



Getting Your Legal House in Order and Setting Up for Success

In order to be eligible for grant funds in the 2019 Help a Horse Home: The ASPCA Equine Adoption Challenge (the “Help a Horse Home Challenge”) you will need to meet the requirements listed below. They must be complete by the time you apply for a grant at the end of the event, but may take time so we recommend beginning soon to bring yourself into compliance.

Ensuring you meet these requirements will not only give you confidence that your organization is on its way to meeting legal requirements imposed by federal and state regulators, but may also help you attract new donors, many of whom want to ensure that organizations are operating lawfully before they donate.

We can provide you with support and resources to help your organization meet the criteria below—just email us at HelpaHorseHome@aspca.org

Requirements

Good standing with the Secretary of State in the state where you incorporated

When you form a business entity, you file paperwork with the Secretary of State where you decide to form your business (usually the place where you operate). The state imposes requirements on corporations, which often include filing reports and/or forms on time, paying fees and/or taxes, and appointing a registered agent, and you must meet those requirements in order to be in good standing. The easiest way to find out if you are in good standing is to go to your state’s Secretary of State’s website and look up your organization (assuming that they keep their site up to date). Going online and searching for (1) your state’s name, (2) the phrase “secretary of state” and (3) the phrase “business search” (or alternatively “corporation search” or “entity search”) should bring you to the right place.

Registered to solicit funds

Nonprofits are generally required to register prior to soliciting funds and/or receiving donated funds within a state, although there are a few states that do not require registration. This year we are requiring that you are registered to solicit funds at least in your home state, unless your home state is one of the few that does not require registration (if that is the case, please let us know that your state does not require registration). A web search for your state’s name and the phrase “charitable solicitation registration” will likely take you to the right place to learn more about registration and to begin the registration process. While we are only requiring that you register to solicit funds in your home state this year, please keep in mind that if you accept



online donations, you should consider registering in every state that requires it. [This article provides more information regarding charitable solicitation registration.](#)

Current 501(c)(3) exemption or governmental entity

In order to participate in the Help a Horse Home Challenge, you must have a current 501(c)(3) exemption OR be a governmental entity. [Here is a helpful resource from the IRS describing which types of entities qualify for tax exemption under Section 501\(c\)\(3\).](#) It also has a guide on applying for your exemption. If you are a governmental entity (i.e. a municipal shelter), this does not apply to you.

Majority independent board

The majority of your board should be independent both from your organization and from one another. By way of example, if you have five people on your board of directors, and three are paid employees, your board would not have a majority of independent members. Also, if your five-person board contained a husband, wife, and their child, a majority would not be independent. The IRS has said: “Irrespective of size, a governing board should include independent members and should not be dominated by employees or others who are not, by their very nature, independent individuals because of family or business relationships.”

Compensated board members shall not serve as board chair or treasurer

It is best practice for your chairman of the board and your treasurer not to be compensated, so this year that is a requirement to compete.

Land owned by organization or organization is on land pursuant to a valid lease

Everyone wants to ensure that the horses in their care have a place where they can live without interruption. This year, we are asking groups to represent that they either own the land where their rescue is located or that they are on that land subject to a valid lease.