



THE VANNO VOICE

Virginia Network of Nonprofit Organizations (VANNO)
*Providing affordable information, resources and advocacy for
nonprofit organizations throughout Virginia.*

March/April 2008

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Greetings! We are pleased to bring you the March/April 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.

Training & Networking Opportunities

VANNO Hosting 7 Town Hall Meetings. In partnership with various organizations across the Commonwealth VANNO is hosting seven Town Hall meetings during April and May. Already having convened meetings in Blacksburg and Richmond, the remaining meetings will occur in Virginia Beach, Danville, Abingdon, Charlottesville, and Fairfax. Each Town Hall will follow up on the outcomes of the 2006 Nonprofit Congress and identify ongoing additional concerns and needs within the Virginia nonprofit community. Town Hall feedback will be used by VANNO to address the needs of Virginia's nonprofit sector and by the National Council of Nonprofit Associations during the National Congress in Washington, DC, June 1-4. For more information on the Town Halls and to register, contact TownHall@vanno.org.

Nonprofit Congress National Meeting in Washington, DC on June 1-4, 2008. Nonprofit professionals, board members, emerging leaders, volunteers, and others from every state and every type and size of nonprofit will gather with others from around the country to celebrate the successes of the nonprofit sector, learn from each other, and take our collective voices to Capitol Hill. We will also spend time as a state delegation planning collaborative action that we can take in Virginia to continue to move the nonprofit sector forward. For more information about the event in DC, please visit the Nonprofit Congress website at www.NonprofitCongress.org. Attendees at VANNO's Town Hall Meetings can register at a discount!

VANNO to Host Tri-Cities Regional Conference-"Building Bridges"-September 9, 2008. 200 individuals representing nonprofits, businesses, and government entities that are active participants in the regional economy will convene for one day to collaboratively address the pressing needs of the region (including the Cities of Petersburg, Hopewell, Colonial Heights and the Counties of Prince George, Sussex, Dinwiddie, and southern Chesterfield). The day's keynote address will be provided by Robert Egger, Founder and President, DC Central Kitchen; Co-Convenor, 2006 National Nonprofit Congress; Founder, V3 Campaign; and one of *Nonprofit Times'* Most Powerful and Influential Leaders. Plans are underway to wrap up the day with a Candidates' Forum, with invitations out to the Virginia candidates for U.S. Senate and U.S. House of Representatives, 3rd and 4th Districts. Look for more information soon on VANNO's website.

VANNO Services & Benefits

Accepting Applications for VANNO's Katie Campbell Professional Development Scholarships. Any Virginia nonprofit organization that is a member in good standing of VANNO is eligible to apply for the scholarship. Those interested in applying should visit the VANNO website at www.vanno.org and access the Scholarship Guidelines and Application. For the 2007-2008 fiscal year, VANNO will award two scholarships of up to \$250 each. Interested organizations should submit their application to VANNO by no later than April 30, 2008 to be considered. Scholarship recipients will be announced on or about May 15, 2008.

Open Enrollment--VANNO/CNA Group Health Insurance

Program. For those participating organizations, open enrollment starts May 1st for a July 1st effective date. Currently, there are three participating providers: Kaiser Permanente, MAMSI and Optimum Choice. The MAMSI and Optimum Choice products will become United Health Care as of July 1, 2008. VANNO launched this program in partnership with the Center for Nonprofit Advancement last summer. Any VANNO organization with at least 2 employees is eligible to participate in the VANNO/CNA Group Health Insurance Program. For more information, visit www.nonprofitadvancement.org or call R. Dave Dixon toll-free at 1-877-767-1479.

VANNO Members Access Benefits of the Society of Nonprofit Organizations. As part of their membership, VANNO member organizations receive a free subscription to the SNPO's bi-monthly *Nonprofit World*, a \$59 value. Starting with the March/April issue, look for a monthly column, authored by the Alliance for Nonprofit Management, entitled "Building Capacity." Also, this VANNO/SNPO partnership provides VANNO members with a weekly subscription to *GrantStation Insider* which provides you with the latest information on new funding programs, upcoming grant deadlines, conferences, trainings, and relevant information for grant seekers.

VANNO Members Participate in Idealware training at a discount. Idealware provides candid Consumer-Reports-style reviews and articles about software of interest to nonprofits, centralized into a website. Through product comparisons, recommendations, case studies, and software news, Idealware allows nonprofits to make the software decisions that will help them be more effective. Visit the Idealware website at www.idealware.org to subscribe to the monthly e-news, register for on-line seminars, and access useful articles. Check out www.idealware.org/online_seminars for the whole schedule of webinars through June. VANNO members receive a discount!!

Legal & Regulatory Compliance

Mandatory E-Postcard Filing Now Available on IRS.gov for Small Tax-Exempt Organizations. In the past, small tax-exempt organizations generally were not required to file Forms 990 or 990-EZ, the annual information returns for tax-exempt organizations. But the Pension Protection Act of 2006 requires that tax-exempt organizations that normally have annual gross receipts of \$25,000 or less must file an electronic [Form 990-N](#) *"Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required to File Form 990- or 990-EZ,"* for tax years beginning in 2007. Filing the e-Postcard is free and easy. The due date for filing Form 990-N is the 15th day of the fifth month after the close of the tax year.

E-Postcard Public Disclosure Site Launched. Potential donors can now search for and view your organization's e-Postcard or [download](#) the entire database of e-Postcard filings on the IRS website for Charities and Non-Profits at www.irs.gov/app/ePostcard.

Public Policy

Governor Kaine Signs Amendments to Virginia's Uniform Management of Institutional Funds Act. expanding the scope of the prior law and making it applicable to all charitable organizations holding institutional funds, including trusts without noncharitable beneficiaries. The new law clarifies and expands the duties and obligations concerning the conduct of investment and expenditures of institutional funds and imposes express standards on any delegation of the management or investment of institutional funds. It also updates the standards for when a court may order the release or modification of the purpose of or restrictions contained in a gift instrument through which a donor contributes to an institutional fund. VANNO is exploring the possibility of offering an audio-conference or webinar to assist you in understanding the practical implications of the new law for your organization. The new law goes into effect July 1.

Exclusive Offers, Opportunities, & Other Resources

State Agency Serves as a Resource to Nonprofits. Virginia's Office of Community Capacity Building provides services in five key areas: Organizational Development and Growth, Organizational Management, Resource Development, Program Development, and Community Relations and Accountability. OCCB offers a variety of programs and services, primarily to nonprofit organizations and local governments located in eligible communities throughout Virginia. For more information, please call (804) 371-7075 or e-mail OCCB-Office@dhcd.virginia.gov.

IRS Releases New Exempt Employers Toolkit. The IRS has launched a new resource page on its website for nonprofit employers. This page centralizes federal tax resources commonly needed by tax-exempt organizations that compensate employees. Visit the Exempt Employers Toolkit at www.irs.gov/charities/article/0,,id=172794,00.html for more information.

Nominate your organization for the Nice Guys Awards. The Nice Guys Awards are sponsored by Acacia Federal Savings Bank of Falls Church to recognize nonprofits, individual citizens, and businesses that go "above and beyond" to help others in the DC metro area. Winners will be announced on WTOP Radio and receive \$3,000 for the charity of their choice. Nominate online at www.NiceGuysAwards.com.

Trying to find Nonprofit Organizations? While no exhaustive list exists of the more than 40,000 nonprofits operating in Virginia, Guidestar (www.guidestar.org) does provide information on the approximate 9,000 organizations that are required to file an annual Form 990-that is, 501(c) organizations with annual revenues of \$25,000 or more. Also, the Virginia State Corporation Commission maintains a list of the registered nonstock corporations and provides a searchable database at www.scc.virginia.gov/clk/bussrch.aspx.

Announcements

VANNO Launches VANNO On-Line. A new communications and records management portal available to VANNO members, prospective members, and other VANNO friends and supporters via the VANNO website (www.VANNO.org). Please take a few minutes to visit the VANNO website at www.VANNO.org and log in to **VANNO On-Line** by entering your email address and initial password, **VANNO1**. After you login for the first time you will be prompted to change your password. We appreciate your patience while we implement new functions of VANNO On-Line. Meanwhile, your comments about this new tool are most welcome at info@vanno.org.

Certificate in Association Management now available through Virginia Tech's School of Metropolitan Studies in Old Town Alexandria. The schedule is intended to accommodate working professionals with a combination of weekend and evening hours. The classes carry Continuing Education credits as well, to assist those who are seeking CAE status through ASAE or their own professional society. For more information, visit www.cpe.vt.edu/fam.

Feature Article: Adherence to Substantiation Guidelines Can Help Donors

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1040 tax season is now in full swing, but the deduction for charitable contributions comes with a significant change for 2007 returns. Donors can now no longer deduct any cash contribution, regardless of the amount, unless they have maintained a bank record, payroll deduction record or written communication from the one organization. While this change does not require charitable organizations to begin issuing receipts for each and every contribution received, organizations should ensure that they are, at a minimum, providing prompt and proper acknowledgment to donors in accordance with the contribution substantiation and disclosure guidelines set forth in IRS Publication 1771.

For single contributions of \$250 or more, the recipient organization needs to provide the donor with a timely, written acknowledgment before the donor can claim the donation as a

charitable contribution on their federal income tax return. For cash contributions, this written acknowledgment should contain the organization's name, the amount of the cash contribution, and a statement declaring whether or not any goods or services were provided in exchange for the contribution. If goods and services were provided to the donor, then the acknowledgment must describe what was provided in return for the contribution along with a good faith estimate of its value. Acknowledgments for non-cash contributions should follow similar guidelines, with the exception that instead of declaring the amount of the contribution, the acknowledgment should describe the donation without declaring a specific value. It's important to note that the IRS does not prescribe an official format for the acknowledgment. As such, the acknowledgment can be sent to the donor via standard mail as a thank you letter or postcard or via email.

Written acknowledgments are not needed to substantiate separate contributions of less than \$250 even if the cumulative annual contribution totals \$250 or more, such as a weekly church offering. In these instances, sending an annual summary at the end of the year can be sufficient for the donor's tax records.

As noted above, whenever an organization provides goods or services to a donor in exchange for a contribution of \$250 or more, the acknowledgment must include a good faith estimate of the value of such goods or services. This value, in turn, reduces the amount of the contribution deductible for tax purposes. There are three notable exceptions to this rule - the token exception, the membership benefits exception and the intangible religious benefits exception. Under the token exception, free, low-cost or insubstantial goods or services are exempt from inclusion in the acknowledgment. Per current IRS guidelines, goods and services fall under the token exception, "if the payment occurs in the context of a fund-raising campaign in which a charitable organization informs the donor of the amount of the contribution that is a deductible contribution, and: 1. The fair market value of the benefits received does not exceed the lesser of 2 percent of the payment or \$89 for 2007 (\$91 for 2008), or 2. The payment is at least \$44.50 for 2007 (\$45.50 for 2008), the only items provided bear the organization's name or logo (e.g., calendars, mugs, or posters), and the cost of these items is within the limit for 'low-cost articles,' which is \$8.90 for 2007 (\$9.10 for 2008). Under the membership benefits exception, goods and services provided as a right or benefit of membership (i.e., gift shop discounts and free or discounted admission or parking) are exempt from the substantiation rules when given to a one in return for an annual membership fee of \$75 or less. And finally,

religious organizations that provide what are referred to as "intangible religious benefits" to donors can simply describe as such those intangible benefits defined by the IRS as normally "not sold in commercial transactions outside a donative (gift) context." Donations of non-cash items such as real estate, vehicles, boats and airplanes, require additional substantiation requirements.

Charitable organizations should also provide a written acknowledgment to any donor who essentially makes a contribution in the form of unreimbursed out-of-pocket expenses (e.g., travel expenses) equal to \$250 or more. Similar to the written acknowledgment required for cash contributions, this statement should include a description of the donor's services and a statement declaring whether or not any goods or services were provided in exchange for the contribution. As before, if goods and services were provided to the donor, then the acknowledgment must describe what was provided in return for the contribution along with a good faith estimate of its value, adhering to the same exceptions noted above.

When a donor receives goods or services in return for a single payment in excess of \$75, then the one organization is required to provide a written disclosure. This disclosure is necessary because tax laws limit the amount of the donor's contribution deduction to only the amount of the contribution that exceeds the fair market value of the goods or services received. The written disclosure statement must provide the donor with a good-faith estimate of the fair market value of the goods or services received, and notify the donor that the deductible amount of the contribution is limited for federal income tax purposes to the remainder of the contribution amount minus the stated fair market value of the goods or services received. This required disclosure statement must be sent to the donor in writing and in a clear manner (i.e., not buried in the small print at the bottom of a fund-raising request). Charities that fail to meet this written disclosure requirement are subject to a \$10 penalty per contribution, not to exceed \$5,000 per fund-raising campaign.

Taxpayers will no doubt spend a bit more time on their 1040s this year as they work to gain a better understanding of the new recordkeeping requirements for tax deductible cash contributions. But by observing the IRS guidelines for proper acknowledgment and complying with disclosure requirements, charitable organizations can take the first step in providing the timely and accurate information their donors need.

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 804-565-9871.

Email: info@vanno.org

Phone: 804-565-9871

Web: www.vanno.org