initial Registration Form

An organization must file a full requirements registration unless they qualify for an exempt from full requirements registration (details found on next page).

Organizations filing a full requirements registration must:

- Complete the full requirements application;
- Pay an annual non-refundable registration fee of \$50.00;
- Provide a copy of their most recently filed IRS 990 Form and IRS determination letter if applicable

Please Note:

No financial documents are required with an application if the organization has not completed its first fiscal year or filed its first IRS 990.

Exempt From Full Requirements Registration Form

Any organization may claim an exemption from the financial requirements and filing fees by qualifying for one of the following exemptions:

- Any duly organized religious institution or society;
- Any parent-teacher association or educational institution accredited and recognized by a government body;
- Any non-profit hospital licensed under the laws of Connecticut or another state;
- Any governmental unit or instrumentality of any state or the United States;
- Any person who solicits solely for the benefit of organizations described above; and
- Any charitable organization that receives less than \$50,000.00 in contributions annually (*provided such organization does not compensate any person primarily to conduct solicitations*).

Exempt from full requirement public charity registrations do not have a registration fee or annual renewal. It is a one-time filing as long as the charity continues to qualify for their exemption status listed above. If an organization's status changes, it is the organization's responsibility to notify DCP.

Exempt organizations will remain searchable at www.elicense.ct.gov, and those considering donating will be able to verify that the organization is legally able to solicit contributions.

Changes to Current Registrations

All changes to a registration must be reported within thirty (30) days. Changes may include the organization's name, address, email address, tax exempt status, form of legal entity, or fiscal year-end.

- To change the name of an organization, a copy of an official document such as an IRS 990, by-laws or a certificate of legal existence reflecting the official name of the organization must be submitted to DCP.
- Organizations may change their address by accessing their online account, email, or by mail.
- A fiscal year end change can be done online at the time of renewal. If an organization has already renewed, they may contact DCP via email or mail with updated information.



Professional Fundraisers

There are two classes of “professional fundraisers” in Connecticut. A bona fide, permanent, salaried officer or employee of a charitable organization does *not* fall within either class.

- **Fundraising Counsel:** A fundraising counsel is a person or firm who for compensation plans, manages, advises or consults with respect to the solicitation in this state of contributions by a charitable organization, but who does not solicit contributions and who does not directly or indirectly employ, procure or engage any person compensated to solicit contributions. A bona fide non-temporary salaried officer or employee of a charitable organization or an attorney-at-law retained exclusively to provide legal services shall not be deemed a fundraising counsel. The fundraising counsel *must* submit a copy of the contract between them and the charitable organization to DCP.

In the unusual circumstance where the fundraising counsel has custody or control of contributions, the fundraising counsel must register and post a surety bond with the DCP.

- **Paid Solicitor:** A paid solicitor is a person or firm who for any consideration, including, but not limited to monetary compensation but excluding nonmonetary gift of nominal value awarded to a volunteer solicitor as an incentive or token of appreciation, performs for a charitable organization any service in connection with which contributions are solicited by such person or by any person he directly or indirectly employs, procures, or engages to solicit for such compensation. A bona fide non-temporary salaried officer or employee of a charitable organization shall not be deemed to be a paid solicitor.



Professional Fundraisers (cont.)

For example, a person or firm hired by the charitable organization that makes telephone solicitations would be a paid solicitor, whereas a firm hired by the charitable organization to prepare solicitations for use solely by mail is considered a fundraising counsel.

Registration is required only if the fundraising counsel at any time has custody or control of contributions. Fundraising counsels must register annually with a non-refundable fee of \$120.00 and post a \$50,000.00 surety bond with DCP. They are required to have a written contract with each charitable organization for which it provides services.

Paid solicitors must register annually with a non-refundable fee of \$500.00 and post a \$50,000.00 surety bond with DCP. Paid solicitors and the charitable organizations must jointly file a notice of intent-to-solicit prior to the start of each separate fundraising campaign. They must also file a financial report at the conclusion of each campaign.

Please Note: Any person, either directly employed by or who volunteers on behalf of a registered charitable organization and who solely solicits on behalf of that organization is exempt from this process.



Events and Fundraising

Organizations, Businesses, or Individuals Fundraising on an Organization's Behalf

- For an entity to fundraise on behalf of an organization, the volunteer fundraiser must have the organization's written permission to use their name and should obtain verification of that organization's registration.
- Most often, charities have staff to assist volunteer fundraisers. Volunteer fundraisers should not have to file anything on behalf of the organization.

Auctions

- Connecticut does not have specific regulations regarding auctions. However, organizations may wish to contact their town for information regarding local requirements or restrictions.

Games of Chance

- Connecticut law allows certain organizations to conduct games of chance such as raffles, bazaars or bingo nights. Inquires and permit requirements regarding games of chance should be directed to the municipal offices in the town where the event is held.

Temporary Liquor

- If an organization wishes to hold an event with beer, cider, wine and or spirits, then a temporary liquor permit must be obtained prior to the event. The application can be found on our website at: <https://portal.ct.gov/DCP/Liquor-Control-Division>

Tips for Consumers: Avoiding Scams



Avoid any charity or fundraiser that:

- Organization is soliciting in Connecticut, but is not registered with the Department of Consumer Protection
- Refuses to provide detailed information about their identity, mission, or costs;
- Won't provide proof that a contribution is tax deductible;
- Uses a name that closely resembles that of a better-known, reputable organization;
- Starts a conversation by thanking you for a pledge you don't remember making;
- Tells you that you must donate immediately;
- Asks for donations in cash or via wire transfer;
- Offers to send a courier or overnight delivery service to collect the donation quickly;
- Guarantees sweepstakes winnings in exchange for a contribution (*By law, you never have to give a donation to be eligible to win a sweepstakes*); or
- Won't give you a number to call them back



Take precautions to make sure your donation directly supports your cause.

- Ask for detailed information about the charity, including name, address, and telephone number.
- Get the exact name of the organization and do some research. Search the name of the organization online in conjunction with the words “complaint(s)” or “scam”. You may also wish to contact organizations such as the Better Business Bureau, Wise Giving Alliance, Charity Navigator, Charity Watch, or GuideStar for more information.
- If you receive a solicitation, call the charity directly at a number you know or locate on your own. Then, you can determine if the organization is aware of the solicitation.
- Keep a detailed record of your donations.
- Make an annual donation plan. That way, you can decide which causes you’d like to support and stick to a budget.
- Never send cash donations. For security and tax purposes, it’s best to pay by check or with credit card so you have a record of your transaction.
- Never wire money. Scammers often request that donations be wired because wiring money is like sending cash. Once you send money via wire transfer, you can’t get it back.
- Do not provide your bank account numbers or any personal information until you’ve thoroughly researched the charity. Paying by credit card or check is best.
- Be wary of charities that spring up too suddenly in response to current events and natural disasters. Even if they are legitimate, they may not have the infrastructure to get the donations to the affected area or people.

Report Charity Scams

Complaints may help detect patterns of wrongdoing and assist with investigations. Complaints can be sent to DCP by emailing dcp.charitiesenforcement@ct.gov.

Contact Information for DCP's Public Charities Licensing Unit

Questions related to public charities, registration information, and renewal information can be directed to the Public Charities Unit at DCP.

Department of Consumer Protection, Public Charities Unit 450
Columbus Boulevard, Suite 801
Hartford, CT 06103
dcp.publiccharities@ct.gov

Forms associated with registration and other reporting requirements can be found by visiting www.ct.gov/dcp



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