THE VANNO VOICE

Virginia Network of Nonprofit Organizations (VANNO)

Providing affordable information, resources and advocacy for nonprofit organizations throughout Virginia.

August 2007

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.

August Classes & Training Opportunities

Fairfax:

Working with Alternative Community Service Volunteers
August 8, 8:30 am - 10:30 am

Volunteer Management Boot Camp
August 16, 8:30am - 10:30 am

Contact: Volunteer Fairfax, Emily Gibbs, 703-246.3460, ext.0
www.volunteerfairfax.org

Tri Cities:

Nonprofits and the HR Function
August 15 and 22, 9:00 am - 11:00 am
Hopewell Public Library
Contact: Focus INC Series, 804-957-5913

Norfolk:

Improving the Effectiveness of Your Nonprofit Board
August 9 & 15

Training and Facilitation
August 28

Contact: Academy for Nonprofit Excellence, Tidewater Community College, www.tcc.edu/wd/academy or Lillian Bailey, tcbaill@tcc.edu

August 9 Call: Learn more about Form 990 revisions

The Internal Revenue Service (IRS) has released a draft of major revisions of the Form 990 for public comment and is interested in hearing from the general nonprofit community, particularly encouraging those representing smaller nonprofits. The new draft proposes significant changes to the ways in which public charities and other exempt organizations will report information on finances, fundraising activities, governance, executive and board compensation, and program services.

The National Council of Nonprofit Associations (NCNA) has invited IRS representative Theresa Pattara to discuss changes and field questions during a conference call on **August 9, 2007 at 3:00 pm EDT.**

This is your chance to get answers to your questions direct from the IRS and offer your feedback on the revised form. Your participation in this call will ensure that the IRS final revision of Form 990 increases compliance, promotes transparency, and minimizes the filing burden on nonprofits like yours.

Registration cost is only $10. *Space is limited to the first 90 registrants, so sign up today!*

To Register: http://givevoice.org/ncna/events/ncna990call/details.tcl

For More Information: Contact Christine Hanson, NCNA, at 202-962-0322 or publicpolicy@ncna.org.

A simple fact sheet about the proposed changes is available at: www.ncna.org/_uploads/documents/live//IRSForm990FactSheet.doc

VANNO Offers State Health Plan for Nonprofit Employees

After months of exploration and negotiation, VANNO has announced a partnership with its sister organization, the Center for Nonprofit Advancement, to provide group health insurance benefits to VANNO member organizations.

Through this partnership, Virginia's nonprofit sector will have access to the Center's health care program, which has offered comprehensive benefits to nonprofit organizations in the Washington, DC metropolitan area for more than 20 years. The key features of the Center's health plan include a broad choice of health plans, guaranteed issue of medical coverage, and the option of COBRA coverage for employees.

VANNO member nonprofits will be able to join the Center for Nonprofit Advancement for $100 a year (if located outside the Center's Northern Virginia service area) and have access to all the benefits available in the Center's Health Care Program, including medical provided through insurance carriers Kaiser Permanente and United Healthcare; dental; vision; and life insurance.

VANNO will conduct informational seminars around Virginia in late summer and early fall for nonprofits interested in accessing group health insurance benefits through this partnership. In the meantime, a fact sheet with more details is posted on VANNO's website at www.vanno.org.

September Conference for Nonprofit Executives and Board Members

If you've ever heard the phrase "Bored Board Meeting" then you will want to save the date for this year's Especially for Nonprofit Organizations' (ENPO) Annual Conference scheduled for Thursday, September 27, 2007. The conference will be hosted by one of the program funding partners Capital One at their West Creek Campus Town Center from 8:30-1pm. Registration begins at 7:30am. Breakfast and lunch will be served.

The topic "Governance as Leadership" is especially pertinent for executives and board members. William P. Ryan, author of critically acclaimed Governance as Leadership: Reframing the Work of the Nonprofit Board, is the keynote speaker. Ryan will address the practice of "governance as leadership" and how the generative process offers board members more meaningful and consequential work -- and nonprofit organizations the benefits of an engaged, value-adding board.

More details available soon, or contact Deborah Cuny, 804-828-8838 or cunyd@VCU.EDU.

Media Resources

If you want more information on how to create or implement a communications strategy, check out these free resources:

- The "Smart Chart" www.spitfirestrategies.com/pdfs/smart_chart_2.pdf is designed as a tool to help integrate communications and social change goals. This free 17 page booklet walks you through specific steps to build a mission-based communication plan.
- Profiles in Caring www.profilesincaring.com will pay all production costs for 30-minute documentaries about nonprofit programs and is currently seeking submissions. This is a resource dedicated to broadcasting good news about good work being done throughout the world.

Source: Nonprofit Congress Update, June 2007

Collecting Donations: Think Smart

Collecting donations, fees and monies from fund raising events and donors is an extremely important part of nonprofit activities. A lot of time and effort is spent encouraging and requesting individuals and organizations to contribute to worthy causes. Once an individual or organization makes a donation, there are costs associated with processing such. These costs can vary widely.

If donations are made with checks, the costs associated with such include collecting and receiving the check, entering the information in the general ledger, preparing the check for deposit, and depositing the check. There's always that concern in the back of one's mind of keeping the check safe (i.e. prevention of ID theft for your donors). According to NACHA (National Automated Clearing House Association), the average cost of depositing any check is approximately $2.00. If an organization receives 200 checks per month, that's $400 to process those donations. If organizations aren't efficient with check processing, the costs will be higher.

If donations are accepted with credit cards, monthly fees vary from 2% to 10% and even higher. The typical fee for accepting credit cards is around 3%. If 200 donations averaging $50 per donation were accepted, then the monthly credit card fee would be approximately $300.00 (200 X 50 X 0.03).

The alternative method to accepting donations is to allow donors to donate online using the ACH system (Automated Clearing House), frequently called direct debits. This is the system that the government uses to pay social security. It's also the system that many are using to pay their bills online. According to NACHA, the cost to process donations online using the ACH system is about 7% of the cost of accepting a check. This means that accepting those 200 checks electronically could be reduced to approximately $28. Now that's cost effective!!!

Nonprofit organizations investigating online donation services should seriously consider providers using direct debits (the ACH system) to reduce and minimize donation processing costs, so that more of the funds donated will reach those in need.

For questions or more information, please contact Jeff Hammond at 866-603-1352 or at jhammond@donorbuddy.com. Or visit www.donorbuddy.com.

650,000 Charities To Get Letter From IRS

The Internal Revenue Service (IRS) has begun mailing educational letters to more than 650,000 small tax-exempt organizations that might be required to submit a new annual notice, Form 990-N, the "Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ."

IRS expects to mail the letters over a period of several months, finishing in December. With the enactment of the Pension Protection Act of 2006 (PPA), the majority of small tax-exempt organizations are now required to submit the e-Postcard. Previously, tax-exempt organizations with gross receipts of $25,000 or less were not required to submit information returns. The first e-Postcards are due in calendar year 2008. The IRS intends to have an option available for free electronic submission of the e-Postcard.

"We're sending these educational letters to all the small exempt organizations in our records because we want to make sure they all know about the new requirement," said Lois G. Lerner, director of the IRS Exempt Organizations division. "The new e-Postcard reporting requirement is simple and straightforward, but organizations shouldn't ignore it, or they risk losing their tax-exempt status."

Any organization that fails to meet its annual reporting requirement for three consecutive years automatically loses its tax-exempt status under the new law. An organization that wants to regain its exempt status will then have to reapply for recognition as a tax-exempt organization.

"The IRS calls the new form an e-Postcard because it is short, easy and electronic," Lerner said. "And organizations will be able to submit it free of charge." The e-Postcard requires small organizations to provide a legal name and mailing address, any other names used, a Web address if one exists, the name and address of a principal officer and a statement confirming the organization's annual gross receipts are normally $25,000 or less.

Further details, including exceptions to the reporting requirement and a copy of the educational letter, are available in the charities and non-profits section of www.IRS.gov

Source: July 17, 2007 NonProfit Times

Do Your Homework, Do Your Duty: Ten Ways to Protect Your Organization When Engaging Outside Services

By Christopher Trent Kaplan

Whether you're hiring a consultant to advise your organization on a major restructuring effort, looking for an IT solution from an outside source, or even just considering accepting a service for free, it pays in the long run to do your due diligence, i.e., to research the service provider. It's not a matter of doubting your potential business partner but of protecting yourself in the event of any unforeseen difficulties or misunderstandings. Especially with the fluctuations in legislation regarding nonprofit funding and finances, it's essential to cover all your bases to make sure a transaction will go smoothly for all involved.

Here are some tips to consider when dealing with a contracting party. Telajet, a business and legal strategy company, advises organizations hiring outside services to appoint a "contract manager" who will be responsible for carrying out the due-diligence investigation. With these tips and some sound legal advice, you should well equipped to make a smart contracting choice.

1. **Check references.** Especially if you have not heard of the individual or company, you should check with other third parties that have dealt with them. See what their experiences have been like and if there were any problems or issues that might affect your own dealings. Use your network of direct and indirect contacts whenever possible to get intelligence from trusted sources.
2. **Remember that even "free" services can be costly.** We've heard that no lunch is free. Although in the nonprofit world that's not always the case, even services carried out at no charge need to be dealt with carefully. Intellectual property and ownership questions can arise, so it's best to define these and similar issues clearly and specifically, just as you would if you were paying for the services.
3. **Don't be afraid to ask.** A company or individual willing to take part in a business transaction should not hesitate to confirm financial integrity. Transparency regarding business health will inform you of the contracting party's economic strength and commitment to openness.
4. **Do your due diligence on dues.** Access any available market information on the contracting party to get a better idea of their financial situation and ability to fulfill their contractual obligations. When possible and practical, seek competitive proposals to help ensure you are getting the best pricing and value.
5. **Know who you're dealing with.** No matter the size of the company, you should know who the controlling members are and, ideally, work with them directly. Use Internet search portals to research news and articles regarding the company and key individuals within the company.
6. **Be hands on.** Be involved as much as possible with the people you plan to hire. Keeping in direct contact with clear communication will go a long way toward heading off potential problems.
7. **Keep in continuous communication.** It's important to be aware of any changes in your contracting party's situation that may affect their work for you. Likewise, if any pertinent changes occur within your own organization, you should inform the contractor promptly.
8. **Keep your options open.** If you have several parties contending for a single contract, consider conducting more than one round of interviews to get a feel for each party's communication skills, openness, and work style. Identify and interview the exact individuals, or team, who will be performing the work. Ask for a résumé of work experiences that match your exact need.
9. **Stay up to date on the latest schemes.** Unfortunately, just because you're working in an industry that promotes ethical conduct and philanthropic values doesn't mean that everyone else always upholds these ideals. Be aware of the newest tricks of the trade, especially when it comes to e-mail and other Internet schemes. The Better Business Bureau is always a good resource that keeps a close eye on this sort of activity. They have an alert page that also links to other tips and information to help you protect your organization. The BBB's nonprofit-oriented site, www.give.org, also maintains an article database worth checking out.
10. **Leave it to legal counsel.** There's nothing wrong with seeking advice from a lawyer while you're in the process of negotiating a contract with a third party. In fact, this is a basic way to protect both yourself and your potential partners from trouble down the road. If you're at all unsure about a potential contract's terms or commitments, get legal advice. Even if you're not, consulting with an attorney is often a good idea. Never enter into a contract where you do not fully understand the

price, contract term, deliverables, and termination conditions.

More Information

- "Schemes Against Businesses," www.bbb.org/alerts/article.asp?ID=454
- "Selecting the Right Vendor or Consultant," www.techsoup.org/learningcenter/techplan/page5398.cfm
- "Strategy Resources: Contracting," www.telajet.com/id73.html

Source: Philanthropic Research, Inc. (GuideStar)

Books Worth Reading

The Disability Handbook -- The Virginia Office on Volunteerism and Community Service has created a valuable resource for anyone involved with the disabled in community service. The Disability Handbook features information on volunteer recruitment of persons with disabilities, so that all individuals have the opportunity to serve their communities. The handbook provides a disability inclusion overview, the philosophy and basics of the Americans with Disability Act, information on how to accommodate volunteers with disabilities, a volunteer manager's guide to disability inclusion, and a listing of Virginia disability resources. Available as a free download at: www.vaservice.org/uploads/public/AmeriCorps_State_National/Policy_Guidelines/index.php?dir=Disability_Handbook

When Everyone's a Volunteer: The Effective Functioning of All-Volunteer Groups
Author Ivan Scheier assists and inspires leaders of volunteers especially in all-volunteer efforts such as service clubs, community groups, PTAs, or religious congregations. From his years of experience as a volunteer and volunteer manager, Scheier offers real-life examples and practical tips including developing a powerful purpose, increasing inclusivity, and maintaining continuity on a bare-bones budget. A highlight of the book is a collection of easy-to-conduct group interaction exercises. Order from: Energize, Inc., www.energizeinc.com or call 215-438-8342.

September Conference: Your Money or Your Mission?

September 26-29, 2007 Arlington, VA

This national conference presented by the National Center on Nonprofit Enterprise (NCNE) and its partners will offer keynote speeches, seminars and master classes on how a nonprofit can be sustainable and true to its mission. Topics will include:

- Planning to achieve Mission.
- Securing Resources.
- Managing Risk.
- Nonprofits and Business.

More details available at www.nationalcne.org.

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.

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