

IMPORTANT CLIENT ALERT

To: Clients
From: Perlman & Perlman, LLP
Re: NEW HAWAII STATUTE CHANGES REGISTRATION AND REPORTING REQUIREMENTS

June 23, 2008

The purpose of this client alert is to advise you of a new Hawaii state law enacted on June 13, 2008 which greatly changes the registration requirements for charitable organizations and professional fundraisers in the state. Act 174 makes significant changes in the registration requirements in the state of Hawaii and may affect many of you who were not previously required to register in that state.

Please note the following changes:

Effective as of July 1, 2008:

- The surety bond requirement for professional fundraising counsels is repealed.
- The law imposes contract requirements on commercial co-venturers, including requiring commercial co-venturers to file their contracts with the Attorney General and requiring that certain provisions be included in each contract.
- Charities are prohibited from contracting with un-registered professional solicitors and professional fundraising counsels.
- The law clarifies what must be contained in the registration form for professional solicitors and professional fundraising counsels.

Effective as of January 1, 2009:

- Any charitable organization that solicits funds in the state of Hawaii is required to register with the Attorney General's office prior to solicitation, unless the organization is covered by an exemption.
- Requires charities to submit an annual financial report to the Attorney General.
- Requires the submission of an audited financial statement if the charity has over \$500,000 in gross income or if the charity prepares an audited financial statement required by a governmental authority or third party.
- Charities will be required to submit an annual filing fee of between \$25 and \$750.00, depending on the charity's annual gross income.
- Professional solicitors end of solicitation event and campaign financial reports will be required to report both national gross receipts and Hawaii based gross receipts.

If you have any questions regarding this new law and how it applies to your organization, please do not hesitate to contact any of the attorneys at (212) 889-0575 or the head of our Compliance Division, Cynthia Mercado, at (480) 699-8270.