



New Nonprofit Compliance Laws: What you need to know and do now



CPAs Specialized in the Not-for-Profit Industry



STRENGTH IN NUMBERS SINCE 1983

Focus on Your Mission Rather Than Your Financials

The needs of not-for-profit organizations are very unique. For 40 years, we have been an industry leader serving more than 70 local and national not-for-profits annually, including civic organizations; health and welfare agencies; schools and educational institutions; arts, cultural, and religious organizations; trade and professional associations; and private foundations.

Our team has the expertise, including ensuring compliance with *Government Auditing Standards* (Yellow Book) and the Uniform Guidance, to give you peace of mind and let you focus on your mission, rather than your financials.

What Makes Us Different

- Serving the not-for-profit industry since 1983
- Commitment to not-for-profit practice and the communities we serve
- Extensive industry knowledge
- Staff continuity
- Memberships providing extensive resources
- Highest rating on AICPA peer reviews
- Cost-effective fee structure

Whether you need audit, tax, accounting, bookkeeping, or strategic and consulting support, we can help. Please contact a member of our Not-For-Profit Committee for more details.



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Exclusive Member Tampa Bay Region

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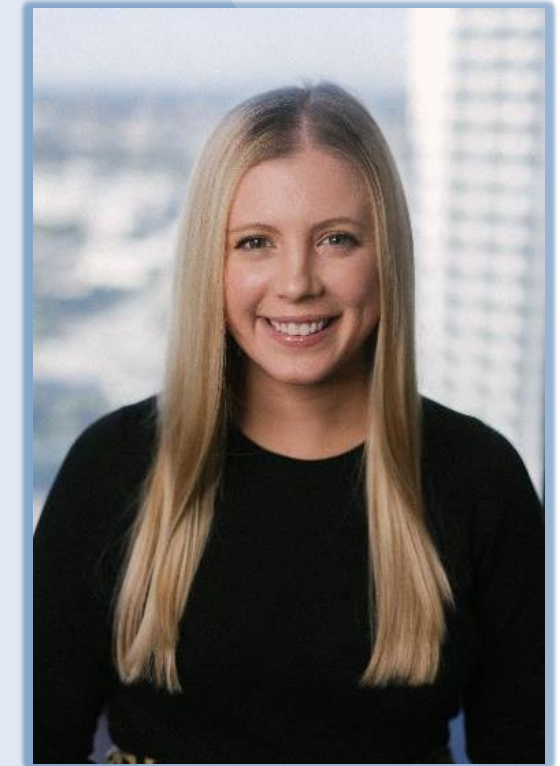


Community Involvement:
70+ Charities & Local Universities

Brooke Bauerle Dawson, CPA

Brooke Bauerle Dawson joined Rivero, Gordimer & Company in 2014. Prior to joining the company, Mrs. Dawson spent 2 years in Forensic Accounting and Litigation support and has experience in both civil and criminal cases.

Mrs. Dawson has experience in auditing governmental, educational organizations, and not-for-profit organizations. Additionally, Mrs. Dawson has experience with various commercial organizations.



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Stephanie A. Smith, CPA

Stephanie Smith joined RGCO in 2022 with over 20 years of not-for-profit auditing and consulting experience. She graduated from the University of South Florida. Ms. Smith has experience with numerous non-profit organizations, including those with HUD programs, affordable housing, substance and mental health programs, as well as community programs and immigration programs. She currently serves on the board of Clearwater Arts Alliance and was recently nominated to Clearwater Jazz Festival Foundation board.

Stephanie spends a significant amount of her time serving our nonprofit clients, especially those who need Uniform Guidance and Florida Single Audit Act audits. Stephanie also works on employee benefit plans, rent-to-own companies and closely held businesses.

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Agenda



Importance of Ongoing Compliance



Why should I maintain compliance?

- Maintain Tax-Exempt Status
 - Building Trust and Credibility
 - Protecting the Organization's Mission
 - Avoiding Legal and Financial Penalties
 - Maintain Funding and Future Opportunities
- 

What happens if you don't follow the rules ?

Hurts the Mission

Loss of Tax-
Exempt Status

Loss of Grant
Funds

Damaged
Reputation

Potential
Litigation

Increased
Oversight

Financial
Penalties

Key Areas of Compliance

Key areas of compliance for all organizations include -

- Organization's Governance
- Financial Recordkeeping
- Regulatory Reporting Requirements
- Laws and Regulation
- Grantor Compliance Requirements

Form 990 and Tax Compliance



PURPOSE OF FORM 990

Form 990 is the IRS' primary tool for gathering information about tax-exempt organizations, educating organizations about tax law requirements and promoting compliance.

Organizations use the Form 990 to share information with the public about their programs.

Many states rely on the Form 990 to perform charitable and other regulatory oversight.

The image shows the top portion of Form 990, 'Return of Organization Exempt From Income Tax' for the year 2023. The form is issued by the Department of the Treasury, Internal Revenue Service. It includes the following sections:

- Header:** Form 990, Return of Organization Exempt From Income Tax, OMB No. 1545-0047, 2023, Open to Public Inspection.
- Part I Summary:** A table with columns for 'Prior Year' and 'Current Year'. Rows include:
 - 1. Briefly describe the organization's mission or most significant activities.
 - 2. Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets.
 - 3. Number of voting members of the governing body (Part VI, line 1a).
 - 4. Number of independent voting members of the governing body (Part VI, line 1b).
 - 5. Total number of individuals employed in calendar year 2023 (Part V, line 2a).
 - 6. Total number of volunteers (estimate if necessary).
 - 7a. Total unrelated business revenue from Part VIII, column (C), line 12.
 - 7b. Total unrelated business taxable income from Form 990-T, Part I, line 11.
 - 8. Contributions and grants (Part VII, line 1h).
 - 9. Program service revenue (Part VIII, line 2g).
 - 10. Investment income (Part VIII, column (A), lines 3, 4, and 7d).
 - 11. Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).
 - 12. Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12).
 - 13. Grants and similar amounts paid (Part IX, column (A), line 1-3).
 - 14. Benefits paid to or for members (Part IX, column (A), line 4).
 - 15. Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).
 - 16a. Professional fundraising fees (Part IX, column (A), line 11a).
 - 16b. Total fundraising expenses (Part IX, column (D), line 25).
 - 17. Other expenses (Part IX, column (A), lines 11a-11d, 11f-24a).
 - 18. Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).
 - 19. Revenue less expenses. Subtract line 18 from line 12.
 - 20. Total assets (Part X, line 1b).
 - 21. Total liabilities (Part X, line 2b).
 - 22. Net assets or fund balances. Subtract line 21 from line 20.
- Part II Signature Block:** Includes fields for the signature of the officer, the preparer's name and title, and the preparer's signature and date. It also includes a checkbox for 'PTIN of preparer'.
- Footer:** 'May the IRS discuss this return with the preparer shown above? See instructions.' and 'For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 1138BY Form 990 (2023)'.

FILING REQUIREMENTS

- Form 990 N
 - Gross receipts normally less than \$50,000
- Form 990 EZ
 - Gross receipts less than \$200,000 during the tax year AND
 - Total assets less than \$500,000 at end of the tax year
- Form 990
 - All others
- Form 990 PF
 - Private foundations



FILING REQUIREMENTS

- When, Where and How to File Form 990
 - 15th day of the 5th month after NPO's accounting period ends
 - May 15th for a calendar-year filer
 - If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day
- Extensions
 - Apply for a 6-month automatic extension using IRS Form 8868
 - **Hurricane extension - calendar year 2023 returns due 05/01/25**

TELLING YOUR STORY

- The Form 990 is a public document noting the following:
 - Mission
 - Significant activities and accomplishments
 - Program expenditures
 - Operational effectiveness
 - Organization stability



- The Tax-Exempt Organization Search (TEOS) tool:
 - Allows users to look across multiple data files for information in one search
 - With the new tool, users can view images of an organization's:
 - Forms 990, 990-EZ, 990-PF, 990-T (501(c)(3) organizations only)
 - Favorable determination letters issued by the IRS when an organization applied for and met the requirements for tax-exempt status

Uniform Guidance and Single Audit



What has Changed?

The Uniform Guidance 2024 Revision introduces measures for burden reduction, aiming to lessen administrative complexities for recipients.

Agencies are directed to implement the revisions by October 1, 2024, but agencies may elect to early adopt. As such, specific implementation dates may vary by grant.

- Consult with relevant federal agencies regarding their implementation timeline

Summary of Threshold Changes

Topic	Description
Single Audit Threshold	Increased from \$750,000 to \$1,000,000. Does not apply to state thresholds.
Recognizing Recipient Costs	De minimis indirect cost rate increase from 10% to 15%. Threshold for applying subawards to indirect rate also increased from \$25,000 to \$50,000
Equipment & Unused Supplies Threshold	The threshold for equipment value recipients can retain, sell, or dispose of without further responsibility to the Federal agency from \$5,000 to \$10,000. The threshold to require selling of Unused Supplies threshold remaining at the end of a grant period similarly increased from \$5,000 to \$10,000.
Fixed-Amount Awards Subawards	Increased from \$250,000 to \$500,000

Changes in Fund allocation

The Uniform Guidance 2024 Revision emphasizes the importance of evaluation in understanding the effectiveness and impact of grant programs.

Recipients are encouraged to allocate a portion of their funding towards the following activities:

- Evaluation activities
 - Data systems, personnel & Cybersecurity
 - Community engagement activities
- 

Additional Changes

- Guidance set for the simplification and accessibility in grant announcements.
- Revisions to address labor standards which highlights the importance of organized labor & contractors with the goal of promoting fair labor practices and workforce inclusion

Changes in State of Florida Charitable Solicitation Rules



What Changed and Who Was Affected?

- Florida Statutes - Chapter 496 - Solicitation of Funds
 - Florida Department of Agriculture & Consumer Services
 - Printed - about 26 pages
- Effective July 1, 2024, certain changes were made that impacted all exempt organizations - "small" and "not small".
- For all - defines & clarifies "street address"
 - Updates term throughout statute
 - Removes "residence", "mailing", and "home"
 - Does not include a virtual office, post office box, or a mail drop

Rules for Small Organizations

What Changed ?

➤ **Old Rules**

- Charitable organization or sponsor with less than \$50,000 in total **revenues (including contributions)** during the immediately preceding fiscal year.
- \$10 Fee

➤ **New Rules**

- Charitable organization or sponsor has less than \$50,000 in total **contributions** during the immediately preceding fiscal year.
- Removed \$10 Fee

Rules for Small Organizations

What Didn't Change -

- Must have no paid volunteers, officers or members
- Must **not** utilize a professional fundraising consultant, solicitor, or co-venturer.
- Must file full form within 30 days after the date its contributions exceed \$50,000.

Filing Requirements for Small Organizations -

- Files Solicitation of Contributions Small Charitable Organizations/Sponsors Application (FDACS - 10110)
- No extension for filing the Solicitation of Contributions Annual Financial Reporting Form (FDACS-10122)

What is a Commercial Co-Venturer ?

- **Commercial Co-venturer** - “a person who, for profit, regularly and primarily is engaged in trade or commerce other than in connection with solicitation of contributions and who conducts a charitable sales promotion or a sponsor sales promotion.” [Florida Statutes 496.404 (4)]
- **Example** - % of sales restaurant promotion
- **Florida** - no formal registration requirements for commercial co-venturers.
 - FL Statutes 496.414 - Duties of Commercial Co-Venturers
 - Have written consent from non-profit
 - Provide a final accounting to non-profit within 10 days of the request.
 - Co-venturer must maintain accounting for period of 3 years.
 - Provide a final accounting to Department 10 working days after request is made.

Rules For “Not Small” Organizations

What Changed ?

- Under section 496.407(3), the statutory revision **eliminates** the previous provision allowing a 180-day extension for filing financial statements.
- **Good News!** If you have an extended due date with the IRS, you may request an extension, and they will match the extended date.
- **Submit a copy of Form 8868 “Application for Extension of Time to File an Exempt Organization” The extension is not automatic. You must request it from FDACS.**
- Storm extensions - cumulative impact of all three IRS extensions on the Tampa Bay Area, extends certain deadlines falling on or after August 1, 2024 and before May 1, 2025 to May 1, 2025.
- You **may** be able to get an additional extension from the Department.

Rules For “Not Small” Organizations

What Didn't Change ?

Financial Statement Audit Requirements

- Less than \$500,000 in annual contributions - compilation, review or audit is optional.
- At least \$500,000 and less than \$1 million in annual contributions - review or audit is required.
- \$1 million or more in annual contributions - audit is required.
- May submit a Form 990 or 990-EZ in lieu of financial statements
- Forms or schedules submitted by organizations with \$500,000 or more contributions, must be prepared by CPA or other similar professional

Rules For All Organizations

What Didn't Change -

Disclosure Requirements

- Every solicitation, confirmation, receipt, or reminder of a contribution must **"conspicuously"** display the following statement -

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

- The statement must also include a toll-free number and website for the division - The toll-free number is 1-800-HELP-FLA (435-7352), and the website is FDACS.gov

Rules For All Other Organizations

Disclosure Requirements - Continued

- For websites, the disclosure is required to be on any webpage that includes -
 - a mailing address where contributions are to be sent
 - a telephone number to call to process contributions
 - a way to contribute online (“the donate button”)
- For multi-piece solicitation materials, statement must be prominently displayed.

Board Best Practices



General Best Governance Practices

General Best Practices - The basics haven't changed!

- Clarify Roles and Responsibilities
- Develop and follow governance policies
- Recruit and orient board members effectively
- Establish clear strategic goals and monitoring mechanisms
- Regularly evaluate board performance
- Establish board committees
- Enhance communication and transparency
- Stay informed and educated

Key Policies

There are several key policies that every board should have -

- Code of Ethics and Conduct Policy
- Conflict of Interest Policy**
- Whistleblower Policy **
- Documentation Destruction and Retention Policy **
- Financial Management Policy (including investment policy)
- Gift Acceptance Policy
- Social Media Policy

** Policy questions asked by the IRS, but not required by the IRS.

Governance and Oversight

- Look for checklists and other tools such as the IRS Governance Checklist.
- This checklist is used by the IRS to evaluate public charities and offers a sneak peek as to what the IRS specifically looks at regarding governance.
- AICPA also has a Board Member Orientation Checklist available.

Governance Check Sheet					
<i>This check sheet is to be used by EO Revenue Agents in the examination of I.R.C. 501(c)(3) public charities. Please complete all parts of this check sheet.</i>					
Part 1 - Revenue Agent and Exempt Organization Information					
1. Agent Name	<input type="text"/>				
Group Number	<input type="text"/>				
2. Organization Name	<input type="text"/>				
3. EIN	<input type="text"/>				
4. Tax Period(s) Examined	<input type="text"/>				
5. Form Being Examined	<input type="text"/>				
6. Foundation Code	<input type="text"/>				
Part 2 - Governing Body and Management					
7. Does the organization have a written mission statement that articulates its current I.R.C. § 501(c)(3) purpose(s)?	<input type="text"/>				
Select one of the options.					
8. Do the organization's bylaws set forth the following information for the members of the governing body and the organization's officers? Select one of the options from each of the drop down boxes.					
Composition	<input type="text"/>				
Duties	<input type="text"/>				
Qualifications	<input type="text"/>				
Voting Rights	<input type="text"/>				
9. Have copies of the most recent versions of the organization's articles and bylaws been provided to the following? Select all that apply.					
<input type="checkbox"/> All Board Members	<input type="checkbox"/> Only Voting Board Members	<input type="checkbox"/> General Public (by request)	<input type="checkbox"/> General Public (online)	<input type="checkbox"/> Not Provided	
10. At the beginning of the primary year under examination, what was the number of board members with voting rights? Enter a whole number.	<input type="text"/>				
11a. How often did a quorum of voting board members meet during the primary year under examination? Enter a whole number.	<input type="text"/>				
11b. How often did the full board meet during the primary year under examination? Select one of the options.	<input type="text"/>				
12. Did the number of meetings referred in 11a and 11b meet or exceed the meeting requirements set forth in the organization's bylaws? Select one of the options.	<input type="text"/>				
Part 3 - Compensation					
13. Are compensation arrangements for all officers, directors, trustees, and key employees approved in advance by an authorized body of the organization composed of individuals with no conflict of interest with respect to the compensation arrangement? Select one of the options.	<input type="text"/>				
14a. Does the authorized body rely upon comparability data in making compensation determinations? Select one of the options.	<input type="text"/>				
14b. If "Always" or "Sometimes" for 14a, select the comparability data considered by the organization? Select all that apply.					
<input type="checkbox"/> Exempt Organizations	<input type="checkbox"/> Non-Profit Entities Not Exempt From Tax	<input type="checkbox"/> Governmental Entities	<input type="checkbox"/> For-Profit Entities	<input type="checkbox"/> Other	
14c. If the "Other" box is checked for 14b, provide a brief explanation of the other source.	<input type="text"/>				
15. Is the basis for all compensation determinations contemporaneously documented. Select one of the options.	<input type="text"/>				
Part 4 - Organizational Control					
16a. Did any of the organization's voting board members have a family relationship and/or outside business relationship with any other voting or non-voting board member, officer, director, trustee, or key employee? Select one of the options.	<input type="text"/>				
16b. If YES to 16a, list the number of relationships between the officers, directors, trustees, or key employees.	<input type="text"/>				
16c. Number with Family Relationships	<input type="text"/>	Number with Business Relationships	<input type="text"/>	Number with Both Relationships	<input type="text"/>
Total Number of Relationships (should equal the amount listed in 16b)					<input type="text"/>
17. Does effective control of the organization rest with a single or select few individuals? Select one of the options.	<input type="text"/>				

Board Recruitment and Engagement - Recruitment

What are some characteristics of the ideal board member?

- Two types of boards – governance and operational
- Similar characteristics
 - Commitment to the mission
 - Fundraising expertise
 - Leadership skills
 - Team player
 - Commitment of time and resources

Fundraising and Resource Development

- **Understand the Mission and Programs**
 - Deep understanding of the mission, goals and programs.
 - Enhances communication with potential donors and supporters
- **Personal Giving**
 - Lead by example through personal financial contributions
 - Potential donors most likely to contribute if they see you have personally invested
- **Identify and Cultivate Donors – Be the Treasure Hunter!**
 - Leverage personal and professional networks to identify potential donors
 - Involves networking, attending events, and making personal connections.

Board Financial Oversight

What are a boards core financial responsibilities ?

- Ensure the organization's financial health and sustainability
- Overseeing
 - Financial management
 - Budgeting
 - Fundraising strategies
 - Ensuring compliance with financial regulations

Board Financial Oversight

How do boards fulfill their fiduciary responsibility ?

- Establish clear financial policies and procedures
 - Investment policy
 - Gift policy
- Engage in budget development and monitoring
 - Review and approve the budget annually
 - Monitor performance throughout the year
 - Adjust it if necessary
 - Review and approve financial statements

Board Financial Oversight

- Monitor Cash Flow and Financial Health
 - Review cash flow projections
 - Have there been any unplanned expenditures?
- Educate Your Board About Legal and Regulatory Requirements
 - What are the organization's filing requirements?
 - Do they require an audit? If not, should they get an audit?
 - Review important information in the Form 990

Board Financial Oversight

- Understand and Mitigate Financial Risks
 - Establish reserves for a “rainy day”
 - Diversify revenue sources
- Educate Board Members on Financial Matters
 - Encourage them to ask questions of management
 - Encourage them to ask the auditors questions
 - Provide clear, plain English information

Board Financial Oversight

- Establish Financial Performance Metrics
 - Budget vs Actual - are we staying on budget?
 - Revenues - Expenses = Profit (Loss)
 - Is the program self-sustaining?
 - Should we discontinue the program?
 - Total served vs Total cost - how much does it cost you to serve an individual client?
- Promote Transparency and Communication

Best Practices of an Effective Board - Key Take Aways

The following tools will help measure and enhance a board's effectiveness -

- Review policies annually and revise as needed.
- Regular board assessments - how are you doing as a board?
- Training and development - creating a well-rounded board
- Keeping up-to-date on the organization's mission and operations
- Strengthening relationships with donors and stakeholders.



Questions?

