



VANNO Voice

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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.

The Economy

Governor Kaine Announces Revenue Reforecast

On October 9, Governor Timothy M. Kaine announced the official revenue reforecast, and immediately announced an executive spending [reduction plan](#) to meet the fiscal year 2009 shortfall. The Governor's plan reduces government spending by making operations more efficient and reducing the scope of some government programs, while protecting K-12 education and other critical government functions, like public safety. The cuts include reductions in the Governor's office and residence budgets, previously announced. Now, more than ever, nonprofits need to be making the case for public support. In the weeks ahead, [contact your representatives](#) in the Virginia General Assembly to educate them about how your organization works to make Virginia a more attractive place to live and do business.

Sustaining Nonprofits During Economic Downturns

by George L. Head, Ph.D.

As economic downturns reduce household incomes and lower investors' and consumers' confidence in the economy, nonprofits face especially troubling times..... [Read more](#) at the Nonprofit Risk Management Center.

VANNO Announcements

U.S. Senate Candidates Attend Successful Tri-Cities Regional "Building Bridges" Conference

Nearly 200 representatives from the nonprofit, business, local government and higher education communities came together for the Tri-Cities Regional Conference, "Building Bridges" in

- Fall Newsletter
- Group Health Insurance Meeting November 11 in Roanoke
- VANNO Members Access Benefits with the Society for Nonprofit Organizations
- Upgrade your Online Software and Skills
- Fieldstone Alliance Online Tools for Nonprofit Management
- Is your Organization Right for AmeriCorps?
- Feature Article: Uncovering the Value Proposition for Your Nonprofit: Utilizing Evaluation Effectively, PART I
- From Principle to Practice

September. The conference allowed participants to address regional challenges and opportunities, discuss the role of nonprofits, and facilitate collaboration among the region. The Candidates Forum – attended by U.S. Senate Candidates Mark Warner, Gail Parker and William Redpath provided an opportunity for the participants to engage those seeking elected office in a discussion about the region and the nonprofits that serve it. Watch the [video](#) of the Candidates Forum or read the [Progress Index](#) article.

Virginia’s Nonprofit Sector: An Economic Force

In September, *Virginia’s Nonprofit Sector: An Economic Force* was released detailing the significant fiscal impact of the nonprofit sector on Virginia’s economy. Highlights include:

- Nearly 350,000 workers are employed by Virginia’s nonprofits, including 211,000 paid workers and 139,000 full-time equivalent volunteers.
- The workforce makes the nonprofit sector the second largest employer in the state, behind only retail trade, and represents 5.9% of the state’s employment.
- Spend \$27 billion, including \$8 billion in wages and compensation each year Pay \$461 million to Virginia’s governments for income, sales and use taxes, and
- Provide a wide array of services in all regions of the Commonwealth that enhance the health, education, cultural life and general social welfare of Virginians.
- Growth in the nonprofit workforce in Virginia has exceeded that in the for profit and government sectors.

[Download the report](#)

Virginia’s Nonprofit Sector: An Economic Force was a joint report of the Johns Hopkins Center for Civil Society Studies, the Connect Network and The Community Foundation Serving Richmond and Central Virginia with funding support from VANNO, First Market Bank, Ukrop’s, The Cameron Foundation, The Norfolk Foundation, Center for Nonprofit Excellence, Jessie Ball DuPont Fund, the Mary Washington Hospital Foundation and the Rappahannock United Way.

Legal and Regulatory Compliance

Is your Organization Ready? 403(b) Retirement Plan Guidelines Are Changing

On January 1, 2009, a whole new world is coming for your 403(b) retirement program. To ensure that you and your members know about these changes (the most sweeping in 43 years), the National Council of Nonprofit Associations (NCNA) has arranged for Bob Architect, Senior Tax Law Specialist at the IRS, to present two webinars for the NCNA network – one with basic information and one that goes into more depth. The presentations – with time for Q & A – will be 75 minutes. \$35 for non-members, \$25 for state association (including VANNO) members. Learn more at [NCNA](#) or follow the links below to register.

[Tuesday, October 28](#) | 3:00 - 4:15 pm Eastern. A general presentation regarding the changes and how they will affect your organization. Designed for individuals who are not familiar with federal laws regulating employee retirement plans.

[Wednesday, November 12](#) | 3:30 - 4:45 pm Eastern. A comprehensive presentation regarding the changes for individuals who handle employee benefits and are familiar with retirement plans.

IRS Simplifies Advance Ruling Process for Public Charity Status of Section 501(c)(3) Nonprofits

On September 9, 2008, the IRS issued temporary Income Tax Regulations that simplify the process for nonprofits to secure tax-exempt status, eliminating the advance ruling process for a section 501(c)(3) organization.

What does this mean?

Basically, this will not affect many nonprofits – but for those that it does affect, it is good news because it simplifies things. Under prior law, when an organization applied to the IRS for recognition as a tax-exempt charitable organization under Section 501(c)(3), the IRS would issue an “advance ruling,” good for five years, that essentially granted the organization the equivalent of a “probationary status” to allow it to prove it could meet the public support test. Under the old system, at the end of the five years, the organization had to fill out yet another form pulling together certain information from past 990s to show it had enough public support. That step of an additional form is now eliminated.

Effective immediately under the new regulations, the IRS will automatically classify a new 501(c)(3) organization as a public charity for its first five years if it can show in its application that

it can reasonably be expected to be publicly supported. The nonprofit then files its 990 or 990-EZ each year as required. No extra forms are involved.

How does this affect a nonprofit that has already received its final “definitive” tax-exempt determination letter?

Not at all. If a nonprofit already has its final IRS determination letter, that determination letter controls. This change in the process does not affect the organization at all.

As has been the practice, the IRS monitors the organization’s public charity status using the public support information reported annually on the Schedule A of its Form 990, *Return of Organization Exempt From Income Tax*. The public support test is based on a five year computation period that consists of the current year and the four years immediately preceding the current year.

Public Policy Impacting Nonprofits

Update on GIVE Act – Congress Fails to Correct Mistreatment of Volunteers

With Congress now recessed at least until the November elections, no action is expected this year on the GIVE Act (S. 3429).

Although it looked like passage of the bill would occur, the unexpected \$700 billion Wall Street bailout bill wiped this and many other worthy issues off the table from consideration. Congress failed to vote on the GIVE Act or any other form of comprehensive legislation to address the unfair treatment of America’s volunteers. There has been some talk of Congress returning after the elections, although it is more likely that the bill will need to be reintroduced next year. Stay tuned for more information.

Read more about this bill and the support received from the nonprofit community at www.vanno.org/advocacy.

Training and Networking Opportunities

Sneak Peek of the 2009 Nonprofit Congress!

The 2009 Nonprofit Congress is coming up in just a few short months! From May 14-16, 2009, nonprofit leaders from across the country will gather in New Orleans to exchange knowledge, plan for action, and celebrate our collective strength. Early bird registration will open soon, so start planning and budgeting now! To learn more and get a sneak peek of this fantastic gathering, [visit their website](#).

Earn a CVA – Certified in Volunteer Administration

Do you mobilize and manage volunteers? Are you looking for a way to strengthen your professional credibility? If so, now is the time to consider earning the CVA (Certified in Volunteer Administration) credential, originally developed by the Association for Volunteer Administration and now sponsored by the Council for Certification in Volunteer Administration. The deadline for registering for the next cycle is March 1, 2009. Learn more at www.CVAcert.org

VA's Office of Community Capacity Building Focusing On Using Technology in Fall Newsletter

The Office of Community Capacity Building's fall newsletter features information and tips on using online technology to communicate with stakeholders, raise awareness of your organization and even build community among members.

[Download the newsletter](#).

VANNO Services and Benefits

Group Health Insurance Meeting November 11 in Roanoke

Do you worry about the rising costs of health insurance plans for nonprofit organizations? Then take advantage of this great money-saving VANNO member benefit! The Virginia Network of Nonprofit Organizations (VANNO) has partnered with the Center for Nonprofit Advancement in Washington, DC to offer a group health insurance plan to nonprofits throughout Virginia.

To learn more, VANNO's next information meeting: November 11, 2008

9:30 – 11 a.m.

RADAR Transit

2762 Shenandoah Ave., Roanoke

Meeting is free, but seating is limited. Registration is recommended.

[Register today.](#)

VANNO Members Access Benefits with the Society for Nonprofit Organizations

As a part of your VANNO membership, member organizations receive a free subscription to the bi-monthly newsletter *Nonprofit World* (a \$59 value), monthly issues of *Funding Alert*, a subscription to the on-line funding database GrantStation and a weekly email newsletter, *Grantsation Insider*, discounts for the Learning Institute and many additional online archival resources and recruitment tools.

Resources and Opportunities

Upgrade your Online Software and Skills

Idealware offers training seminars, articles and information on selecting and using appropriate software for your organization. [Click here](#) for more information, including a schedule of upcoming seminars. VANNO member organizations receive a discount on Idealware seminars.

Fieldstone Alliance Online Tools for Nonprofit Management

Recent Newsletters: “Do-it-Yourself Market Research Part I: [Analyzing The Competition](#)” and “Part II: [Tracking Trends](#)”. VANNO members receive a discount on Fieldstone publications.

Announcements

Is your Organization Right for AmeriCorps?

The Virginia office on Volunteerism and Community Service and the Corporation for National and Community Service Virginia State Office are sponsoring a series of orientation sessions for organizations interested in acquiring AmeriCorps members and administering an AmeriCorps State of VISTA

program. Remaining in-depth informational sessions will be held in Falls Church November 6, Hampton Roads November 20, Danville December 4 and Richmond December 5. Visit www.vaservice.org to register for a session and take short assessment to find out if your organization has the capacity for successfully competing for an AmeriCorps grant.

Feature Article

Uncovering the Value Proposition for Your Nonprofit: Utilizing Evaluation Effectively, PART I

By Trina Willard, Transformation Systems, Inc.

A 2006 study conducted by the Center for Nonprofit Success found that many nonprofits surveyed had well-maintained administrative systems, a strong web presence, high levels of board involvement, and an effective volunteer base. At the same time, many organizations admitted to unclear policies in the areas of (i) salaries and promotions, (ii) program evaluation, (iii) conflict resolution, (iv) mentoring, and (v) succession planning. (1)

Consumers and individuals use products and services which are determined to be valuable, credible, and efficient. Likewise, nonprofits, similar to for-profit businesses, are expected to demonstrate their abilities to reach certain standards. Nonprofits compete in four areas:

Clients – those you directly serve

Funding – benefactors, ongoing donors, grants

Human Resources – your Board, your staff, your volunteers

Media Attention – positive coverage about your programs.

Competition in the area of funding alone has become increasingly intense in recent years due to limited monies from private and government agencies that would frequently support these programs, along with decreased contributions from benefactors and increased operational costs.

So, how do nonprofits compete successfully? One key method is program evaluation. Program evaluation can address the questions: Is your program really making an impact? And, in what concrete ways is your program making an impact? Program evaluation is a diverse set of valuable tools that can be used to provide program administrators and stakeholders with

meaningful information to move organizations forward.

Evaluation Offers Valuable Benefits:

Why must nonprofits embrace appropriate evaluation techniques to uncover their value proposition? Consider these benefits:

- Informed Strategic Planning
- Increased Operational Knowledge
- Identified Opportunities for Program Improvement
- Enhanced Fundraising Success
- Demonstrated Stewardship and Accountability

In conducting evaluation, it is important to note that simply collecting data is not enough. You must collect meaningful data that you can convert into information and provide to third parties to demonstrate your program's results. You may know, for instance, how many clients your program has served, training courses delivered, attendees who completed programs, etc. However, few nonprofits can go further and provide concrete results that describe the program outcomes for clients served, effectiveness of training, and economic impacts on the community at large.

Make no mistake – the few who can answer these questions are nonprofit leaders. When you are better prepared and more able to provide relevant and credible information on the value proposition to interested stakeholders, you achieve competitive advantage in gaining the mindshare of clients, donors, sponsors, and media.

For more information on how evaluation can support your nonprofit organization, please contact Trina Willard at Transformation Systems, Inc. (tw@transformationsystems.com or 804-370-4095).

References

(1) Center for Nonprofit Excellence, 2006 Nationwide Study, www.cfnps.org

**Transformation
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804-370-4095**

Is Your Organization Complying with Virginia's Charitable Registration Requirements?

The Virginia Office of Consumer Affairs (OCA) is responsible for the administration of the [Virginia Solicitation of Contributions Law](#). The law requires any organization soliciting in Virginia to file with OCA. Unless your organization meets one of the statutorily defined exceptions, it should be register annually. Registration does not imply endorsement of a public solicitation for contributions. Consumers (aka potential donors) can use the search option at OCA's website (http://www.vdacs.virginia.gov/consumers/cgi-bin/char_search.cgi) to determine the filing status and other information about charitable organizations, professional fundraising counsel and professional solicitors. For more information on filing requirements, including downloadable forms, visit the OCP website at <http://www.vdacs.virginia.gov/consumers/index.shtml>

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 members, JOIN NOW at www.vanno.org!