About the Center for Non-Profits

OUR MISSION:
To build the power of New Jersey’s non-profit community to improve the quality of life for the people of our state.

About the Center for Non-Profits

Advocacy/Public Education
- Promoting New Jersey’s non-profit community
- Public policy
- Non-profit sector research (statistics, trends)

Capacity Building
- Legal/management assistance
- Workshops/seminars
- Publications

Member Services
- 500 members
- Discounts, cost-saving programs (D&O, volunteer insurance, unemployment), free job postings, payroll service and more!

About the Center for Non-Profits

Serving New Jersey Charities

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Photo by: Dondada Innovations
Disclaimer

"The information provided in this presentation is for informational purposes only and does not constitute legal advice.

For answers to specific questions concerning your situation, you should consult a knowledgeable attorney who can advise you regarding your particular circumstances."

What we’ll cover today:
- What is a Non-Profit?
- Governance
- Board Responsibilities
- Resource Development
- Overview of NJ non-profit community
- Questions

What IS a “Non-Profit”?

First - A few questions

What is the median operating budget of a 501(c)(3) non-profit in NJ?
- Under $25,000? $ 50,000?
- $100,000? $500,000?

NJ 501(c)(3) operating budget data:
- Under $25,000    Over 55%
- $25 - $100,000   17%
- $100,000 - $1 Mill 17%
- Over $ 1 Mill     8%
What is a Non-Profit?

“Non-profit”
- State-level designation for incorporated entity

“Tax-exempt”
- Exempt from federal income taxes
- Many different categories (trade associations, fraternities, condo groups, social clubs, etc.)

Governance

What are charities permitted to do?
- 501(c)(3) – Charities

Are charities permitted to:
- Charge fees?

Are charities permitted to:
- Carry a surplus from year to year?

Governance

U.S. Internal Revenue Code: 501(c)(3) thru 501(c)(27) & more

501(c)(3) - Charities
- Charitable
- Religious
- Educational
- Scientific
- Literary
- Prevention of cruelty to children or animals

501(c)(4) - Civic leagues/social welfare organizations
- Community improvement ass’ts
- Homeowners’ and Tenants’ Associations
- Veterans’ organizations

501(c)(6) - Trade & professional associations
- Chambers of Commerce
- Real Estate Board
- Hospital Associations

501(c)(7) – Social & Recreational Clubs
- Country clubs
- Hunting & fishing clubs

501(c)(14) - 14 different categories

Governance

Are charities permitted to:
- Have paid staff?
Governance

Are charities permitted to:

Lobby for legislation?

Do non-profits need an annual audit?

NON-PROFITS

A Public Trust

Common Reporting Requirements

State of NJ – Annual Corporate Report
- Department of Treasury, Division of Revenue (online filing) - $25 annual fee

NJ Charitable Registration and Investigation
- Organizations that raise >=$10,000/year must register with NJ Division of Consumer Affairs
- Annual registration and reporting, sliding scale fee ($30 to $350 based on $5 raised)
- Voluntary registration for groups <$10,000

Common Reporting Requirements

IRS – Annual Report
- Form 990-N (E-postcard) – If gross annual revenues <$25,000
- Form 990 or Form 990-EZ - If gross annual revenues >$25,000
- Form 990 is public document:
  - Must be available for public inspection
  - Send copies upon request
Common Reporting Requirements

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  - Must be available for public inspection
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What happens if an organization does NOT file reports?
- NJ - after 2 years
- IRS – after 3 years

Penalty fees for late filings
LOSE YOUR TAX EXEMPT STATUS!!

Other rules

IRS – Gift substantiation/disclosure
- Donors must have written record of all charitable gifts to claim tax deduction (bank record or receipt from charity)
- Gifts over $250: Written, contemporaneous acknowledgment from the donee organization, including
  - Amount of cash and a description of any property other than cash contributed
  - Statement whether the organization provided any goods or services in consideration for the contribution
  - Description and good faith estimate of the value of any goods or services provided in consideration for the contribution

Raffles, Bingo, Games of Chance

Other rules

Lobbying/Election Activities
- Non-profits CAN lobby
- Lobbying activities and/or expenses must be tracked/reported (IRS and NJ)
- 501(c)(3) MAY NOT promote/oppose candidates for public office
- Partisan activity prohibited
- Non-partisan voter registration, education OK (approach with care)
Questions?

Where does the buck stop in a non-profit organization?

• Executive/CEO?
• Board Chair?
• Staff?
• Board?

Board Responsibilities

Who owns a non-profit?

NO ONE!

The board of trustees is entrusted with stewardship of this trust and is responsible and accountable for all aspects of the operation of the organization.

Statutory Regulation

501(c)(3) Exempt Purposes

- Charitable
- Religious
- Educational
- Scientific
- Literary
- Testing for public safety
- Fostering nat'l amateur sports competition
- Preventing cruelty to children or animals.

Statutory Regulation

501(c)(3) Exempt Purposes

- No earnings may inure to any private shareholder or individual
- Surplus & assets must be used only for advancing the mission
- Influence legislation may not be a “substantial part” of activities
- Campaign activity for or against political candidates/parties is strictly prohibited
Major way 501(c)(3) charitable organizations differ from other exempt organizations?

Donations are tax deductible by the donor!!

NJ Statute: Title 15-A

- Minimum of 3 trustees; must be 18 or older; terms 1-6 years
- Must have a "registered agent" in NJ
- Articles of Incorporation & Bylaws are the governing laws
- May be a member or a non-member organization

NJ Statute: Title 15-A

- President, Secretary & Treasurer required
- Elections at least every 2 years
- All legal actions are taken by the board as a whole; not individual trustees
- Must file annual report(s)

Note:
Private Foundations have different restrictions & exemptions
Houses of worship may incorporate under Title 15-A or Title 16 (fewer restrictions)

All Trustees should know IRS & NJ

IRS requirements
http://www.irs.gov/Charities-&-Non-Profits
... and NJ Statutes
... and reporting requirements
http://www.njnonprofits.org/FilingReporting.html

All Trustees should know IRS & NJ

Mission

Questions?
How do charities get funds?

Sources of Revenue

- Individual gifts
- Congregations, clubs, lodges
- Corporations & businesses
- Foundations & grant making charities
- Government grants or contracts

Sources of Revenue

- Fee for service income
- Other business income
- Investment income
- Special events

Just as Important...

- Human Resources
- Staff
- Volunteers
- In-Kind Contribution
- Shared services
- Collaboration

Raffles, Bingo, Games of Chance
Charitable Giving Incentive Legislation

Pending Bipartisan Legislation — Federal and NJ

SENATE, No. 2179
STATE OF NEW JERSEY
218th LEGISLATURE
INTRODUCED OCTOBER 30, 2019

H. R. 651

A BILL

Seeking new/alternative revenues
Increasing volunteer recruitment
Increasing advocacy
New & more collaborations
Program adjustments
Budget adjustments
Special events
Sharing services

Center Publications available at njnonprofits.org

2019 NJ Non-Profit Compensation & Benefits Report

$95 for Center for Non-Profits members
$175 for nonmembers
Non-Profits are Problem Solvers

Do Non-Profits REALLY make a difference?

Economic Importance

- 34,000 501(c)(3) orgs in NJ
- 321,000 employees
  - 9.8% of the state’s private work force
  - More than construction, transportation, public utilities, finance and insurance industries
- $42 billion in expenditures annually
- 1.6 million volunteers providing $5.3 billion in service

Sources:
- IRS Business Master file of Exempt Organizations
- Urban Institute National Center for Charitable Statistics
- U.S. Bureau of Labor Statistics
- Corporation for National and Community Service: Independent Sector

Non-Profit Sector Size/Scope

- # of NJ 501(c)(3)s grew by 64% from 1999-2009
- Even after IRS auto-revocation, net increase of 30% in number of public charities from 2003-2013.

What can we do?

SPEAK OUT
Center for Non-Profits

Tell the Story

Improve Understanding About Non-Profits

Tell from a position of STRENGTH

Tell from a position of STRENGTH

Understanding New Jersey's Non-Profit Community: What Impact? What Impact?

What can we do?

• Streamline laws/regulations
• Strengthen charitable giving incentives

Resource Squeeze

THE OVERHEAD MYTH

Fund the real costs of non-profit work

What can we do?

• Streamline laws/regulations
• Strengthen charitable giving incentives

Improve the Fundraising / Operating Climate for Non-Profits

Strengthen Government/Non-Profit Partnerships

What can we do?

• Streamline laws/regulations
• Strengthen charitable giving incentives

Strengthen Government/Non-Profit Partnerships

• Reduce bureaucracy
• Contract Reform
• Increase dialogue with government officials
• Joint problem-solving
Questions?

What can we do?
- Stay informed/educated
- Invest in advocacy
- Diversify revenue streams
- Look for program efficiencies
- Collaborate
- KNOW YOUR DONORS/FUNDERS!
- CHANGE THE DIALOG
- Support “real cost” funding
- Invest in capacity building, leadership development
- Keep communications flowing

Stand Together

What’s next?
- Know Your Center
  October 8, 10:00 pm - 10:30 pm Free
  New Jersey State Library
  Creating Your Non-Profit’s Social Media Plan
  October 15, 12:00 pm - 1:00 pm

Stay in touch!
- Join our E-MAIL LIST
- @njnonprofits
- @NJ_Nonprofits
- company/center-for-nonprofits
- @njnonprofits

njnonprofits.org
Free Recorded Webinar

Non-Profit Energy Efficiency Assistance
PSE&G Energy Saver Program
View this free web briefing and Q&A session about this assistance program.
A new round of funding for this program is anticipated. Learn more and apply to get on the waiting list.

www.njnonprofits.org

Save the Date!

2020 Annual Statewide Non-Profit Conference

MARK YOUR CALENDAR!
Weds. & Thurs., December 2-3, 2020
Speakers, workshops, exhibits, networking.
Who should attend?
Nonprofit staff & volunteers, board members, funders, Government officials, Consultants & service providers …and YOU!

www.njnonprofits.org

THANK YOU!

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Thank you for your support!

Your State Non-Profit Association

People turn to non-profits every day.
New Jersey non-profits turn to ...

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