



VANNO Voice

August 31, 2008

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TABLE OF CONTENTS

- Senate Introduces the GIVE Act
- VANNO brings U.S. Senate Candidates to Forum on September 9
- Education and Training Resources Around the State
- IRS Website Offers Free On-Line Mini Courses for Nonprofits
- Welcome Your New Board Members with Directors and Officer Liability Protection
- VANNO Brings Another Benefit to Its Members
- Redesigned form 990 Instructions Available
- Virginia Tax Commission Rules on Collection of Sales Tax at Catered Events
- IRS Monitors Links to Political Candidates' Websites
- IRS Releases New Guide for Churches and Religious Organizations
- Call for Articles from VANNO's Corporate and Consultant Members
- From Principle to Practice: Walking the

Greetings! We are pleased to bring you the August 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.

Public Policy Impacting Nonprofits

Act NOW to Keep Your Volunteers Driving for You . . . The number of people who have been forced to stop volunteering because of the high cost of gasoline has been increasing. To address this issue, VANNO has signed on to support the passage of the federal GIVE Act of 2008 (S. 3429). But we need your help! *We need you to reach out to our U.S. Senators John Warner and Jim Webb to urge them to quickly sign on as co-sponsors of the GIVE Act. Visit <http://givevoice.org/campaign/giveact> to do so electronically.* Time is short because when Congress returns to DC following its August recess, they will be there only three weeks before they adjourn for the elections.

Here's the problem: Congress allows the IRS to adjust the standard mileage rate that corporations and the federal government can reimburse their employees for miles driven in their own vehicles; the IRS, in recognition of the skyrocketing gas prices, recently increased the rate to 58.5 cents per mile for business and federal employees. Unfortunately, in 1997 – when gas cost just \$1.25 per gallon – Congress locked in statute that volunteers can deduct only 14 cents per mile. The only way to adjust that low rate is for Congress to go back in and fix it. Without an act of Congress, even more volunteers will get sidelined, and regular citizens who depend on volunteer services will suffer.

The GIVE Act 1) raises the charitable mileage deduction from 14 cents to almost 41 cents; 2) eliminates the need for nonprofits to seek new legislation every year by setting the charitable volunteer rate at 70% of the standard business mileage rate as adjusted by the IRS; and 3) excludes from any income tax consequence actual mileage reimbursements made to volunteers.

Training and Networking Opportunities

Virginia's U.S. Senate Candidates Respond at VANNO's Regional Tri-Cities Conference... Mark Warner, Gail Parker, and William Redpath have confirmed their participation and will address an audience of 200 leaders, representing a cross-section

Talk of
Accountability: Do
You Know Where
Your Organizing
Documents Are? Have
You Read Them
Lately?

of the region. The conference provides a forum for nonprofits, local government, business, industry, and higher ed to come to the table to collaboratively address regional issues. This unique event will serve to showcase the critical role nonprofits play in improving the quality of life in their communities. The kick-off Candidates' Forum will reveal how the U.S. Senate candidates propose solving the challenges of the region, the State, and the country with a plan for not only engaging business but also nonprofits. Registration is still open, visit www.vanno.org. September 9 at the Holiday Inn Richmond South – Tri-Cities, Colonial Heights, VA.

Fall into Education . . . Take advantage of the many opportunities around the state to expand your knowledge, build your skills, and gain credentials as a nonprofit manager or board member. The following academic centers provide certificate and degree programs in nonprofit management:

- **George Mason University:** Graduate Studies in Nonprofit Management, Department of Public and International Affairs. (www.gmu.edu/depts/npmp/)
- **Georgetown University:** Center for Public and Nonprofit Leadership, Nonprofit Management Certificate (<http://cpnl.georgetown.edu/>)
- **Georgetown University:** Nonprofit Policy & leadership Concentration within MPM degree (<http://gppl.georgetown.edu/>)
- **Hampton University:** Non-Profit Leadership and Management Certificate (www.hamptonu.edu/)
- **James Madison University:** Undergraduate school, minor in Nonprofit Studies (www.jmu.edu/socwork/academics/nonprofit)
- **Piedmont Virginia Community College:** Workforce Service Nonprofit Management Classes (www.pvcc.edu/)
- **Radford University:** Nonprofit Development Certificate Program, Governmental and Nonprofit Assistance Center (www.gnac.radford.edu/)
- **Regent University:** Non-Degree Certificate in Philanthropic & Nonprofit Organizations (www.regent.edu/)
- **Tidewater Community College:** Academy for Nonprofit Excellence (www.tcc.edu/wd/academy/)
- **University of Richmond:** Certificate in Nonprofit Marketing and other courses from the Institute on Philanthropy (www.richmond.edu/scs/philanthropy)
- **University of Virginia:** School of Continuing and Professional Studies at campuses throughout the state (www.scps.virginia.edu)
- **Virginia Commonwealth University:** Especially for Nonprofit Organizations, Office of Community Programs (www.community.vcu.edu/programs/nonprofit/index.html)
- **Virginia Commonwealth University:** L.Douglas Wilder School of Gov't and Public Affairs, Graduate Certificate in Nonprofit Management (www.pubapps.vcu.edu)
- **Virginia Highlands Community College:** Online Nonprofit Management Certificate through Ed2Go (www.ed2go.com)

- **Virginia Tech:** Institute for Policy and Governance, Graduate Certificate in Nonprofit and Nongovernmental Management. Doctoral and Master's concentrations. (www.ipg.vt.edu)

And don't forget the very accessible and affordable training available at nonprofit resource centers across the state:

- **Bristol Organizations**, www.bristolorganizations.org/
- **Center for Nonprofit Excellence**, www.thecne.org
- **Nonprofit Nova**, <http://www.nonprofitnova.org/>
- **Nonprofit Resource Center of Western Virginia**, www.councilofcommunityservices.org/nrcwv/
- **Partnership for Nonprofit Excellence**, www.tcfichmond.org
- **Rappahannock Nonprofit Center**, <http://www.rnpc.org/>
- **Southside Virginia Nonprofit Resource Center**, www.svnrc-online.org
- **Volunteer Hampton Roads**, www.volunteerhr.org

Have we missed anything? If so, let us know at info@vanno.org.

Stay Exempt . . . Visit the IRS website, at www.irs.gov, for virtual workshops and web-based mini-courses on tax basics for nonprofits. Two new mini-courses include "Navigating IRS Resources for Tax-Exempt Organizations" (7 minutes) and "Political Campaigns and Charities: The Ban on Political Campaign Intervention" (16 minutes).

VANNO Services and Benefits

Protect Your Organization's Assets and Welcome Your New Board Members . . . In a sector where every dollar counts, protecting your organization's assets is critical. In Virginia, a 501(c)3 organization is mandated to cover the legal defense costs of an officer or director should that person prevail in a lawsuit brought against him or her as an officer or director of the organization. VANNO members can access competitive rates for Directors and Officers (D & O) Liability Insurance, thanks to VANNO's partnership with Monitor Liability. Their products provide broad coverage for board members, officers, volunteers, and staff. For more details contact Agent Andy Cooley, at Cooley & Darling Insurance Agency, Inc., (703) 881-0113, (703) 579-7891, or acolley@cd-insure.com.

Share Ideas and Network 24/7 . . . Thanks to its affiliation with the Society for Nonprofit Organizations (SNPO), VANNO members can access the "Nonprofit Forum"—an online tool that allows you to share ideas and network with other SNPO members and *Nonprofit World* authors. The Nonprofit Forum is grouped into categories (or "boards") that mimic many of the departments

in *Nonprofit World* magazine. Some of these boards include:

- Fundraising Forum
- Board Room
- People and Technology
- Legal Counsel
- Building Capacity

To participate in the Nonprofit Forum, no additional registration or payment is required. Just login to the SNPO Members Only section at www.snpo.org/members/ then click on "Nonprofit Forum". SNPO recently sent login info, via email, to all VANNO members. If you did not receive yours, contact Jason Chmura at SNPO at jchmura@snpo.org.

Legal and Regulatory Compliance

IRS Announces Release of 2008 Redesigned Form 990 Instructions . . .

The Internal Revenue Service has released the revised instructions that most tax-exempt organizations will need to fill out the redesigned Form 990, which must be filed starting with tax year 2008 (filed in 2009). Visit http://www.irs.gov/charities/article/0,,id=181089_00.html to access the instructions. Nonprofits filing the 2008 Form 990 should begin reviewing the new form and instructions in order to 1) identify which 990 form they will be filing, the 990 or the 990-EZ; 2) identify the organization's related organizations required to be listed on Schedule R; 3) identify the organization's officers, directors, trustees, and potential key employees and top 5 highest compensated employees; 4) review the new governance questions, which generally must be answered based on policies and practices in place on or before the last day of the 2008 tax year; and, 5) identify the schedules the organization will likely be required to complete.

VA Tax Commission Ruling Directs Nonprofits to Collect Taxes on the Sale of Event Tickets that Include Catered Meals . . .

In a recent ruling, the Commission responded to a nonprofit taxpayer who contested the assessment of tax and interest on the sale of event tickets to the nonprofit's members that included catered meals. The nonprofit contested that the primary purpose of the event was not the provision of a catered meal, but rather entertainment or business. In addition, the nonprofit claimed that it paid tax to its vendors for the taxable goods and services purchased for the event. Citing Title 23 of the Virginia Administrative Code (VAC) 10-210-930, the Commission ruled "Retail sales of meals by restaurants, hotels, motels, clubs, caterers, cafes and others are taxable. Cover, minimum and room service charges in connection with the provision of meals are a part of the sales price and are taxable." The Commission further stated that "Although the sales tax does not apply to admissions, in this case the admission is provided in conjunction with a taxable meal." "The event tickets sold to members included the provision of a catered meal. The fact that the primary purpose of the event may not be the catered meal does not alter the fact that the ticket price includes the provision

of a taxable meal." The Commission cited *Virginia Code* § 58.1-602 defining "sales price" to mean the "total amount for which tangible personal property or services are sold" Based on the definition of "sales price," the total charge for the ticket which includes the provision of a catered meal is taxable. For a complete copy of the ruling, visit <http://www.policylibrary.tax.virginia.gov/OTP/Policy.nsf>.

Political Activity Involving Nonprofit Websites . . . The IRS will look closely at a nonprofit's website links to other organizations to determine whether the 501(c)(3) organization has participated or intervened in a political campaign by way of its Internet activities. According to *Revenue Ruling 2007-41*, (June 18, 2007), considerations include the context for the link on the website and the "electronic proximity" of the links (number of clicks) between the 501(c)(3)'s website and a website favoring or opposing a candidate. See a copy of the letter to Exempt Organization Agents at <http://www.irs.gov/pub/irs-tege/internetfielddirective072808.pdf>.

Resources and Opportunities

IRS Updates Publication for Churches and Religious Organizations . . . A new edition of Publication 1828, *Tax Guide for Churches and Religious Organizations*, is now available at www.irs.gov

Announcements

VANNO invites article submissions from its Corporate and Consultant Members. Please forward to dwilliamson@vanno.org. Submission deadline is the 15th of the month.

From Principle to Practice

Does Your Organization Have Its Basic Governing Documents in Place? Nonprofits here in Virginia usually take one of three available legal forms—the nonstock corporation, the charitable trust, or the unincorporated association. Many are organized as nonstock corporations and, as such, should have Articles of Incorporation approved by the Virginia State Corporation Commission (SCC), the independent state agency that regulates business entities in the Commonwealth. Amendments to an organization's Articles of Incorporation must be approved by the SCC. Complementary to Articles of Incorporation, are the organization's Bylaws, which "[m]ay contain any provision for the regulation or management . . . that is not inconsistent with law or the articles of incorporation." Bylaws may be changed in accordance with their amending provision and amendments do not need to be approved by the SCC or any other entity. Federally tax exempt entities (those

bearing the 501(c) designation) have an ongoing obligation to notify the Internal Revenue Service of changes made to information on their application for tax exempt status. This application includes the organization's Articles and Bylaws—so, technically, amendments to Articles and Bylaws should be sent to the IRS. These documents should be kept among the organization's corporate files and reflect dates of their most recent updates. All Board Members should receive and review these basic organizational documents which outline the legal framework of the organization. Periodically, the Board should review these documents to 1) ensure the organization's practices and policies are in compliance with the Articles and Bylaws and 2) determine if amendments are needed to these basic documents.

VANNO believes in the power of its growing and diverse membership that includes nonprofits throughout Virginia. VANNO makes available a wide range of benefits to Virginia's nonprofit sector including group purchasing discounts, technical assistance, news, research, and advocacy. If your organization is not a member, JOIN NOW at www.vanno.org!