



LEGAL FOUNDATIONS OF NONPROFIT MANAGEMENT

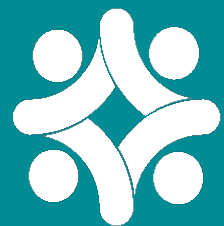


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PRIVATE BENEFIT AND INUREMENT

- Must serve the public interest, not a private interest
- Net earnings may not benefit an insider (conflict of interest)

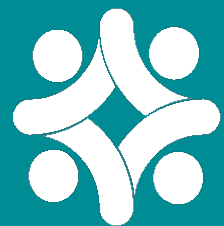


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POLITICAL CAMPAIGN INTERVENTION

- Public charities are prohibited from directly and indirectly participating in, or intervening in, any political campaign.
- Nonprofits are allowed to take position on public policy issues.
- No political fundraising.

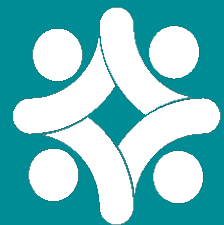


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LEGISLATIVE ACTIVITIES

- Lobbying; attempting to influence legislation by urging the public to contact legislative bodies for purposes of proposing, supporting or opposing legislation.
- Nonprofits have to pass the operational test to lobby.

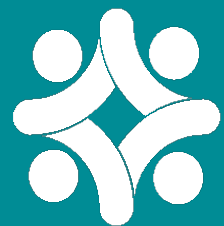


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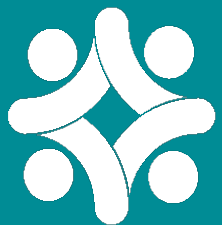
RECORDKEEPING

- Detailed activities
 - Evaluating charitable programs
 - Employment records
- Financial information
 - Grants
 - Contributions
 - Sponsorships
 - Other revenue



FUNDRAISING

- Filing with Secretary of State for solicitation permit
- Gaming and games of chance
- Liquor permits



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FILING REQUIREMENTS

- 900, 990-EZ, 990-B
 - Must be filed by the 15th day of the fifth month after the end of the organization's tax year. Extensions can be filed.

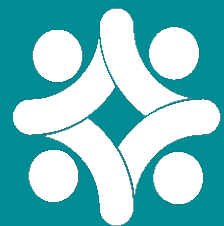
Gross Receipts Thresholds	Form to File
Gross receipts normally \leq \$50,000	990-N
Gross receipts $<$ \$200,000 and Total assets $<$ \$500,000	990-EZ or 990
Gross receipts \geq \$200,000 or Total assets \geq \$500,000	990

- Unrelated Business Income Tax 990-T



EMPLOYMENT TAX

- Nonprofits must withhold deferral income tax, Social Security and Medicare (FICA) from pay wages.
- Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return.
- Public charities do not pay federal unemployment tax.



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EMPLOYMENT LAWS

- Minimum wage
- New hire reporting
- Discrimination in hiring
- Negligent hiring
- Wrongful termination
- Volunteer versus employee
- Contractor versus employee
- Overtime
 - Cannot volunteer
 - Exempt vs non-exempt



Employee or Independent Contractor

Employee / Intern

- Works exclusively for the company
- Company provides tools
- Company controls duties
- Company sets working hours
- Worker must perform services
- Worker has pension / group benefits
- Worker gets paid vacation
- Company pays expenses
- Worker is paid salary or hourly wage

Independent Contractor

- May work for other companies
- Worker provides tools
- Worker decides how the task is completed
- Worker sets own working hours
- Worker may hire someone else to complete the job
- Worker does not get benefits
- Worker gets no paid vacation, and has no restrictions on time off.
- Worker pays own expenses
- Worker is paid by the job on a predetermined basis

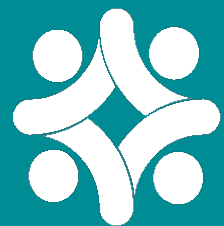


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HUMAN RESOURCES

- Postings (FLSA, DOE, OSHA, etc.)
- Hiring
 - I-9, W-4, State of TN new hire report
- Contractors
 - 1099-MISC

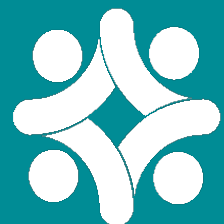


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DISCLOSURE REQUIREMENTS

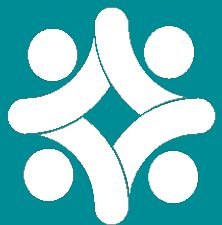
- Public Inspection
 - Form 1023 and 990's available for general public, without charge
- Charitable Contributions
 - Written donor acknowledgement for any contribution above \$250
 - A contribution made by a donor in exchange for goods or services is known as a quid pro quo contribution.
 - See publication 1771 (page 7 of 4220)



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BOARDS

- Bylaws
 - New board members
 - Voting
- Record keeping

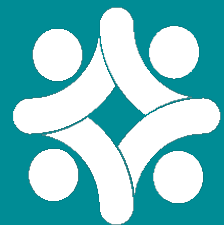


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INSURANCE & AUDIT

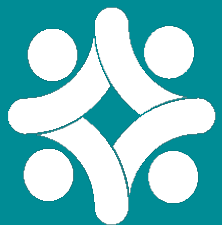
- Nonprofit immune from liability
- General liability insurance
- Audit



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BEST-PRACTICES

- Join a capacity building nonprofit center
- Make legal friends
- Ask before doing



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QUESTIONS?

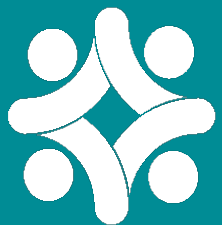
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