



Understanding Compliance and Fundraising

Presented By: Andrea Ortega, BryteBridge
Wednesday, April 7, 2021 | 2:00 – 3:00 p.m.





We know the value of relationships and are proud to connect you with BryteBridge Nonprofit Solutions, a member of our partner network.



BryteBridge
Nonprofit Solutions

Solutions to Help Nonprofits Start,
Grow, and Maintain Compliance

Today's Speaker



Andrea Ortega | Director of Nonprofit Services at BryteBridge Nonprofit Solutions

Andrea hails from Cali, Colombia by way of Miami, FL. She has a master's degree in Nonprofit Management from the University of Central Florida (UCF) and is currently pursuing her Ph.D. in Public Affairs at UCF with a focus in Nonprofit Management. As the Director of Nonprofit Services, she ensures their nonprofit clients will become tax-exempt and have the necessary resources to fundraise and stay in compliance. Prior to joining BryteBridge, she was the Executive Director of a nonprofit in Central Florida for 8 years

Understanding Nonprofit Compliance and Fundraising



Company Overview

Nonprofit One-Stop Shop

- Helping nonprofits start up, survive & thrive since 2004
- Have helped over 35,000 Nonprofits get their 501(c)(3) Tax-Exempt Status
- Guaranteed 501(c)(3) Approval
- Development, Design & Grant services



What to expect today



This webinar is for nonprofit leaders and staff who want to learn more about compliance and fundraising.



Regardless of your level of understanding, this is a great place to keep your organization in good standing for your donors.

Overview





Why is this important?



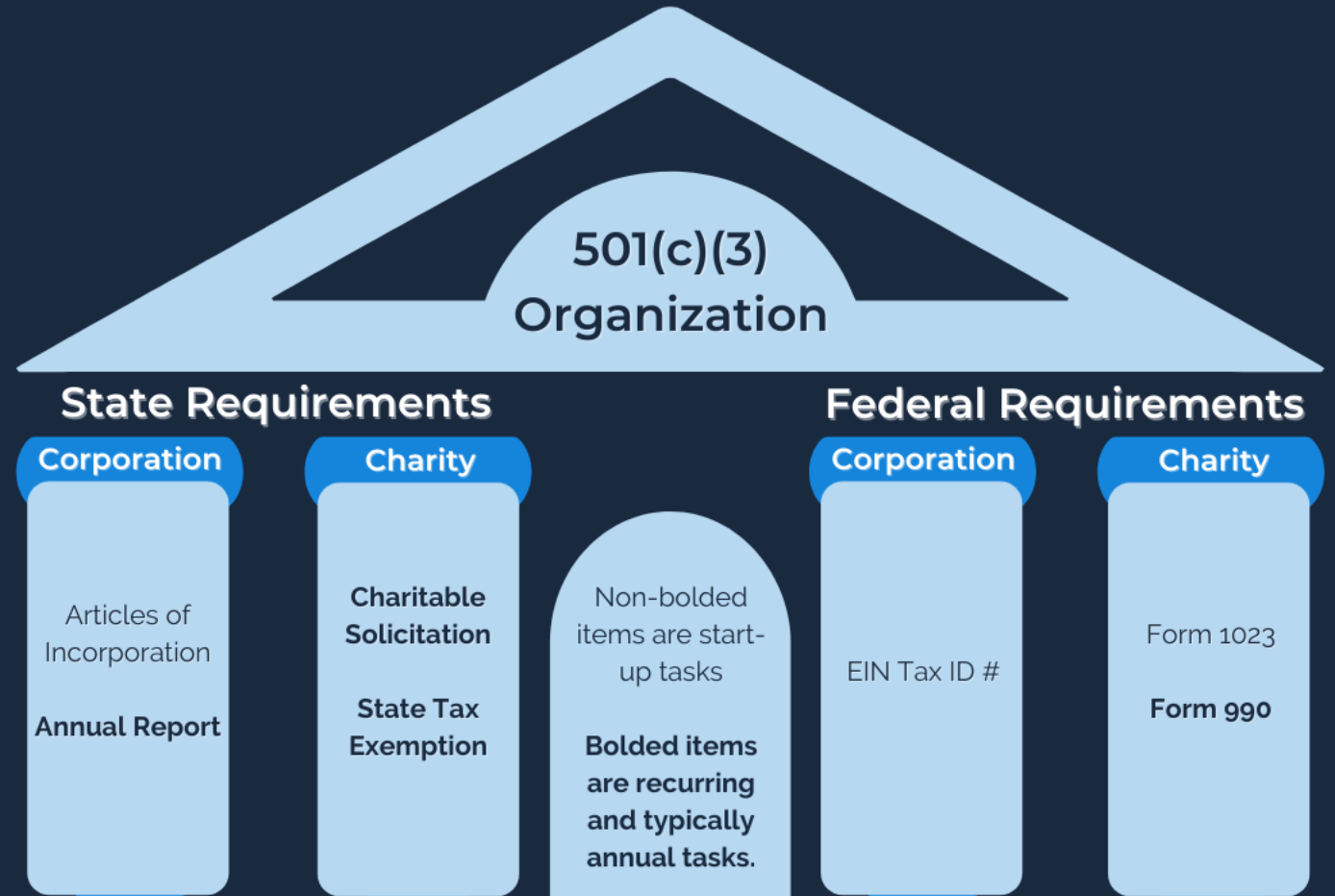
Why is this important?

**Building trust is all about
transparency.**



According to the Give.org 2020 report on Donor Trust, individuals who place “high importance” on trust are more likely to donate to charities and contribute more money.

A 501(c)(3) organization is a nonprofit **business**. As a business, you must maintain your public entity or corporation **AND** charity status.



To legally operate your 501(c)(3) and maintain your tax-exempt status you must complete all of these steps!

Bookkeeping & Reporting to Donors





Bookkeeping & Reporting to Donors

- Making sure 990s are posted to GuideStar and Website
- Reporting financial goals met or not met*
- Creating Impact Reports**

According to GuideStar, a leading information service specializing in reporting on U.S. nonprofit companies, New research reveals that transparent nonprofits received more contributions and were stronger organizations.

**This is where QGiv is a huge advantage and allows for strong fundraising.*

*** This is where BryteBridge can help!*



Bookkeeping & Reporting to Donors

SCENARIO 1 - THINK LIKE A DONOR

You are giving away \$100,000.
Which would you choose?

ORGANIZATION A

% of its net assets

Activities		3	24
		4	24
	5 Total number of individuals employed in calendar year 2019 (Part V, line 2a)	5	331
	6 Total number of volunteers (estimate if necessary)	6	4,700
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b Net unrelated business taxable income from Form 990-T, line 39	7b	0
Revenue		Prior Year	Current Year
	8 Contributions and grants (Part VIII, line 1h)	37,870,580	38,737,898
	9 Program service revenue (Part VIII, line 2g)	2,849,463	2,369,008
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-1,480,197	1,133,140
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	997,113	836,326
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	40,236,959	43,076,372
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	17,638,098	19,575,411
	16a Professional fundraising fees (Part IX, column (A), line 11e)	267,018	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶4,476,753		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	9,820,101	9,918,689
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	27,725,217	29,494,100
	19 Revenue less expenses Subtract line 18 from line 12	12,511,742	13,582,272
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	83,787,306	103,372,633
	21 Total liabilities (Part X, line 26)	3,290,734	4,962,090
	22 Net assets or fund balances Subtract line 21 from line 20	80,496,572	98,410,543

ORGANIZATION A

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
	organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former	MISC)	and independent contractors	(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
												Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
██████████ DIRECTOR	1 00	X							0											
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██████████ DIRECTOR	1 00	X							0	██████████ CEO	40 00			X				242,450	0	17,506
██████████ DIRECTOR	1 00	X							0	██████████ CFO	40 00			X				151,150	0	22,935
██████████ DIRECTOR	1 00	X							0	██████████ CORPORATE SECRETARY	40 00			X				63,546	0	12,998
Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Co										██████████ CHIEF DEVELOPMENT OFFICER	40 00					X		161,159	0	16,976
										██████████ EXECUTIVE DIRECTOR	40 00					X		154,785	0	20,204
										██████████ DIRECTOR OF CANINE HEALTH & RESEARCH	40 00					X		143,755	0	18,356

Check if the organization used Schedule O to respond to any question in this Part I ☒

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	27,802.
	2	Program service revenue including government fees and contracts	2	
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	b	Less: cost or other basis and sales expenses	5b	
	c	Gain or (loss) from sale of assets other than inventory (subtract line 5b from line 5a)	5c	
	6	Gaming and fundraising events:		
	a	Gross income from gaming (attach Schedule G if greater than \$15,000)		
	b	Gross income from fundraising events (not including \$ from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000)	6b	
c	Less: direct expenses from gaming and fundraising events	6c		
d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)	6d		
7a	Gross sales of inventory, less returns and allowances	7a		
b	Less: cost of goods sold	7b		
c	Gross profit or (loss) from sales of inventory (subtract line 7b from line 7a)	7c		
8	Other revenue (describe in Schedule O)	8		
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 ▶	9	27,802.	
Expenses	10	Grants and similar amounts paid (list in Schedule O)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	11,985.
	13	Professional fees and other payments to independent contractors	13	3,032.
	14	Occupancy, rent, utilities, and maintenance	14	7,732.
	15	Printing, publications, postage, and shipping	15	493.
	16	Other expenses (describe in Schedule O) See Line 16. Stmt	16	14,519.
17	Total expenses. Add lines 10 through 16 ▶	17	37,761.	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 9)	18	-9,959.
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	18,330.
	20	Other changes in net assets or fund balances (explain in Schedule O)	20	

ORGANIZATION B

Federal Compliance & Fundraising





Federal Compliance & Fundraising

990s - Things to know



Types

- Form 990N
- Form 990-EZ
- Form 990
- Form 990-PF
- Form 990-T



Due

Due no later than the 15th day of the 5th month after the fiscal year end.



Penalties

Failure to file your Form 990 can result in extensive penalties.



Federal Compliance & Fundraising

990s - Things to look for:



Payroll

- Pay close attention to payroll
- How much goes to payroll vs program expenses
- In a for-profit business, labor should be no more than 30%
- In a nonprofit, this should be closer to 10%* there are exceptions



Public Support Test

The IRS's "public support test" looks at whether too much of your funding comes from a single source. This effect is commonly referred to as "tipping." You should work hard to ensure your charity has at least 33% public support.



Schedules

1. Schedule A
2. Schedule B
3. Schedule O
4. Schedule G

SCHEDULE A

Section A. Public Support		(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
Calendar year (or fiscal year beginning in) ▶							
1	Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	84,012.	76,241.	97,902.	40,097.	27,802.	326,054.
2	Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the						
	organization's benefit and either paid to or expended on its behalf						
5	The value of services or facilities furnished by a governmental unit to the organization without charge						
6	Total. Add lines 1 through 5	84,012.	76,241.	97,902.	40,097.	27,802.	326,054.
7a	Amounts included on lines 1, 2, and 3 received from disqualified persons	84,012.	76,241.	97,902.	40,097.	27,802.	326,054.
b	Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c	Add lines 7a and 7b	84,012.	76,241.	97,902.	40,097.	27,802.	326,054.
8	Public support. (Subtract line 7c from line 6.)						0.

Section B. Total Support

Section B. Total Support		(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
Calendar year (or fiscal year beginning in) ▶							
9	Amounts from line 6	84,012.	76,241.	97,902.	40,097.	27,802.	326,054.
10a	Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources	0.	0.	0.	0.	0.	0.
b	Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975	0.	0.	0.	0.	0.	0.
c	Add lines 10a and 10b	0.	0.	0.	0.	0.	0.
11	Net income from unrelated businesses						



Federal Compliance & Fundraising

Scenario 2 - IRS Tax Exempt Organization Search



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Scenario 2 - IRS Tax Exempt Organization Search

[Instructions](#)[Home](#) > [Charities and Non-Profits](#) > [Search for Charities](#) > Tax Exempt Organization Search

Tax Exempt Organization Search

Select Database ⓘ**Search By** ⓘ**Search Term** ⓘ**City****State****Country**[Search](#)[Reset](#)[Search Tips](#)



State Compliance & Fundraising



State Compliance & Fundraising



Charity Registration

- Most states require charitable organization registration to be completed prior to soliciting donations, hosting fundraising events, or selling any product or service to fund a charity.
- Severe fines and penalties imposed for violations.



Professional Solicitors

- 45 states require professional solicitors to register and provide copies of their contracts before soliciting.
- 15 states currently require Professional fundraising firm licenses.



Gaming Licenses

- Most states allow charitable organizations to conduct a variety of gaming events as long as the organization holds the proper license.
- Hosting charitable gaming events without the required license or permit can be costly.



State Compliance & Fundraising

Things to remember:

- Many states have their own versions of Form 990, created by the state's Department of Revenue or Franchise Tax Board.
- Filings must be prepared and submitted to the state, if required, by the due date to avoid an administrative suspension of the corporation, as well as penalties.
- 42 states, plus DC, require 501(c)(3) nonprofits to register prior to soliciting donations.

RECAP

Compliance & Fundraising

**Donor
Trust**



**Funding
Opportunity**



**Maintaining
Status**



Grants



Takeaways

1. Use the **IRS Search Tool** look up your organization
2. Use the **Interactive Map** on our website to confirm which compliance paperwork is required in your state.
3. Contact us for your **free complimentary compliance review!**



Questions?



This webinar program qualifies for 1 point of continuing education toward maintaining the Certified Fundraising Executive Management (CFRE) credential.



Thank you for joining!

For more information on Qgiv's fundraising platform, contact:

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For more information on BryteBridge, contact:

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