

DEPARTMENT OF ATTORNEY GENERAL
CONSUMER PROTECTION AND CHARITABLE TRUSTS DIVISION
SOLICITING AGENCIES

(By authority conferred on the department of social services by section 6 of Act No. 280 of the Public Acts of 1939, as amended, being S400.6 of the Michigan Compiled Law.)

R 400.241 Sound financial accounting; use of funds.

Rule 241. The charitable organization must show sound financial accounting, and show that all moneys expended have been applied to the carrying out of the announced purpose for which the agency is organized, or for which the solicitation was held. Where the amount received from solicitations during the fiscal year of the charitable organization is less than \$15,000.00, the report of audit submitted in connection with an application for the annual license may be a detailed statement sworn to by 2 or more officers of the organization. In all other cases, an audit of the complete operation of the charitable organization by a certified public accountant and certified, as to correctness, by him is required. The organization must adopt controls of income to make it possible for the certified public accountant to attest to the correctness of the amount shown as received, or including all receipts.

History: 1944 AC; 1954 AC; 1979 AC.

R 400.242 Purpose of agency.

Rule 242. All soliciting materials and appeals used shall clearly indicate the full purpose of the charitable organization and the purpose of the solicitation.

History: 1944 AC; 1954 AC; 1979 AC.

R 400.243 Michigan certificate of authority for foreign corporations.

Rule 243. No license will be granted to a charitable organization, institution, or association incorporated under the laws of another state to make public solicitations in Michigan unless it has obtained a certificate of authority to do business in Michigan issued by the Michigan corporation and securities commission.

History: 1979 AC.

R 400.244 "Formed for a charitable purpose"; restrictions as to membership of controlling board.

Rule 244. No organization, institution, association, or corporation, regardless of its statement of purpose, shall be considered as formed for a charitable purpose where more than 1/3 of the members of the board of directors or trustees consists of persons who either are receiving remuneration from the organization, institution, association, or corporation or have spouses, parents, or children so receiving.

History: 1979 AC.

R 400.245 Same; restrictions as to dividends; dissolution.

Rule 245. No organization, institution, association, or corporation, regardless of its statement of purpose, shall be considered as formed for a charitable purpose if dividends are distributed to members or stockholders or if, upon dissolution, the net assets are to be so distributed in whole or in part.

History: 1979 AC.

R 400.245a Definitions.

Rule 245a. (1) The meaning of the word "charitable" in the phrase "charitable purpose" shall include "philanthropic," "social service," "benevolent," and "patriotic."

(2) A church is an ecclesiastical corporation, or an association organized primarily for public worship and protected in its organization by a specific Michigan statute.

(3) A charitable organization is church-sponsored where a single church has legal control of the organization or contractual control of the solicitation.

History: 1979 AC.