



THE VANNO VOICE

December 2006

Greetings!

We are pleased to bring you the December edition of the VANNO Voice -- your link to news and resources for Virginia's nonprofit sector! We encourage you to forward this valuable information to your colleagues, both inside your organization and throughout your community. You can also read past issues on the VANNO website at www.vanno.org

Contents At-A-Glance

- Nonprofit Congress Update
- Thank You, Insurance Survey Respondents!
- Dec. 7: Telework Networking Event
- Dec. 7-8: Conference on Measuring Results
- Dec. 16: EXCEL Basics Course
- Jan. 22-24: Grants Management for Results
- Writing Knockout Proposals
- Potential Website Especially for Small Organizations
- Alcoa Foundation Awards Grant to VANNO
- Easy Way to Apply for Sales & Use Tax Exemption
- Power Language for Appointment-Setting
- Sarbanes-Oxley: Does it Matter for Not-for-Profits?
- JMU wants YOU!!!
- 2007 Governor's Volunteerism & Community Service Awards

Nonprofit Congress Update

Just released! The report from the National Nonprofit Congress, entitled *Deliberations, Decisions, and Planning: National Meeting Highlights*. Go to www.nonprofitcongress.org and click under "Latest News".

This report summarizes the decisions and proceedings of the event, including: Insights from local and national nonprofit leaders on harnessing the collective power of the nonprofit sector;

- The 3 Top Priorities of the Nonprofit Congress for 2007, as established by the Nonprofit Congress delegates;
- Proactive strategies for addressing the Top Priorities at the local, state, and national level;
- The shared values of nonprofits, identified through 117 Town Hall meetings and a nationwide survey; and
- Testimonials from attendees about their experiences at the National Meeting and the future of the Nonprofit Congress

Also available on the website – a video of the National Meeting, produced by our own Virginia delegate Esther Baker!

Next Steps for Virginia

VANNO convened a conference call with Virginia delegates to discuss next steps for local and state action focused around the 3 national priorities. A brief survey will be conducted in January and February to collect feedback from Virginia nonprofits about several proposed strategies.

VANNO will continue to serve as a coordinating hub for the Nonprofit Congress initiative here in Virginia, in partnership with the individual delegates and a number of local nonprofit resource centers throughout the Commonwealth.

Thank You, Insurance Survey Respondents!

VANNO sends a big thank you to the 150 organizations who took the time to complete the e-survey about group health insurance. Our task force will be meeting soon to review the results and meet with additional insurance brokers and providers. Stay tuned for more news soon.

Telework Networking Event for Nonprofits

When: December 7, 8:30 – 11:00 am

Where: National Wildlife Federation headquarters in Reston, Virginia

Why: Teleworking has many well documented employer benefits including enhanced employee recruitment and retention, reduced absenteeism, and reduced office space costs. However, a recent study by the Telework Coalition indicates that teleworking is underutilized by the nonprofit sector. Representatives from NWF will discuss the benefits of their award-winning telework program and a representative from TeleworkVa! will provide information about how organizations in Northern Virginia can receive up to \$35,000 in grant funds to start or expand a telework program.

Fee: No cost.

To Register: Seating is limited and advanced registration is required.

Contact Carolyn Curry-Wheat at currywheat@nwf.org or 703-438-6248.

Dec. 7-8: Conference on Measuring Results

When: December 7-8, 2006

Where: Council for Nonprofit Innovation, Arlington, VA

Why: Gain the ability to craft a performance measurement and management system that links directly to your strategic goals and mission. Utilize the measure you create to drive your organization's performance. Learn how to effectively utilize the information you harness to communicate with donors and other stakeholders.

Fee: \$795

Special rate for VANNO members= \$645 To receive this discount, contact Brian Dutton, 703-894-0495 or Dutton@CNIweb.org

Complete details: www.CNIweb.org

December 16: EXCEL BASICS Short Course

When: Saturday, December 16, 8:30 am – 12:30 pm

Where: CGPS Room 115, Fredericksburg

What: You will learn the basics of Excel, which include entering and editing data, moving within the spreadsheet, working with absolute and relative cell referencing, performing basic calculations using functions and formulas, and working with lists of records.

Fee: \$59 with electronic manual (you print)

\$84 with printed manual included

To Register:

Visit http://people.umw.edu/~lhamilto/TA/ms_office%20reg_form.rtf

Or contact Lynn Hamilton, 540-286-8011 or lhamilto@umw.edu.

January 22-24, 2007: Grants Management for Results

Where: Council for Nonprofit Innovation, Arlington, VA

What: This three-day event will feature effective techniques for winning, managing and evaluating grants to keep you and your organization ahead of the curve in funding trends and reporting requirements. Best Practice Sessions include: proposal planning and development; financial and performance management for grants; grants evaluating and reporting. Please email kristan@cniweb.org to receive a copy of the agenda, or visit www.CNIweb.org

Fee: \$1095

Special rate for VANNO members= \$845

To receive this discount, contact Bill Kristan 703-894-00481 or Kristan@CNIweb.org

Writing Knockout Proposals

In his book, *How to Write Knockout Proposals: What You Must Know (and Say) to Win Funding Every Time*, Joseph Barbato offers the following tips on how to write a funding proposal that will attract attention and enhance your chances of success:

Avoid pointy-headed Prose

- Write in layman's language, like that used in a well-written daily newspaper.
- Avoid jargon and explain complex concepts (without "dumbing it down" completely). In other words, assume your reader is a well-educated individual without training in the field you're writing about.
- Consider attaching a technical summary of your project in an appendix. This enables you to provide additional helpful information while keeping within any specified word limits.

Give funders what they want

- Most funders complain about long-winded, vague, poorly conceived submissions. Their urgent advice: Communicate clearly what you want, who you are, and why we should support you.
- Be sure your project fits the guidelines. Do your homework. Marshal your facts.
- Read what you've written several times. Show your draft to someone outside your field.
- Make sure you've thought out your budget and plans for future funding.

Guidelines, Guidelines, Guidelines.

- Pay attention to the specific elements listed in the proposal guidelines, and follow that outline exactly.

- Give just enough detail on your program—nothing more. When the guidelines say, "Give a brief description of how you will raise other funding for your project," you want to be brief. Generally speaking, less really is more.
- A succinct, concrete, fact-filled description of your other fundraising plans is what the donor wants. Vague promises will be interpreted as such.
- Provide solid information. If you think a bit of detail will strengthen a section of your proposal, by all means write on. If you sense the funder might want more explanation, but you feel unsure, put the information in an appendix, which you can reference in the text.

What makes winning proposals special? Hard facts, a passionate belief in the project, and writing that is strong, clear, and easy to read.

Potential Website Especially for Small Organizations

If you want to generate small quantities of items with your logo or special message (such as t-shirts, caps, mugs, magnets, etc.), take a look at the website, Café Press at www.cafepress.com. Not only can you create your product online and order one or more immediately, but you can post your creation and let anyone buy it for themselves, generating revenue for you!

Alcoa Foundation Awards VANNO Grant to Strengthen Boards

In response to the one of the top issues facing nonprofit organizations today, VANNO has received a grant of \$30,000 from Alcoa Foundation to help strengthen nonprofit boards throughout Virginia. This project builds upon and expands work already begun with the nonprofit community in Kentucky where a similar statewide entity has successfully helped over 400 organizations build and strengthen board governance.

"This is a unique opportunity for those small and mid-sized nonprofit organizations throughout Virginia," said Peter Thompson, VANNO Board Chair. "Board governance is one of the top issues concerning both nonprofit professionals and volunteers today. With over 75% of our nonprofit organizations having operating budgets below \$500,000 per year, few have the staff or capacity to focus time on board recruitment and development."

In collaboration with the University of Kentucky Nonprofit Leadership Initiative, VANNO will develop a generic orientation to what it means to be a Board member, with a roadmap to successfully recruit and educate these candidates. In addition, the grant will assist organizations and interested potential board members in finding one another. VANNO plans to partner with local organizations to schedule and offer the training for current and prospective Board members.

Easy Way to Apply for Sales and Use Tax Exemption

The Virginia Department of Taxation now offers "Nonprofit Online", a quick, efficient and secure way for organizations to apply for and print out a Virginia sales and use tax exemption certificate. In addition, organizations will be able to edit certain information as it changes and reprint lost certificates, should they become lost, without having to contact the Department of Taxation.

- Use this website to:
- Apply for a Sales & Use Tax Certificate of Exemption
- Send your questions to a TAX Representative and receive a response in a secure environment
- Print a copy of the Exemption Certificate.

For security purposes, each application will require the creation of a user name and password. Additional information required includes

- Federal Identification Number (FEIN)
- Proof of compliance with Chapter 5 of Title 57 of the Code of Virginia
- Organization's annual gross revenue, fundraising and administrative expenses
- Financial Audit maybe required
- Federal form 990 or 990EZ, if required by the Internal Revenue Service (IRS)
- Federal nonprofit designation 501(c)(3) or (c)(4)
- Estimate of total purchases of tangible personal property

[Check out Nonprofit Online at https://www.npo.tax.virginia.gov/NPOLogin.jhtml;\\$sessionid\\$3KIFNO1T1ZSG5LAUFNNRCYO](https://www.npo.tax.virginia.gov/NPOLogin.jhtml;$sessionid$3KIFNO1T1ZSG5LAUFNNRCYO)

Power Language for Appointment-Setting

(Adapted from an article by Wendy Weiss, "The Queen of Cold Calling," is a sales trainer, author and sales coach. Her recently released program, Cold Calling College, and/or her book, Cold Calling for Women, can be ordered by visiting <http://www.wendyweiss.com>. Get Wendy's free e-zine at <http://www.wendyweiss.com>.)

Originally intended as advice for individuals making sales calls, consider how this tips may help you in your efforts to successfully connect with a potential funder, elected official, or other influential stakeholder:

1. Use power language: "The solution is..." rather than, "I believe the solution is..."

2. Never use the word "appointment" when trying to set one. Instead, use the word "meeting." "Meeting" sounds more professional and more important. "I would like to meet with you..."
3. Use directed words to reach your prospect. When you ask to speak with your prospect, say, "Jane Jones, please," and not, "May I speak with Jane Jones?" The first sentence conveys authority; the second asks permission.
4. Use directed words (and open-ended questions) to gather information. Ask, "Whom should I speak with?" and not, "Do you know who I should speak with?" The first conveys authority, and whomever you are questioning, if they know, must answer with a name. In the second sentence, the response could simply be "yes" or "no."
5. Whether trying to ascertain a good time to call your prospect back or trying to schedule a meeting, it is a good idea to give alternate choices. "Is this afternoon good, or would tomorrow morning be better?" It is much easier for your prospect to decide "when" rather than "whether."
6. "I'm just calling..." Eliminate the word "just" from your vocabulary. That little word "just" is an apology. It says that your call is not important and that what you have to say is not important. Simply tell your prospects and customers why you are calling. That is enough.

Sarbanes-Oxley: Does it Matter for Not-For-Profits?

By Joanne Handyside, CPA, Cherry, Bekaert & Holland, L.L.P. (CB&H)

The Sarbanes-Oxley Act (SOX) has stirred more conversation among directors of not-for-profit organizations than any piece of legislation or regulation in recent years. When we make presentations to not-for-profit boards or committees, we are almost always asked: "What does our not-for-profit organization need to be doing to address SOX?"

The conditions under which not-for-profit organizations raise funds are usually related to a commitment to provide a public service, addressing health and welfare, education or other social needs. The contributors to not-for-profit organizations must rely on management to be faithful stewards of the funds raised to fulfill the commitment under which they are raised. Universally, the only measurement of this faithful stewardship is the organization's financial statements. Accordingly, many members of Congress felt a need to extend the SOX provisions to not-for-profit organizations as "public interest entities." Ultimately, these sentiments did not prevail, so SOX is currently applied only to registered companies.

Other groups, however, have taken up the cause to protect contributors and the public from fraudulent reporting of not-for-profit activities. Several state governments have extended some SOX provisions to both privately held, for-profit enterprises and not-for-profit organizations. Legislation is requiring CEOs and CFOs to certify the financial statements and the effectiveness of internal control in a manner similar to, if not consistent with, the certification requirements of SOX. In addition, the requirements concerning audit committees have also been extended. These requirements include the establishment of an audit committee as well as the qualification of members.

Interestingly, the indirect effect of SOX is coming from more than just legislative or regulatory bodies. We have noted increased concern among board members about the requirements their contributors are facing – such as foundations and estates, as well as grantor agencies – to be considered for successful application for funding. Federal grantor agencies, as well as some state grantor agencies, currently require management to certify that internal controls are in place to prevent misuse of grant funds. In the near future, it is likely that foundations, estates and other major funding sources will require similar certifications. This type of certification may also extend to the fairness of the financial statements. Regardless of the source of any new requirements, there are changes on the horizon that may impact the management and governing bodies of not-for-profit organizations. However, the changes required by an extension of certain SOX provisions could have positive results for all users of not-for-profit financial statements and, ultimately, the organizations themselves.

One of the provisions likely to be extended is the requirement for an organization's chief executive and chief financial officers to **certify the fairness of the financial statements and the effectiveness of internal controls**. The management and governing bodies, as well as other users, mistakenly see the financial statements of an entity as the product of its outside auditors. However, financial users – including lenders, grantors and major contributors – desire a certain confidence level that senior management "owns" the financial statements.

In the certification required by SOX, management states the financial statements do not include an untrue statement of a material fact and that no material fact is omitted that would cause the statements to be misleading. Management is also required to assert that financial position and the results of operations are fairly presented. The strength of these statements can demonstrate the necessary level of ownership. Certification of the effectiveness of internal control can also demonstrate similar confidence that management is integrally involved in the development and monitoring of controls.

Establishment and composition of audit committees is another provision of SOX likely to be extended to non-registered issuers of financial statements. The Securities and Exchange Commission (SEC) has required governing boards of public companies to establish and maintain audit committees for several years. There are regulations about the composition of these committees, and SOX expanded the requirements when it was enacted. Many boards of not-for-profit organizations have yet to establish an audit committee.

The financial world is changing every day, and the pace of change seems to be increasing as well.

Meanwhile, not-for-profit organizations compete for a portion of our economy that appears to be shrinking. Accountability will be a factor in this competition, and those organizations ready to demonstrate accountability will have a competitive edge over those that cannot. The indirect implications of SOX do not render a not-for-profit organization better able to fulfill its public mission. However, being prepared to implement the requirements when they apply will help an organization remain competitive for the funds necessary to fulfill its mission.

Joanne Handyside is an Audit Partner with Cherry, Bekaert & Holland. She is a member of the Firm's Not-for-Profit industry group and can be reached at jhandyside@cbh.com or 757-399-7178.

JMU wants YOU!!!

Career & Academic Planning at **James Madison University** is preparing for our Spring Career Fair to be held **Monday, March 26th from 1-5pm** on campus in Harrisonburg, VA. We would like to extend an invitation to all Virginia non-profit groups to consider attending the event to speak with students about current internship and/or employment opportunities within your organization. There has been a marked increase of interest in working for non-profit organizations across all disciplines here at JMU, in addition to our very strong Non-Profit Studies minor program. We have for the first time reserved space specifically for Non-Profit employers at this year's event and are offering registration at **half-price to VANNO members** wanting to attend. For details, please contact Chris Campbell at 540-568-2928 or campbecm@jmu.edu.

2007 Governor's Volunteerism & Community Service Awards

Nominations for the Governor's Volunteerism & Community Service Awards begin December 1, 2006! The prestigious award has been honoring exemplary Virginians for more than 16 years and recognizes excellence in community service and volunteering. The awards include recognizing volunteer service on the part of businesses, faith-based groups, families, government, homeland security, national service, nonprofit organizations, seniors, volunteers, volunteer administrators, and youth. A narrative and two letters of support are required. **Starting December 1**, you may visit www.vaservice.org to download the nomination form or submit an online nomination through our website. **The nomination process ends at 5:00 PM, Wednesday, January 31, 2007.** The awards ceremony will take place in Richmond during April. Now is the time to think about individuals and organizations you would like to nominate!

Nonprofits Eligible for Federal Excise Tax Refunds This Year

In May 2006, the IRS announced that individuals, businesses and tax-exempt organizations who paid the long-distance telephone excise tax can request a refund on their 2006 federal income tax returns.

To request a refund, businesses (including sole proprietors, corporations, and partnerships) and tax-exempt organizations must complete Form 8913, Credit for Federal Telephone Excise Tax Paid. To complete this form, organizations may determine the actual amount of refundable long-distance telephone excise taxes they paid for the 41 months from March 2003 through July 2006, or use the formula to figure their refunds. Businesses should attach Form 8913 to their regular 2006 income tax returns. Nonprofit organizations must attach it to Form 990-T.

The estimation method works like this: organizations must compare their April 2006 telephone bills to their September 2006 telephone bills to determine the percentage of their telephone expenses attributable to long-distance excise tax. That percentage will then be applied to the total telephone expenses for the 41-month refund period. The refund is capped at 2 percent of the total telephone expenses for businesses and tax-exempt organizations with 250 or fewer employees – which covers more than 99 percent of all businesses. The refund is capped at 1 percent for those with more than 250 employees. Details of the estimation method are provided by the IRS in IR-2006-179.

It is important to remember that certain nonprofit organizations like schools and hospitals are completely exempt from these taxes and must file refund claims directly with the IRS to recover all of the FET they paid. However, many nonprofits can benefit from taking advantage of this one-time only refund opportunity when they file their 990 tax forms this year.

If you have questions about this process, you may contact Utility Audit Company, Inc., specialists in tax recovery, at 866-457-4262 or byron@utilityauditco.com

Publicize Your Training Events Here

Remember to use VANNO's website calendar and monthly newsletter as a way to publicize training events you are offering. Many nonprofit staff and volunteers are willing to travel 1-2 hours in search of high quality professional development, so you may very well attract attendees from beyond your local community. Send your announcements to info@vanno.org, or call 804-794-8689.