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Basics

There are some basic things you need to do to start a nonprofit. Some examples are deciding on the reason the nonprofit is being formed, developing a board of directors, taking care of all legal paperwork and getting insurance to cover several different aspects of your nonprofit corporation.

- What exactly is a nonprofit organization?
- Do you really want to form a nonprofit?

- What types of things do you need to do?
- What should you think about before starting a nonprofit?
- What kind of paper work do I have to fill out?
- What government agencies do I need to work with?
- Are there fees involved?
- How do we actually start putting all the pieces together?

This information is for those who may be wondering whether or not to begin a nonprofit corporation or possibly join one. It explains what a nonprofit corporation is, gives tips about the obligations and life stages of the nonprofit and offers the types of things to consider (such as the purpose, size, tax-exemptions and others).

The Basics I

- What exactly is a nonprofit?
 - Do you really want to form a nonprofit?
 - What types of things do you need to do?
 - What should you think about before starting a nonprofit?
-
- **Nonprofit laws** are listed in the Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law.
http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=document-frame.htm&2.0#JD_1702
 - A nonprofit corporation helps and solely **benefits other people** or causes not the founder.
 - When in doubt, ask for help. If you have a legal question or problem contact an attorney, for tax or accounting issues contact a CPA and for insurance questions or problems, contact an insurance agent. Pay for professional help when you need it or think you need it. **Professional help can prevent many problems from ever occurring.**
 - Know the nonprofit's purpose (the **reason the nonprofit is being formed**), mission, and core values and follow them. If the work of the corporation changes, re-think and re-write the corporate purpose.
 - A nonprofit has a mission of public purpose (to help the community).
 - The amount of money given to a nonprofit can be deducted from tax obligations. This is one way the government helps the nonprofit public charities.
 - Public charities (nonprofits) do not have to pay taxes on their income.
 - The law requires that money made by the nonprofit be used to continue working for their mission (the public cause that the money is being raised for).

- It is against the law to use funds collected for charitable purposes for any other use.
- The government makes sure that money collected for a public purpose is only used for that purpose. This is important because the money should only be used for the nonprofit's mission and because that money gets special tax treatment.
- In order to prove that the funds have been properly used for the nonprofit's purpose; the nonprofit must keep precise and accurate records.
- Fill out and send all the necessary forms with government agencies (state, federal and local) correctly and on time. Any forms that are late, incomplete or missing paperwork cause delays in forming the nonprofit.

The Basics II

- What exactly is a nonprofit?
- Do you really want to form a nonprofit?
- What types of things do you need to do?
- What should you think about before starting a nonprofit?
- Make sure that the corporation always follows all current **Federal, Ohio and local laws**.
- Make sure to have Articles of Incorporation, bylaws, minute books, membership records and other **necessary paperwork**.
- New corporations need to **choose the officers and directors**.
- Click [here](#) to read about **tax-exempt laws**, tax information and responsibilities on this site.
- **Write your Articles of Incorporation so that your nonprofit will qualify to be tax-exempt.** Talk with an attorney or tax specialist to make sure your organization is set up properly right from the start.
- Don't say you are tax-exempt until you get your approval letter and ID number from the IRS. Don't try to raise large amounts of money until you've received IRS approval and your ID number.
- Treat the nonprofit's assets completely separate from the personal assets of any individual. **The assets of the corporation belong to it, and not to any individual.**
- Taking money for personal expenses is not allowed in a nonprofit organization, and, if you don't follow that rule, you will be held legally responsible.
- The corporation can sue and be sued. **Take legal and businesslike steps to avoid being sued.** Talking with an attorney is a great idea.
- **Keep good records**, for example:
 - Accurately record all money coming in and going out.
 - Maintain a separate corporate bank account. Do not use someone's personal account.
 - Keep an exact written record (minutes) of what happened during board meetings, the actions that were taken and the voting process. Also keep copies of all legal and other important paperwork.

- Create, read, and follow your bylaws (the rules for running the daily operation of the nonprofit corporation).
 - Put the corporation's contracts in writing (i.e., legal contracts, real estate contracts).
- **Know and follow the laws on fundraising.** For example, make sure your fundraisers benefit the nonprofit corporation and not individuals or a group that may have handled the fundraising for you. **The Foundation Center** is the nation's leading authority on philanthropy and is dedicated to serving grantseekers, grantmakers, researchers, policymakers and the general public.
<http://fdncenter.org/>.
- **Prepare a plan for corporate changes.** At some point, the founders and other early leaders of the nonprofit may move on or are no longer able to help. Train new officers and directors. Keep a complete written record on how things are done so the next group of leaders can continue on with the work (and not have to "reinvent the wheel").
- Always act in a responsible, trustworthy and lawful manner when handling all nonprofit corporate activities.
- Fill out and **send the basic forms** to the Secretary of State.
<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>
- Don't make any untrue statements to the government on any form or report.

Below are the most **common reasons nonprofit filings are rejected** by the Secretary of State's office. For further details and instructions, visit the Ohio Secretary of State's Web site www.state.oh.us/sos

The Top 9 Reasons the Paper Work Was Rejected	Approximate Yearly Average in Ohio
The name and address of the statutory agent (contact person) was not given.	853
The names of incorporators, members or partners were not given.	796
The business address of the corporation was not given.	624
The corporation's name was not different enough from existing organizations	128
The name of the nonprofit is not consistent throughout the form(s).	82
The organization's purpose did not meet the requirements to be considered a nonprofit.	59

The form was not signed by <u>all</u> of the incorporators.	40
The check was not enclosed.	23
The statutory agent (the “contact person” for all legal matters) did not acknowledge and accept the appointment.	23

Suggested Basic Internet Resources

Alliance for Justice—Nonprofit Advocacy is a project that works toward strengthening the voice of nonprofits in the area of public policy debate. They achieve this goal by working with tax-exempt organizations to better understand the laws that regulate them.

<http://www.allianceforjustice.org/nonprofit/index.html>

America's Charities is a good site for finding information on smaller charities—those with revenues less than \$25,000/yr.

<http://www.charities.org/>

Association of Research on Nonprofit Organizations and Voluntary Action (ARNOVA) is an international organization whose research gives an understanding of the nonprofits, philanthropy and volunteerism.

<http://www.arnova.org/index.php>

Charity for Lobbying in the Public Interest (CLPI) is an organization that supports and promotes the rights of nonprofits to advocate and lobby in the public interest.

<http://www.clpi.org/>

Charity Navigator— America's Largest Charity Evaluator is a nonprofit organization that seeks out and evaluates charities all over the country.

<http://www.charitynavigator.org/>

Charities Review Council—Other Links of Interest

<http://www.crcmn.org/links/links.htm>

Core Operating Standards for Startup Nonprofit Organizations

http://www.nrca.info/core_operating_standards.asp

Federal Department of Labor (DOL)

www.dol.gov

General information on many aspects of nonprofits

<http://www.rmis.rmfamily.com/sites/genernonpr.php>

The Hauser Center for Nonprofit Organizations is based at the prestigious Kennedy School of Government at Harvard University, the Hauser Center is an interdisciplinary research center focused on studying nonprofits and nurturing students' participation in the philanthropic sector of society.

<http://www.ksghauser.harvard.edu/>

Internal Revenue Service (IRS)

www.irs.gov

Laws and ideas about fundraising can be found at The Foundation Center's Web site

<http://fdncenter.org/>

National Center for Charitable Statistics is the national clearinghouse of data on the nonprofit sector in the United States.

<http://nccsdataweb.urban.org/FAQ/index.php?category=31>

Nonprofit laws are listed in: Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=document-frame.htm&2.0#JD_1702

Nonprofit Resource Guide Search finds nonprofit organizations by state, type and name.

<http://www.epodunk.com/nonprofits/>

Nonprofit Organizations All About Nonprofit Charitable Organizations

<http://nonprofit.about.com/>

Nonprofit Sector Research Fund—The Aspen Institute awards research grants, convenes leaders, and disseminates research findings to expand knowledge of the nonprofit sector and philanthropy, improve nonprofit practices, and inform public policy related to nonprofits.

<http://www.nonprofitresearch.org/>

The NonProfit Times The Leading Business Publication For Nonprofit Management lists America's top 100 nonprofits along with their financial information.

<http://www.nptimes.com/>

Nonprofit Good Practice Guide Provided by the Dorothy A. Johnson Center for Philanthropy & Nonprofit Leadership

<http://www.npgoodpractice.org/>

Nonprofit Web Links

<http://www.compasspoint.org>

OANO—Ohio Association of Nonprofit Organizations is a Statewide membership organization of over 700 nonprofit organizations.

<http://www.oano.org/>

Office of Unemployment Compensation

<http://www.jfs.ohio.gov>

Ohio Secretary of State's Web site offers details and instructions about nonprofit filings.

www.state.oh.us/sos

Send the basic forms to the Ohio Secretary of State.

<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>

Ohio Wage Hour Bureau

<http://198.234.41.198/w3/webwh.nsf?Opendatabase>

PNNOnline is a nonprofit news and information resource.

[http://www.pnnonline.org/modules.php?op=modload
&name=News&file=index](http://www.pnnonline.org/modules.php?op=modload&name=News&file=index)

Researching Philanthropy — The Literature of the Nonprofit Sector Online provides a searchable database of the literature of philanthropy. It incorporates the unique contents of the Foundation Center's five libraries and contains more than 24,000 full bibliographic citations, of which more than 16,300 have descriptive abstracts. It is updated daily.

<http://lnps.fdncenter.org/>

The Society for Nonprofit Organizations (SNPO) has details about starting a nonprofit.

www.snpo.org.

Specific SNPO information about starting a nonprofit.

<http://www.snpo.org/resources/startup.php>.

Tech. Resources and Links Provided by the Rasmuson Foundation of Alaska.

[http://www.rasmuson.org/index.php?switch=
viewpage&pageid=45](http://www.rasmuson.org/index.php?switch=viewpage&pageid=45)

The Urban Institute—Center on Nonprofits and Philanthropy (CNP) conducts and disseminates research on the role and impact of nonprofit organizations and philanthropy.

<http://www.urban.org/center/cnp/index.cfm>

What Is A Nonprofit Organization? Tax-exempt Status Distinguished

<http://www.t-tlaw.com/np-01b.htm>

What You Need to Know Before Starting a Nonprofit...Get Ready Get Set is a project of the California Management Assistance Partnership (written by Peter B. Manzo and Alice Espey with Nora Burton and Snow Tempest, and published by the Center for Nonprofit Management). A reminder that the California laws listed in this publication may be different than Ohio laws, however, the basic information is excellent.

<http://www.cnmsocal.org/Services/GetReadyGetSet>

Yale Program On Nonprofit Organizations (PONPO) offers research aimed at understanding nonprofit organizations and their role in economic and political life.

<http://ponpo.som.yale.edu/>

Managing the Process I

An Organized Outline of Steps to Create a Nonprofit

- Filing Paper Work with the Government (and Paying Fees)
- Writing Your Articles of Incorporation and Bylaws
- Keeping Current with Ongoing Filings with the Government

Steps to Create a Nonprofit

I Creating the Nonprofit Under Ohio Law

The Ohio Secretary of State has an **Articles of Incorporation form that must be used to start a nonprofit corporation**. You can read and download the Articles of Incorporation form and instructions from the Secretary of State's Web site. This link will take you directly to the form and instructions

[http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=Business Services&code=532](http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=532)

The Federal government has created and placed online a collection of articles called "Guide to Private Foundations"

<http://www.irs.gov/charities/charitable/article/0,,id=127912,00.html>. This IRS site offers information about starting the organization, applying for tax-exempt status, filing requirements, making sure you are following rules and many, many other subjects.

II Complete the Articles of Incorporation

Some of the things you will need to are

■ **Name, location and effective date.** The name you choose must be different than any existing corporation's name. In Ohio, you can call 1-877-SOS-FILE to make sure the name you want is not already being used. Also, you must list the city, village or township and where the corporation is located.

You can choose the date that the nonprofit will officially be in business, which must be less than 90 days from the date you file the Articles of Incorporation. If you don't choose a date, the effective date is the date of filing.

■ **Purpose Clause.** The Articles of Incorporation must include a purpose statement (the specific reason the nonprofit is being formed). If a nonprofit is applying for tax-exempt status with the Internal Revenue Service (IRS), the exact same purpose statement needs to be included in the information sent to the IRS. The Internal Revenue Service Publication Number 557, "tax-exempt status for your organization", contains samples of the required language and is available for free from the IRS Forms Distribution Center, P.O. Box 8903, Bloomington, Illinois (61702-8903)

<http://www.irs.gov/publications/p557/ar01.html>

General IRS Information for Charitable Organizations

<http://www.irs.gov/instructions/i1023/ar01.html#d0e183>

First, the specific purpose written in your Articles of Incorporation must be explained. For example, if your nonprofit wants to promote aerobic exercise as a sport and means of healthy exercise, the specific purpose clause may be "to promote and encourage aerobic exercise as a sport and means of healthful

exercise.” The purpose given must meet the nonprofit laws listed in Section 501(c)(3) of the Internal Revenue Code if you plan to be tax-exempt

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00000501----000-.html

■ **Appointment of Statutory Agent.** Every nonprofit corporation must have a statutory agent who is the “contact person” for all legal matters and is the one who receives the corporation’s legal documents. A statutory agent does not have to be a lawyer. The name and address of the statutory agent must be included in the original Articles of Incorporation and in the Original Appointment of Statutory Agent form. The statutory agent must acknowledge and accept the appointment. The original appointment of statutory agent is done on the initial articles of incorporation form 532

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=532>

■ **Name the Directors.** In your Articles of Incorporation, you may choose to list the names and addresses of the first directors. Usually, the first directors are the incorporators (the individuals who organize and start the corporation) and others recruited by the incorporators. The directors do not have to be listed on the initial Articles of Incorporation if they wish to keep their names and addresses private. Ohio law requires a director to perform his/her duties in good faith and in a way he/she believes is in the best interests of the corporation. The Ohio Attorney General has a pamphlet, offering advice for persons serving as directors of nonprofit corporations, which you can find at

http://www.ag.state.oh.us/online_publications/charitable_law/pdf/04guide_boardmembers.pdf.

■ **Filing Articles of Incorporation.** After the Articles of Incorporation and Original Appointment of Statutory Agent forms are completed, the incorporators must sign it, with names typed under their signatures. Then they can be sent with the current fees to the Ohio Secretary of State’s office.

III Code of Regulations

A nonprofit corporation must have a Code of Regulations that lists the rules and conduct of its affairs and management of assets.

The Code of Regulations may include rules such as:

- Member meeting requirements
- Membership requirements, rights and responsibilities.
- Officers, duties, terms, and elections.
- Removal of officers, trustees, or members.
- Amendments to the regulations.

IV Ongoing filing obligations

Within five years of the date of incorporation (or of the last filing), a nonprofit must complete a form (Statement of Continued Existence, Form 522) and send it with the current filing fee to the Secretary of State's office. This must be done to keep the corporation's name and to continue being a nonprofit corporation. Think of this as a renewal process. Forms must be kept up-to-date and regularly (as required) mailed to the correct government office. Again, the Secretary of State's web site is probably the best source for information

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=522>

V Reporting to the Ohio Secretary of State

These are links to the legal forms that must be filed with the Secretary of State's office:

- [Initial Articles of Incorporation](#), \$125.00, Form #532
PO Box 670, Columbus, OH 43216
- [Certificate of Amendment by Shareholders /Members to Articles](#), \$50.00, Form #541
PO Box 1028
Columbus, OH 43216
- [Statutory Agent Update](#), \$25.00, Form #521
PO Box 788
Columbus, OH 43216
- [Certificate of Dissolution by Members/Directors](#), \$50.00, Form #560
PO Box 1028
Columbus, OH 43216
- [Continued Existence of Nonprofit Corporation](#), \$25.00, Form #522
PO Box 788
Columbus, OH 43216
- [Reinstatement](#), \$25.00, Form #525
PO Box 788
Columbus, OH 43216

These forms, along with all other business forms, are listed on the Secretary of State's web site at this address

<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>.

VI Reporting to the Ohio Attorney General

The Ohio Attorney General supervises the activities of nonprofit organizations. The Ohio Charitable Trust Act is a law that requires nonprofits to register with the Ohio Attorney General within six months after the organization is created. The Ohio Attorney General also supervises nonprofits that ask for funds from the public for charitable purposes. An organization that intends to ask for contributions must already be registered with the Attorney General. These organizations need registration statements and must file an annual financial report with the Ohio Attorney General. The Solicitation Registration Form and Annual Financial Report can be found on the Ohio Attorney General's web site at

<http://www.ag.state.oh.us>

VII Local Solicitation and Reporting Requirements

Nonprofits should know and follow all laws about asking for donations and reporting information to their city. Nonprofits may be required to get a permit to ask for donations from the public and may be required to report any donations received and any expenses paid.

An example of solicitation code section for Toledo listed under "Business Regulations."

[http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledo_municipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:toledo_oh\\$anc=](http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledo_municipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:toledo_oh$anc=)

This site offers general links to a variety of Ohio municipal codes. Here is a link to the Bowling Green page which gives an opportunity to view the solicitation code from Bowling Gree:

<http://www.amlegal.com/library/oh/bowlinggreen.shtml>

Below is a link to a library which allows you to view all available online Ohio municipal codes. Not all are online but this has a very large selection

<http://www.amlegal.com/library/oh/index.shtml>

A REMINDER that this is a complicated subject and site users should not try to set up any portion of a nonprofit corporation based solely on the information they find on this site. You should work with specialists in each area and seek advice from an attorney or CPA.

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Nonprofits should know and follow all laws about asking for donations and reporting information to their city. Nonprofits may be required to get a permit to ask for donations from the public and may be required to report any donations received and any expenses paid.

An example of solicitation code section for Toledo listed under "Business Regulations."

[http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledo_municipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:toledo_oh\\$anc=](http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledo_municipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:toledo_oh$anc=)

This site offers general links to a variety of Ohio municipal codes. Here is a link to the Bowling Green page which gives an opportunity to view the solicitation code from Bowling Gree:

<http://www.amlegal.com/library/oh/bowlinggreen.shtml>

Below is a link to a library which allows you to view all available online Ohio municipal codes. Not all are online but this has a very large selection

<http://www.amlegal.com/library/oh/index.shtml>

A REMINDER that this is a complicated subject and site users should not try to set up any portion of a nonprofit corporation based solely on the information they find on this site. You should work with specialists in each area and seek advice from an attorney or CPA.

Managing the Process II

- Voluntary Dissolution
- Certificate of Merger
- Certificate of Consolidation
- Merger

Ending a Nonprofit Corporation

This section gives examples of proper steps to follow when ending a nonprofit corporation.

Nonprofit laws are listed in: Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4/dde8/dde9?f=templates&fn=document-frame.htm&2.0#JD_170247

Merger

There are many Ohio forms, instructions, and items required to legally end a nonprofit. The forms to fill out and information on how to file are at the Ohio Secretary of State's site

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=560>

One way a nonprofit can end is by merging (combining) with another nonprofit corporation. Information about nonprofit mergers can be found in Section 1702.43 Ohio Revised Code, Merger of Nonprofit Corporation at <http://onlinedocs.andersonpublishing.com/oh/lpExt.dll?f=templates&eMail=Y&fn=main-h.htm&cp=PORC/da2b/dcc3/ddc3/ddd0>

The main form is sometimes called a "certificate of merger or consolidation." Once you have completed this form, you must send it to the Ohio Secretary of State with all of the other required paperwork and the current fee(s). The required paper work is listed at

Certificate of Merger

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=551>

Certificate of Consolidation

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=550>

The fees charged and collected by the Ohio Secretary of State are listed in Section 111.16 Ohio Revised Code

<http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/4f4/cb1/d01/d02?f=templates&fn=document-frame.htm&q=111.16&x=Advanced&2.0#LPHit1>

A few examples of fees you may need to pay are:

- Filing and recording Articles of Incorporation and many other documents.
- Specific fees if the nonprofit has capital stock.
- Filing and recording amendments (changes or updates) you made to the Articles of Incorporation.
- Filing and recording a form for reorganization or for dissolution.
- For making copies of any certificate.

In order to complete the form of a merger or consolidation with the Secretary of State, certain items must be included. A list of business forms can be found at

<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>

A few examples of necessary details are:

- The name of each corporation, the state(s) they operate in, the effective date of the merger and the names of both statutory agents.
- Proving that each nonprofit is following all laws and that current law permits the merger.
- Each corporation's authorized representative should sign the form.

Voluntary Dissolution

The people involved in a nonprofit corporation can decide and agree that they want to end or close it. This is referred to as voluntarily dissolving the nonprofit. A couple examples of why a nonprofit may decide to dissolve are bankruptcy (unable to pay debt), or if the Articles of Incorporation state a date to dissolve the nonprofit and that date has arrived.

A few examples of the information you must file to dissolve the nonprofit are:

- A statement that the corporation has decided to dissolve and the reasons why.
- The names and addresses of its directors, officers, and statutory agent.
- The official date that the dissolution is to be finalized.
- The completed form(s) required by the Secretary of State, which need to be signed by an authorized officer.

Nonprofit laws are listed in Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law <http://onlinedocs.andersonpublishing.com/oh/lpExt.dll?f=templates&eMail=Y&fn=main-h.htm&cp=PORC/da2b/dcc3/ddc3/ddd0>

Information about the dissolution of a nonprofit can be found in Section 1702.47 Ohio Revised Code, Voluntary Dissolution of Nonprofit Corporation <http://onlinedocs.andersonpublishing.com/oh/lpExt.dll?f=templates&eMail=>

[Y&fn=main-h.htm&cp=PORC/da2b/dcc3/dde7/dde8](http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=560)

In order to complete the process, the Secretary of State requires many specific details.

The instructions and forms about the Certificate of Dissolution by Members or Directors are at

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=560>

To request a **CD-ROM with all Business Forms and Filing Information** busserv@sos.state.oh.us

Details about **fees charged and collected by Secretary of State** can be found in Section 111.16 Ohio Revised Code

<http://onlinedocs.andersonpublishing.com/oh/lpExt.dll?f=templates&eMail=Y&fn=main-h.htm&cp=PORC/4f4/cb1/d01/d02>

Again, a reminder that this is a complicated subject and site users should not try to set up any portion of a nonprofit corporation or end one based solely on the information they find on this site. You should work with specialists in each area such as talking to an attorney and/or CPA.

Suggested Process Internet Resources

Sites for Creating the Nonprofit and Ending One

Section 501 of the United States Tax Code. Exemption from tax on corporations, certain trusts, etc.

<http://www.fourmilab.ch/ustax/www/t26-A-1-F-I-501.html>

126th Ohio General Assembly—H.B 42

http://www.legislature.state.oh.us/bills.cfm?ID=126_HB_42

America's Charities is good for finding information on smaller charities—those with revenues less than \$25,000/yr.

<http://www.charities.org/>

Association of Research on Nonprofit Organizations and Voluntary Action (ARNOVA) is an international organization whose research gives an understanding of the Nonprofits, philanthropy and volunteerism.

<http://www.arnova.org/index.php>

Center for Lobbying in the Public Interest (CLPI) CLPI is an organization that supports and promotes the rights of Nonprofits to advocate and lobby in the public interest.

<http://www.clpi.org/>

Charity Navigator—America's Largest Charity Evaluator is a nonprofit organization that seeks out and evaluates charities all over the country.

<http://www.charitynavigator.org/>

[Charities Review Council-Other Links of Interest](http://www.crcmn.org/links/links.htm)

<http://www.crcmn.org/links/links.htm>

Core Operating Standards for Startup Nonprofit Organizations

http://www.nrca.info/core_operating_standards.asp

The Chronicle of Philanthropy

<http://philanthropy.com/>

The Internal Revenue Service Publication Number 557 “tax-exempt status for your organization” contains samples of the required language and is available for free from the IRS Forms Distribution Center, P.O. Box 8903, Bloomington, Illinois 61702-8903.

<http://www.irs.gov/publications/p557/ar01.html>

Faith-Based Initiatives

Faith-Based Initiatives and the Bush Administration

The Pew Forum on Religion

Public Life-Faith-Based Initiatives

<http://pewforum.org/faith-based-initiatives/>

OMB Watch—Nonprofit Issues—Faith-based Initiative

<http://www.ombwatch.org/article/archive/47>

USA Freedom Corps—Nonprofits and Community Serving Organizations

<http://www.usafreedomcorps.gov>

White House Office of Faith—Based and Community Initiatives

<http://www.whitehouse.gov/government/fbci/>

Federal Department of Labor (DOL)

www.dol.gov

The Foundation Center-Researching Philanthropy Literature of the Nonprofit Sector—23,440 full bibliographic citations, 15,810 descriptive abstracts.

<http://lnps.fdncenter.org/>

Internal Revenue Service (IRS)

www.irs.gov

The different filing forms' requirements (for each type of nonprofit) are explained in the instructions for form 990 at the IRS Web site

http://www.npccny.org/Form_990/990.htm

Information on the rules for filing tax returns with the State of Ohio can be found at the Ohio Attorney General's Office Web site

<http://www.ag.state.oh.us/>

One of the best Web sites for information about federal tax-exemption and tax filings is under the "Charities and Nonprofits" section at

<http://www.irs.gov/charities/index.html>

Certain types of organizations need to be concerned about other taxes. Section 501(c)(3) (public charity) organizations and section 501(c)(4) (social welfare) organizations need to follow the laws about excise tax (commonly called "excess benefit transactions") in section 4958 of the IRS Code. Information about section 4958.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004958----000-.html

General IRS Information for Charitable Organizations

<http://www.irs.gov/instructions/i1023/ar01.html#d0e183>

What You Need to Know Before Starting a Nonprofit...Get Ready Get Set This is a project of the California Management Assistance Partnership (written by Peter B. Manzo and Alice Espey with Nora Burton and Snow Tempest, and published by the Center for Nonprofit Management). A reminder that the California laws listed in this publication may be different than Ohio laws, however, the basic information is excellent.

<http://www.cnmsocal.org/Services/GetReadyGetSet>.

For a collection of articles called "Guide to Private Foundations" on the IRS site.

<http://www.irs.gov/charities/charitable/article/0,,id=127912,00.html>

Free Management Library for Nonprofits and Profits Provided by Authenticity Consulting, LLC.

<http://www.managementhelp.org/>

The Mandel Center for Nonprofit Organizations an Academic Center for Nonprofit Management offers good information from Case Western Reserve in Cleveland, Ohio.

<http://www.cwru.edu/mandelcenter/index.html>

National Center for Charitable Statistics-NCCS National clearinghouse for Nonprofit sector data.

<http://nccsdataweb.urban.org/FAQ/index.php?category=31>

National Council of Nonprofit Associations (NCNA) is the network of state and regional nonprofit associations serving over 22,000 members in 46 states and the District of Columbia. NCNA links local organizations to a national audience through state associations and helps small and mid-sized Nonprofits.

<http://www.ncna.org/index.cfm?fuseaction=Page.viewPage&pageId=2>

Nonprofit laws are listed in: Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=documentframe.htm&2.0#JD_1702

Nonprofit Organizations All About Nonprofit Charitable Organizations

<http://Nonprofit.about.com/>

Nonprofit Resource Guide Search Find Nonprofit organizations by state, type and name.

<http://www.epodunk.com/Nonprofits/NonprofitSectorResearchFund—TheAspenInstitute>

The Nonprofit Sector Research Fund awards research grants, convenes leaders, and disseminates research findings to expand knowledge of the Nonprofit sector and philanthropy, improve Nonprofit practices and inform public policy related to Nonprofits.

<http://www.Nonprofitresearch.org/>

The Nonprofit Times-The Leading Business Publication for Nonprofit Management

<http://www.nptimes.com/>

OANO-Ohio Association of Nonprofit Organizations

<http://www.oano.org/>

Office of Management and Budget (OMB)

Circular A—110—Uniform Administrative Requirements

<http://www.whitehouse.gov/omb/circulars/a110/a110.html>

Circular A—122, Revised May 10, 2004

http://www.whitehouse.gov/omb/circulars/a122/a122_2004.html

Circular A-133—Audits of States

<http://www.whitehouse.gov/omb/circulars/a133/a133.html>

OMB Circulars

<http://www.whitehouse.gov/omb/circulars/index.html>

OMB Watch—Nonprofit Issues—Latest Headlines

<http://www.ombwatch.org/npadv>

OMB Watch—Panel on Nonprofit Sector Makes Final Recommendations to Senate Committee

<http://www.ombwatch.org/article/articleview/2892>

Office of Unemployment Compensation

<http://www.ifs.ohio.gov>

The Ohio Secretary of State's Articles of Incorporation form and instructions are at

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=532>

The Ohio Attorney General has a pamphlet, which gives advice for persons serving as directors of nonprofit corporations.

http://www.ag.state.oh.us/online_publications/charitable_law/pdf/04guide_boardmembers.pdf.

For information about registering with the Ohio Attorney General

www.ag.state.oh.us.

Online Resources — The Center for Nonprofit Excellence offers training and consulting services covering a wide range of issues for Nonprofits of all sizes.

http://www.cfnpe.org/base.cfm?page_id=1017

Ohio Wage Hour Bureau

<http://198.234.41.198/w3/webwh.nsf?Opendatabase>

Philanthropy News Digest (PND)

<http://fdncenter.org/pnd/>

PNNonline is a nonprofit news and information source

<http://www.pnnonline.org/modules.php?op=modload&name=News&file=index>

If you plan to be tax-exempt, the purpose statement must meet the Nonprofit laws listed in Section 501(c)(3) of the Internal Revenue Code

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html

Forms need to be filled out and sent to the Secretary of State regularly. For information

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=532>

There are ongoing filing obligations in order to continue being a Nonprofit. Again, the Secretary of State's Web site is probably the best source for information.

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=522>

ServiceLeader.org is a project of the RGK Center for Philanthropy and Community Service at the Lyndon B. Johnson School of Public Affairs of the University of Texas at Austin, provides information on all aspects of volunteerism.

<http://www.serviceleader.org/new/index.php>

Social Science Research Network
<http://www.ssrn.com/>

Information for organizations that intend to ask for contributions is at
www.ag.state.oh.us.

These are **links to the legal forms** that must be filed with the **Ohio Secretary of State's office**.

- [Initial Articles of Incorporation](#), \$125.00, Form #532
PO Box 670, Columbus, OH 43216
- [Certificate of Amendment by Shareholders/Members to Articles](#)
\$50.00, Form #541
PO Box 1028
Columbus, OH 43216
- [Statutory Agent Update](#), \$25.00, Form #521
PO Box 788
Columbus, OH 43216
- [Certificate of Dissolution by Members/Directors](#)
\$50.00, Form #560
PO Box 1028
Columbus, OH 43216
- [Continued Existence of Nonprofit Corporation](#)
\$25.00, Form #522
PO Box 788
Columbus, OH 43216
- [Reinstatement](#), \$25.00, Form #525
PO Box 788
Columbus, OH 43216

These forms, along with all other business forms, are listed on the Secretary of State's Web site at this address
<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>.

Ohio Attorney General supervises the activities of Nonprofit organizations. For proper forms and information visit the Ohio Attorney General's site.
<http://www.ag.state.oh.us>

Nonprofits that ask for funds from the public for charitable purposes must file an annual financial report with the **Ohio Attorney General**. The Solicitation Registration Form and Annual Financial Report can be found on the Ohio Attorney General's Web site.
http://www.ag.state.oh.us/online_publications/charitable_law/char_solicit_req_info.pdf

Nonprofit Good Practice Guide Provided by the Dorothy A. Johnson Center for Philanthropy & Nonprofit Leadership
<http://www.npgoodpractice.org/>

Nonprofit Nuts and Bolts Publishing aims to provide practical, timeless management ideas that help nonprofit professionals tackle the nuts and bolts of managing their organization. It strives to be a valuable, information-packed resource for busy, budget-stretching non-profit professionals. It covers key topics such as fundraising, volunteer management, public relations, special events, leadership, marketing, meetings, staff management, motivation, board relations, team building, time management, committees and technology.

<http://www.nutsbolts.com/np-resources.htm>

Local Solicitation and Reporting Information

An example of solicitation code section for Toledo listed under “Business Regulations.”

[http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledomunicipalcodefn=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:toledo_oh\\$anc=](http://www.amlegal.com/nxt/gateway.dll/Ohio/toledo/toledomunicipalcodefn=templates$fn=default.htm$3.0$vid=amlegal:toledo_oh$anc=)

This site offers general links to a variety of Ohio municipal codes. Here is a link to the Bowling Green page, which gives an opportunity to view the solicitation code from Bowling Green.

<http://www.amlegal.com/library/oh/bowlinggreen.shtml>

Below is a link to a library which allows you to view all available online Ohio municipal codes. Not all are online but this has a very large selection.

<http://www.amlegal.com/library/oh/index.shtml>

Technical Resources and Links Provided by the Rasmuson Foundation of Alaska

<http://www.rasmuson.org/index.php?switch=viewpage&pageid=45>

SBA-Nonprofit Organizations Small Business Administration

<http://www.sba.gov/Nonprofit/>

U.S.P.S—How to Apply for Authorization to Mail at Nonprofit Rates

<http://www.usps.com/businessmail101/misc/NonprofitApplication.htm>

U.S.P.S—Special Rates for Nonprofit Mailers

<http://www.usps.com/businessmail101/rates/Nonprofit.htm>

U.S.P.S—Who Qualifies for Nonprofit Rates

<http://www.usps.com/businessmail101/misc/NonprofitQualifications.htm>

Book Reference

A wonderful book that has information on forming and running nonprofits., Guidebook for Directors of Nonprofit Corporations Committee on Nonprofit Corporations. Editors, George W. Overton, Jeannie Carmedelle Frey, Second Edition, Section of Business Law American Bar Association, 2002.

Sites for Ending the Nonprofit

Nonprofit laws are listed in the Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=document-frame.htm&2.0#JD_1702

In order to complete the form of a merger or consolidation with the Secretary of State, certain items must be included. A list of business forms can be found at

<http://www.sos.state.oh.us/SOSApps/SOS/FormRefbs.aspx>

There are many Ohio forms, instructions, and items required in order to legally end a Nonprofit. The forms to fill out and information on how to file are at the Ohio Secretary of State's site.

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS/FormRefBS.aspx&type=BusinessServices&code=560>

Section 1702.43 Ohio Revised Code, Merger of Nonprofit Corporation. The forms to fill out and information on how to file are at the Ohio Secretary of State's site.

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4/ddc4/ddd1?f=templates&fn=document-frame.htm&2.0#JD_170243

Information about the dissolution of a Nonprofit can be found in Section 1702.47 Ohio Revised Code, Voluntary Dissolution of Nonprofit Corporation.

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4/dde8/dde9?f=templates&fn=document-frame.htm&2.0#JD_170247

More information is on the **Ohio Secretary of State's site**

<http://www.ohiospirit.org>. Specific links are below.

To request a **CD-ROM** with all **Business Forms and Filing Information**

busserv@sos.state.oh.us

Instructions and form for a **Certificate of Dissolution** by Members or Directors

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=/SOSApps/SOS2fFormRefBS.aspx&type=BusinessServices&code=560>

Certificate of Merger

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?>

[return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=551](http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=551)

Certificate of Consolidation

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?return=%2fSOSApps%2fSOS%2fFormRefBS.aspx&type=BusinessServices&code=550>

The fees charged and collected by the Ohio Secretary of State are listed in Section 111.16 Ohio Revised Code

<http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/4f4/cb1/d01/d02?f=templates&fn=document-frame.htm&q=111.16&x=Advanced&2.0#LPHit1>

Managing the Money

Nonprofits, just like other corporations, must keep tight control of their money. **There are many accounting issues to think about** such as who signs the checks, what the Treasurer's duties are, and how you want to make and follow an organization budget. Other important aspects of the money include fundraising and tax issues.

This is a complicated subject and site users should not try to set up any portion of a nonprofit corporation based solely on the information they find on this site. You should work with specialists in each area such as a tax attorney or CPA.

Managing the Money I

Internal Accounting

There are basic internal accounting issues that need to be addressed when forming a nonprofit, including who is allowed to sign checks, what duties the Treasurer has, what financial duties the board members have, and creating and following a budget.

Sarbanes-Oxley Act

The Sarbanes-Oxley Act states laws that govern the accounting practices and the most recent financial activities of an organization. Two provisions of the Sarbanes-Oxley Act apply to nonprofit corporations, whistle blower protection and record retention.

Whistle Blower

- Whistle blower protection is legal protection for employees who reveal financial wrong doing by their organization.
- Whistle blowers could also be customers, donors or volunteers of the nonprofit.
- It is illegal for the nonprofit to interfere with any person for reporting truthful information about financial wrong doings.
- It is illegal for the organization to punish or penalize a witness, victim or informant. This can also result in both civil and criminal penalties for the organization.
- Whistle blower claims against nonprofit corporations are first investigated by the Department of Labor. The process used is very similar to other employment discrimination claims.
- States have reacted to Sarbanes-Oxley with their own state level whistle blower laws.
- These state laws generally have the same types of whistle blower protections as Sarbanes-Oxley.
- The Ohio Attorney General's office enforces these Ohio state laws.

Record Retention

- Nonprofits need to maintain the trust of the public about the use of donated funds. Keeping records of how the money was used is very important if the nonprofit wants to maintain the trust of the public.
- Nonprofits should have a records retention policy that is written to make sure the organization is following all laws by keeping necessary records.
- There is currently a movement toward making nonprofit organizations follow even more of the Sarbanes-Oxley requirements. Nonprofits need to stay current with any changes to make sure they are following all current laws. Being involved with other nonprofits or groups of nonprofits can help you make sure you have current information.

Treasurer

The treasurer is normally **the financial officer** for the nonprofit corporation. The specific duties and actions of the treasurer are described in the articles of incorporation, the regulations or by resolution of the board of directors. The responsibilities of the treasurer typically include **maintaining all financial records** for the nonprofit corporation and regularly **reporting the financial condition** of the nonprofit to the board of directors. Normally the treasurer will assist the president in preparing a budget for the nonprofit. **The budget is to outline the expected income and expenses of a corporation over a calendar or fiscal year.** The treasurer will report to the board of directors as to whether the current income and expenses are in line with the budget. Because the treasurer may handle large sums of money, the nonprofit may require a surety

bond (guarantee) to be completed by the treasurer to assure that the corporation won't have any loss due to actions by the treasurer.

In order to maintain the financial truthfulness of a nonprofit corporation, an **independent auditor**, preferably a CPA, should be used to **annually audit the financial records** of the nonprofit.

Each member of the board of directors is to perform his or her duties in good faith in a manner s/he reasonably believes to be in the best interest of the corporation and with the care that an ordinarily cautious person would use in a similar situation.

The **board of directors guides all banking activity** by the nonprofit corporation. The board of directors, by resolution, authorizes the treasurer or any other designated officer of the nonprofit to **establish a bank account**. The corporation's board of directors will determine who will sign checks. Many nonprofit corporations require two signatures on their checks. Usually this would be the treasurer and the president or one of the other officers.

Nonprofit corporations may be sued. Corporations are responsible for injuries caused by their behavior in the same way that any individual would be liable. Corporations may be convicted of criminal offenses. Ohio law states that nonprofit corporate officers are not personally liable for certain obligations of the corporation.

Lobbying Expenses

A nonprofit corporation's exemption from federal income tax will be denied if a substantial part of its activities consist of attempting to influence political votes for a specific candidate or law. An election can be made by using Form 5768 to allow a Section 501(c)(3) organization to utilize its money to influence legislation. This is a complicated area, and a specialist such as a tax attorney or a CPA should be consulted. Detailed information about lobbying expenditures can be found in IRS Publication 557, which is at the IRS Internet site.

<http://www.irs.gov/pub/irs-pdf/p557.pdf>

This site has information about internal accounting

http://www.managementhelp.org/finance/np_fnce/np_fnce.htm

Fundraising

Raising money to support charitable causes is the main focus of most nonprofit corporations. There are laws that must be followed when fundraising, so be sure to check and obey all federal, state and local laws. It is recommended that you work with specialists in each area such as an attorney or CPA.

There are many funds available to organizations doing certain types of work or supporting certain causes. Your nonprofit may be able to benefit from grants. A good

source of information is the Ohio Grant makers Forum. You can call them at (614) 223-1344 or visit their Web site www.ohiograntmakers.org.

If you are considering having **gambling or games of chance** (raffles, bingo, etc.) as fundraisers, you need to know Ohio laws very well. Ohio has very strict rules about who can run such events, raffles are, for the most part, illegal in Ohio.

The best source of information about gambling/games of chance is the Ohio Attorney General's office. The Charitable Law section answers questions at (614) 466-3180, or you can visit its Web site at

http://www.ag.state.oh.us/sections/charitable_law/index.htm.

Additional information can be found at

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html

Donations and Gifts

Donations and gifts may come in many forms. If you are a tax-exempt organization, many of your donors may be interested in taking a tax deduction for their donation/gift. Accurate records of donations must be kept, and you need to give the donor written proof stating that you are tax-exempt and list what (how much) the donor gave you.

If a donor receives something in exchange for the donation, the value of the item received must also be noted. For example, if your nonprofit sponsors a dinner and sells tickets for \$250.00 each and the cost of the dinner is \$50.00 per person, your thank you letter should clearly state that only \$200.00 of the ticket price might be tax-deductible. Notice the use of the word "might." It is always **best to tell donors to consult their attorney or accountant about whether their gift is tax-deductible**. Your organization should **not** be giving legal advice! Two good resources are on the IRS Web site

<http://www.irs.gov/charities/>

<http://www.irs.gov/newsroom/article/0,,id=118196,00.html>

Donation Tips

- **Be very careful of gifts that are made with "strings attached"** or that are given for a very limited purpose. For example, the donor gives you \$3,000 and then expects your nonprofit to advertise the donor's name for a year. Once you accept a contract like this, you have an obligation to do what was requested.
- Also **be careful about allowing other groups to raise money on your behalf** using your organization's name. You do not want to be responsible if something goes wrong on their part.

- As a nonprofit, you should always **make sure the money you raise goes to support the nonprofit's purpose**, and not to fundraising or administrative costs.

Managing the Money II

Taxes

The leaders of the nonprofit corporation should have a general understanding of how taxes apply to the corporation. The board should know whether the nonprofit is exempt from federal income tax or from local real estate taxes, the basics of the tax return, and many other tax issues. **Taxation is a very technical field** and nonprofits should have, or should consider having, their tax reporting handled by an outside professional such as an accountant.

Most public benefit and religious corporations will seek what is called 501(c)(3) status. One possible benefit of a 501(c)(3) nonprofit is that it might not have to pay federal income tax. To get the 501(c)(3) status, there are strict rules the nonprofit must follow. One of the most important rules is that the **corporation can only be operated for charitable, religious, educational, literacy or scientific purposes**. Another rule is that the nonprofit is **not allowed to try to have an effect on laws or to tell people who to vote for or against in elections**.

Information about taxes and 501(c)
[http://www.law.cornell.edu/uscode/html/uscode26/
usc_sec_26_00000501----000-.html](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html)

Tax Questions and Answers

Is there more than one category of tax-exempt organizations for federal income tax purposes?

Yes. Section 501(c) of the **Internal Revenue Code lists 28 categories of tax-exempt organizations**. Included in the list are charitable organizations in section 501(c)(3), certain types of social welfare organizations in section 501(c)(4), business leagues, trade associations and chambers of commerce in section 501(c)(6) and social clubs in section 501(c)(7).

The Internal Revenue Code's section on 501(c) information is listed
[http://www.law.cornell.edu/uscode/html/uscode26/
usc_sec_26_00000501----000-.html](http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html).

Of course, the IRS Internet site provides detailed tax information at
www.irs.gov

If an organization is tax-exempt does that mean it is exempt from tax on all of its income?

Not necessarily. Read section 501(b) of the Internal Revenue Code parts II, III and VI of subchapter F at http://www.law.cornell.edu/uscode/html/uscode26/uscode26_01_26_10_A_20_1_30_F.html

Different types of nonprofits are exempt from tax on different types of income but not necessarily on all of their income. **It is essential to find out which rules apply to your type of organization.** Generally, a nonprofit organization under section 501(c)(3) is exempt from tax on the income generated from its tax-exempt activities and on its investment income (such as interest gained in a bank account). A nonprofit is generally not exempt from taxes on income from activities unrelated to its nonprofit purposes. These special rules are listed in sections 511-514 of the Internal Revenue Code. http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00000511_000.html

More details about the unrelated business income tax can be found at <http://www.irs.gov/charities/article/0,,id=96104,00.html>.

A tax attorney will be able to tell you exactly what your nonprofit's specific rules are.

Do you want donations given to your organization to be deductible from federal income tax?

If you do, then you will want your organization to be considered under **501(c)(3)** of the Internal Revenue Code. http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00000501_000.html

A 501(c)(3) has three main requirements:

■ **Exempt Purpose.** The organization must be operated entirely for one or more of these purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competitions, and/or the prevention of cruelty to children or animals. The term "charitable" would include helping people who are poor, troubled or in need of basic daily requirements (food, housing, medicine, etc.). A charitable nonprofit would also include getting rid of injustice and unfairness toward specific groups of individuals (because of their religion, race, sexual orientation, etc.).

■ **No Private Inurement.** This means that none of the profits of the organization may go to any individual.

■ **No Lobbying.** A section 501(c)(3) organization is not allowed to try to have an effect on laws or to tell people who to vote for or against in elections.

Do you need to file a form with the Internal Revenue Service (IRS) in order to be considered a tax-exempt organization?

It depends. If you want to be a section 501(c)(3) organization, then the answer is yes. The application form you must complete and file with the IRS is form 1023.

If you want to be one of the other 27 types of tax-exempt organizations, filing is usually not required, but you can file if you so choose.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000501----000-.html.

The application form you complete for these other types of organizations is form 1024. Filing form 1024 is usually recommended so the IRS lists your organization as a tax-exempt nonprofit.

You can get both of these forms and instructions from the IRS at <http://www.irs.gov/formspubs/index.html>. From there, select the form number (1023 or 1024).

Detailed information about this entire procedure can be found in IRS Publication 557, which is also at the IRS Internet site <http://www.irs.gov/pub/irs-pdf/p557.pdf>.

What is the difference between a public charity and a private foundation in the 501(c)(3) section?

The difference can be very complicated and more information can be found in the IRS Publication 557 <http://www.irs.gov/pub/irs-pdf/p557.pdf>.

When you file form 1023, in order to be a 501(c)(3) nonprofit organization, you must decide if you want to be a private foundation or a public charity. The Internal Revenue Code will consider your 501(c)(3) nonprofit as a private foundation unless you show that the organization is one of the four basic categories of public charities described in section 509(a)(1)-(4) of the Internal Revenue Code.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000509----000-.html

The four categories of public charities are described below. You can find additional information on the IRS Internet site at

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000509----000-.html

■ **509(a)(1)** This category includes churches, schools, hospitals and medical research organizations, and governmental units. Another category is called

publicly supported organizations, which receive contributions from many persons (individuals, businesses, and other exempt organizations).

■ **509(a)(2)** This category includes organizations that usually receive more than one third of their income from gifts, contributions, membership dues and nonprofit activities. Organizations in this category also receive less than one third of their income from investments and unrelated business activities.

■ **509(a)(3)** This category is known as “supporting organizations” and is usually set up to support an existing charitable organization.

■ **509(a)(4)** The only organizations in this category are those that do testing for public safety.

If your public charity does not fit into one of the categories above, then it will be considered a private foundation. Private foundations are usually funded by a limited number of individuals and their main purpose is to give money away to other charitable organizations. Private foundations have greater restrictions and need to pay taxes that public charities do not have to pay.

If you claim that your organization is a public charity (form 1023), you must give the IRS your estimated financial plan for the upcoming two years. Form 1023 is at <http://www.irs.gov/pub/irs-pdf/f1023.pdf>

The directions to help you fill out form 1023 are at <http://www.irs.gov/pub/irs-pdf/i1023.pdf>.

The two-year estimated financial plan must show that you will meet the standards listed for your category under the IRS Code. If the IRS agrees, they will issue an "advance ruling" that says your nonprofit is a public charity for the next five years. After five years, you will need to send another form to the IRS (form 8734), which will review your records for those first five years to make sure your nonprofit has acted correctly as a public charity. Form 8734 is at <http://www.irs.gov/pub/irs-pdf/f8734.pdf>

The instructions for form 8734 is available at <http://www.irs.gov/pub/irs-pdf/i8734.pdf>.

What are the requirements for filing tax returns with the IRS?

All tax-exempt nonprofits (except churches) must file an information return each year. Most tax-exempt organizations will file form 990. Information on form 990 may be found at http://www.npcny.org/Form_990/990.htm.

Very small organizations do not need to file.

Tax-exempt organizations (including churches) that have business income unrelated to the public charity must pay federal income tax and file form 990-T which is found at <http://www.irs.gov/pub/irs-pdf/f990t.pdf>

The instructions are at <http://www.irs.gov/pub/irs-pdf/i990t.pdf>.

What are the rules for filing tax returns with the State of Ohio?

Section 501(c)(3) organizations (except churches) are required to **pay their annual current filing fee and file with the Ohio Attorney General's Office**, which proves that they have made their annual filing with the IRS. More information on this requirement can be found on the Ohio Attorney General's Office Web site http://www.ag.state.oh.us/sections/charitable_law/index.htm

Is there a Web site that provides more information about the tax questions discussed above?

One of the best Web sites for information about federal tax-exemption and tax filings is under the "Charities and Nonprofits" section at <http://www.irs.gov/charities/index.html>

Is there a Web site that lists all of the section 501(c)(3) organizations in the country?

Yes. The federal government publishes this list in Publication 78. This publication lists only 501(c)(3) organizations and is available at <http://www.irs.gov/charities/article/0,,id=96136,00.html>

Are there special rules for tax-exempt political organizations?

Tax-exempt political organizations are **governed by section 527** of the Internal Revenue Code. Information about these types of organizations may be found at <http://www.irs.gov/charities/political/index.html>

Are there other taxes that tax-exempt organizations need to be concerned about?

Yes, for certain types of organizations.

Section 501(c)(3) (public charity) organizations and section 501(c)(4) (social welfare) organizations need to follow the laws about excise tax (commonly called "excess benefit transactions" in section 4958 of the IRS Code). Information about section 4958 is available at <http://www.irs.gov/charities/charitable/article/0,,id=123298,00.html>.

■ The excise tax has two parts.

First, an excise tax may be mandatory for "disqualified persons" such as an executive of the nonprofit who receives too much compensation/benefits. The excise tax is 25% of the over payment, and additional excise taxes (of 200%) may be charged if the over payment is not corrected.

■ The second part of this excise tax is imposed on the organization's managers.

A nonprofit manager (which includes a director, officer, trustee or any other individual with similar responsibilities) who is intentionally involved in giving too much compensation/benefits could have to pay an excise tax of 10% of the amount of the excess benefit (up to \$10,000).

In summary, nonprofits must be very careful when establishing compensation packages for key executives because the excise taxes above will be charged if the compensation packages are too large.

Organizations that are section 501(c)(3) private foundations must also be aware of a series of excise taxes that may apply to them. These include an excise tax on:

■ Investment income (section 4940 of the Internal Revenue Code)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004940----000-.html

■ Self-dealing (section 4941)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004941----000-.html

■ The failure to distribute income (section 4942)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004942----000-.html

■ Excess business holdings (section 4943)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004943----000-.html

■ Investments that jeopardize charitable purposes (section 4944)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004944----000-.html

■ Taxable expenditures (section 4945)

http://www.law.cornell.edu/uscode/html/uscode26/uscode26_00004945----000-.html

All of the rules and taxes mentioned above are fairly complicated and you should seek legal advice from a tax attorney or a CPA to make sure that no violations occur.

Suggested Internet Money Resources

Section 501 of the United States Tax Code. Exemption from tax on corporations, certain trusts, etc.

<http://www.fourmilab.ch/ustax/www/t26-A-1-F-I-501.html>

Alliance for Justice-Nonprofit Advocacy works toward strengthening the voice of nonprofits in the area of public policy debate. They achieve this goal by working with a tax-exempt organizations to better understand the laws that regulate them.

<http://www.allianceforjustice.org/nonprofit/index.html>

America's Charities Good for finding information on smaller charities, those with revenues less than \$25,000/yr.

<http://www.charities.org/>

Two sites with Information about donations/gifts

<http://www.irs.gov/charities/>

<http://www.irs.gov/newsroom/article/0,,id=118196,00.html>

Center for Lobbying in the Public Interest (CLPI) is an organization that supports and promotes the rights of nonprofits to advocate and lobby in the public interest.

<http://www.clpi.org/>

The Charitable Law section of the Ohio Attorney General's office

http://www.ag.state.oh.us/sections/charitable_law/index.htm.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_0000501----000-.html.

Charities Review Council-Other Links of Interest

<http://www.crcmn.org/links/links.htm>

Federal Department of Labor (DOL)

www.dol.gov

For further information about internal accounting

http://www.managementhelp.org/finance/np_fnce/np_fnce.htm.

Grants

Grants, etc. University of Michigan-School of Social Work
<http://www.ssw.umich.edu>

Government Grants
<http://www.grants.gov/>

Internet Basics for Grantseekers-Technology for Nonprofits is provided by the University of Wisconsin at Madison.
<http://grants.library.wisc.edu/organizations/technology.html>

The Foundation Center Founded in 1956, the Center is the nation's leading authority on philanthropy and is dedicated to serving grantseekers, grantmakers, researchers, policymakers, the media, and the general public.
<http://fdncenter.org/>

SRA International Grants Web The Society of Research Administrators International (SRA International) is a dynamic, nonprofit organization of more than 3,600 professional research administrators representing colleges and universities, hospitals and medical centers, industry, government, independent research organizations, and voluntary agencies. Approximately 96 percent of members are among those who manage and administer the multi-billion-dollar U.S. research enterprise. Canadian administrators represent the second largest contingency, with a growing representation from other nations.
<http://www.srainternational.org/newweb/grantsweb/index.cfm>

Internal Revenue Service (IRS)
www.irs.gov

The different filing forms and requirements (for each type of nonprofit) are explained in the instructions for form 990 at the IRS Web site
http://www.npccny.org/Form_990/990.htm

Information on the rules for filing tax returns with the State of Ohio can be found at the Ohio Attorney General's Office Web site
<http://www.ag.state.oh.us>

One of the best Web sites for information about federal tax-exemption and tax filings is under the "Charities and Nonprofits" section at
<http://www.irs.gov/charities/index.html>

Office of Unemployment Compensation
<http://jfs.ohio.gov/ouc/>
Ohio Grant Makers Forum Web site
www.ohiograntmakers.org.

Ohio Wage Hour Bureau

<http://198.234.41.198/w3/webwh.nsf?Opendatabase>

Internet site with information about taxes (and 501(c) information)

www.irs.gov.

Additional tax exempt information is in section 501(c) of Internal Revenue Code

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html.

There are 28 categories of tax-exempt organizations for Federal income tax purposes.

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00000501----000-.html.

If you want to be to be considered a tax-exempt organization, a 501(c)(3), then you must file the IRS form 1023. Click here for the form and directions

<http://www.irs.gov/formspubs/index.html>. From there, click on the form number you wish to view.

The different filing forms and requirements (for each type of nonprofit) are explained in the instructions for form 990 at the IRS Web site

http://www.npccny.org/Form_990/990.htm.

Information on the rules for filing tax returns with the State of Ohio can be found at the Ohio Attorney General's Office Web site

<http://www.ag.state.oh.us/>.

One of the best Web sites for information about federal tax-exemption and tax filings is under the "Charities and Nonprofits" section at

<http://www.irs.gov/charities/index.html>.

Information about tax-exempt political organizations can be found at

<http://www.irs.gov/charities/political/index.html>.

National Council of Nonprofit Associations (NCNA) is the network of state and regional nonprofit associations serving over 22,000 members in 46 states and the District of Columbia. NCNA links local organizations to a national audience through state associations and helps small and mid-sized nonprofits.

<http://www.ncna.org/index.cfm?fuseaction=Page.viewPage&pageId=2>

Nonprofit Organizations All About Nonprofit Charitable Organizations

<http://nonprofit.about.com/>

Nonprofit Sector Research Fund-The Aspen Institute awards research grants, convenes leaders, and disseminates research findings to expand knowledge of the nonprofit sector and philanthropy, improve nonprofit practices, and inform public policy related to nonprofits

<http://www.nonprofitresearch.org/>

Section 501(c)(3) (public charity) organizations and section 501(c)(4) (social welfare) organizations need to follow the laws about excise tax in section 4958 of the IRS Code. Information about section 4958 is available at

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004958----000-.html.

For specific details about the different types of excise taxes, click below

■ Investment income (section 4940 of the Internal Revenue Code)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004940----000-.html

■ Self-dealing (section 4941)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004941----000-.html

■ The failure to distribute income (section 4942)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004942----000-.html

■ Excess business holdings (section 4943)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004943----000-.html

■ Investments that jeopardize charitable purposes (section 4944)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004944----000-.html

■ Taxable expenditures (section 4945)

http://www.law.cornell.edu/uscode/html/uscode26/usc_sec_26_00004945----000-.html

Start Up/General Nonprofit Information

The Urban Institute-Center on Nonprofits and Philanthropy

<http://www.urban.org/center/cnp/index.cfm>

Center for Nonprofit Management-Articles and Reports

<http://www.cnmsocal.org/AboutNonprofits/article.html>

Yale Program On NonProfit Organizations (PONPO)

<http://ponpo.som.yale.edu/>

CharityChannel-Connecting Nonprofit Professionals Worldwide

<http://www.charitychannel.com/>

Taxes and Nonprofits

Advantages/Disadvantages of a nonprofit organization

<http://www.mycorporation.com/nonprofitadv.htm>

How to Read the IRS Form 990 and Find Out What It Means

http://www.npccny.org/Form_990/990.htm

[Internet Nonprofit Center](http://www.nonprofits.org/) provides a Database of questions and answers regarding nonprofits that have been exchanged on the Internet.

<http://www.nonprofits.org/>

IRS-Tax Information for Charities and Other NonProfits

<http://www.irs.gov/charities/index.html>

Sec. 501-Exemption from tax on corporations, certain trusts, etc.

<http://www.fourmilab.ch/ustax/www/t26-A-1-F-I-501.html>

What Is A Nonprofit Organization-Tax-Exempt Status

<http://www.t-tlaw.com/np-01b.htm>

Technology and Nonprofits

Benton Foundation-Strategic Communications Toolkit

<http://www.benton.org/publibrary/toolkits/stratcommtool.html>

Internet Basics for Grantseekers-Technology for Nonprofits Provided by the University of Wisconsin at Madison.

<http://grants.library.wisc.edu/organizations/technology.html>

Internet Nonprofit Center-Information for and about nonprofits

<http://www.idealists.org>

Action Without Borders.

<http://www.nonprofits.org/>

Nonprofit Technologies-A Miser's Guide to Technology and the Internet

<http://nonprofit.about.com/od/npotechnology/a/technology.htm>

The Nonprofit FAQ-Databases Provided by <http://www.idealists.org> and Action Without Borders

<http://www.nonprofits.org/if/idealists/en/FAQ/CategoryViewer/default?category-id=36&sid=32899641-286-neMDb>

The Nonprofit FAQ-Internet Use Provided by

<http://www.idealists.org>

Action Without Borders

<http://www.nonprofits.org/if/idealists/en/FAQ/CategoryViewer/default?category-id=41&sid=32899641-286-SmFXk>

Tips on Using Database Software or Other Tech. Tools Provided by
Jayne Cravens and Coyote Communications

<http://www.coyotecom.com/tech/index.html>

United States Postal Service

U.S.P.S-How to Apply for Authorization to Mail at Nonprofit Rates

[http://www.usps.com/businessmail101/misc/nonprofit
Application.htm](http://www.usps.com/businessmail101/misc/nonprofitApplication.htm)

U.S.P.S-Special Rates for Nonprofit Mailers

[http://www.usps.com/businessmail101/rates/
nonprofit.htm](http://www.usps.com/businessmail101/rates/nonprofit.htm)

U.S.P.S-Who Qualifies for Nonprofit Rates

[http://www.usps.com/businessmail101/misc/nonprofit
Qualifications.htm](http://www.usps.com/businessmail101/misc/nonprofitQualifications.htm)

[The Urban Institute-Center on Nonprofits and Philanthropy](http://www.urban.org/center/cnp/index.cfm) (CNP) conducts and disseminates research on the role and impact of nonprofit organizations and philanthropy.

<http://www.urban.org/center/cnp/index.cfm>

What Is A Nonprofit Organization? - Tax-exempt Status Distinguished

<http://www.t-tlaw.com/np-01b.htm>

Welcome to Give.org collects and distributes information on hundreds of national charities across the country

<http://www.give.org/>

Yale Program On Nonprofit Organizations (PONPO) offers research aimed at understanding nonprofit organizations and their role in economic and political life.

<http://ponpo.som.yale.edu/>

All of the rules and taxes mentioned above are fairly complicated and you should seek legal advice from a tax attorney or a CPA to make sure that no violations occur.

Managing Assets

When forming a corporation, there are basic details that must be taken care of or decided upon before the nonprofit opens for business. You will want to have rules and procedures ready to deal with items such as how you will handle assets (vehicles or property owned), insurance (for property, liability and board) and what the Secretary is responsible for (record and document keeping). An outline about these details follows with Internet sites for information.

Alliance for Justice-Nonprofit Advocacy works toward strengthening the voice of nonprofits in the area of public policy debate. They achieve this goal by working with tax-exempt organizations to better understand the laws that regulate them.

<http://www.allianceforjustice.org/nonprofit/index.html>

Managing Assets I

When forming a corporation, there are basic details that must be taken care of or decided upon before the nonprofit opens for business. You will want to have rules and procedures ready to deal with items such as how you will handle assets (vehicles or property owned), insurance for property, liability and board, and what the Secretary is responsible for (record and document keeping). Information on these subjects are below.

- Vehicles
- Real Property
- Personal Property
- Stocks and Investments
- Insurance for Vehicles and Assets
- Fiduciary duties
- Duties of Secretary

Vehicles, Owned, Donated, Rented, Borrowed, or Leased

- Keep written **records of all vehicles** titled to the nonprofit.
- Keep written **insurance records of all vehicles** titled to the nonprofit.
- Establish a set of **rules for maintaining all vehicles** and for supervising the use of all vehicles.

<http://www.irs.gov/newsroom/article/0,,id=124191,00.html>

<http://www.canonprofits.org/risk/articles/Non-OwnedAutomobileCoverage.html>

<http://www.nonprofitrisk.org/ws/c6/transport.htm>

Real Property, Land, Buildings, Leases, Rentals

- Keep written **records of all property** owned, leased or rented by the nonprofit.

- Keep written **insurance records of property** owned, leased or rented by the nonprofit.
- Establish a **set of rules for maintaining all property** owned, leased or rented by the nonprofit.

http://www.nonprofitcenters.org/resources/doc/Rowland_Nonprofit_Article.pdf

http://www.asae-aon.com/risk_management/exposures_detail.jsp

Personal Property Including Equipment

- Keep written **records of all personal property** owned, leased or rented by the nonprofit.
- Keep written **insurance records of all personal property** owned, leased or rented by the nonprofit.
- Establish a protocol to **maintain all personal property** owned, leased or rented by the nonprofit.

http://tax.ohio.gov/divisions/legal/rules/final/5703_03/index.stm

http://www.asae-aon.com/risk_management/exposures_detail.jsp

Tangibles (Stocks and Investments)

- Keep a written **record of all stocks and investments** purchase by the nonprofit.

<http://www.nonprofitrisk.org/nwsltr/archive/internalcontrol01222003-w.htm>

<http://www.amsolutions.net/amsreport.php?reportid=7&articleid=41>

Insurance for Vehicles and Assets, Liability, Business, Directors & Officers

- Purchase **insurance for all vehicles** titled to the nonprofit as directed by the nonprofit board.
- Purchase **insurance for all real and personal property** owned and leased/rented by the nonprofit as directed by the nonprofit board.
- Purchase **insurance liability and business insurance** as directed by the nonprofit board.
- Purchase **errors and omissions insurance for the board and all officers.**

<http://www.managementhelp.org/insurnce/insurnce.htm>

http://www.guidestar.org/news/features/npo_insurance.jsp

Fiduciary duties-Board, officers, employees

- The **Non-Profit Corporation Law**, Ohio Revised Code Sections 1702.01-1702.59, 1702.99, governs nonprofits.
- **There is a duty to act in good faith** and in a manner reasonably believed to be in the best interests of the nonprofit.
- Board members, officers and employees are not protected from intentional reckless, unlawful or harmful behavior.

<http://www.governancematters.org/web/Resources/TheResponsibilitiesofNonprofitBoardsinaCris/tabid/92/Default.aspx>

<http://www.ctnonprofits.org/Pages/NonProfitResources/BoardBuilderOct2003.asp>

Duties of Secretary for record keeping and document retention

- Keep correct and complete written **records of the minutes** (notes taken during meetings) of the actions of the nonprofit.
- Keep correct and complete written **records of all documents** and communication regarding the nonprofit.
- Create a record in the minutes authorizing the nonprofit to own, rent, borrow or lease a vehicle or to accept a donated vehicle.
- Create a record in the minutes authorizing the nonprofit to purchase and/or lease or rent all real and personal property and investments.

- **Create and maintain an inventory of all real and personal property** owned and or leased or rented by the nonprofit.

Nonprofit laws are listed in: Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=document-frame.htm&2.0#JD_1702.

<http://www.managementhelp.org/boards/brdjobs.htm#anchor334561>

<http://www.nonprofits.org/if/idealist/en/FAQ/QuestionViewer/default?category-id=46&item=82§ion=19&sid=38691952-13-pFHOi>

Suggested Internet Assets Resources

Sites about fiduciary duties-Board, officers, employees

<http://www.governancematters.org/web/Resources/TheResponsibilitiesofNonprofitBoardsinaCris/tabid/92/Default.aspx>

<http://www.ctnonprofits.org/Pages/NonProfitResources/BoardBuilderOct2003.asp>

Sites about Insurance (for vehicles, assets, liability, business, directors and officers)

<http://www.managementhelp.org/insurnce/insurnce.htm>

http://www.guidestar.org/news/features/npo_insurance.jsp

Internal Revenue Service (IRS)

www.irs.gov

Nonprofit laws are listed in: Index of Chapter 1702 Ohio Revised Code, Nonprofit Corporation Law

http://onlinedocs.andersonpublishing.com/oh/lpExt.dll/PORC/da2c/dcc4?f=templates&fn=documentframe.htm&2.0#JD_1702.

All About Nonprofit Charitable Organizations

<http://nonprofit.about.com/>

Sites about personal property (including equipment)

http://tax.ohio.gov/divisions/legal/rules/final/5703_03/index.stm

http://www.asae-aon.com/risk_management/exposures_detail.jsp

Sites about real property, land, buildings, leases, rentals

http://www.nonprofitcenters.org/resources/doc/Rowland_NonprofitArticle.pdf

http://www.asae-aon.com/risk_management/exposures_detail.jsp

Sites about duties of Secretary for record keeping and document retention

<http://www.managementhelp.org/boards/brdjobs.htm#anchor334561>

<http://www.nonprofits.org/if/idealist/en/FAQ/QuestionViewer/default?category-id=46&item=82§ion=19&sid=38691952-13-pFHOi>

Sites about tangibles (stocks and investments)

http://www.nonprofitrisk.org/nwsltr/archive/internal_control01222003-w.htm

<http://www.amsolutions.net/amsreport.php?reportid=7&articleid=41>

Sites about vehicles (owned, donated, rented, borrowed, or leased)

<http://www.irs.gov/newsroom/article/0,,id=124191,00.html>

<http://www.canonprofits.org/risk/articles/Non-OwnedAutomobileCoverage.html>

<http://www.nonprofitrisk.org/ws/c6/transport.htm>

Managing People I

Anyone thinking about starting a nonprofit business must be familiar with many personnel and volunteer issues, how to avoid problems with people and how to resolve problems if they do come up. The advice of legal counsel is strongly recommended for anyone beginning a nonprofit company. For staff issues, you might work with a lawyer who specializes in employment law. The Dispute Resolution Basics for Nonprofit Corporations section lists several ways to resolve problems, some of which may not need an attorney.

Staff and Employees

Make sure that before you begin a nonprofit you have read and are correctly following all legal requirements. The information and resources listed on this site will help you become familiar with the laws about personnel and volunteer matters and about resolving any problems that may arise.

Opening Considerations

Authority

Usually, in a small or start-up organization, **the president will usually be in charge** for most personnel matters. A good site to start with is the Employment and Training Administration

<http://www.doleta.gov>.

Application of Legal Standards

Specific items such as the number of employees or the amount of income the nonprofit makes, determine the legal standards you must follow. **Make sure you have read and are following all laws** (Frierson, James G. "Preventing Employment Lawsuits An Employer's Guide to Hiring, Discipline and Discharge." The Bureau of National Affairs, Inc., 1994. 1-31). The Ohio Department of Job and Family Services can also assist you

<http://www.jfs.ohio.com>

For information on employment taxes

<http://tax.ohio.gov/>

<http://www.columbustax.net/>.

Equal Employment Laws

Important federal, state or local **laws do not allow you to discriminate based on personal characteristics such as race, age, religion, and national origin** (Frierson 1-31) and (Pianko, Howard and Samuels, David G. "Nonprofit Compensation, Benefits, and Employment Law." John Wiley & Sons, Inc., 1998. 245-320).

An Internet site with good information is the Federal Equal Employment Opportunity Commission's (EEOC)

<http://www.eeoc.gov/>.

Another good site is <http://www.eeoc.gov/facts/fs-race.html>.

Every employer should display this poster about federal harassment and discrimination laws <http://www.eeoc.gov/posterform.html>

You may also want to look at information about the Americans with Disability Act which is at <http://www.jan.wvu.edu/links/adalinks.htm>

Expressed and Implied Policies

A knowledgeable person should **create employment policies and procedures**. It

could be a lawyer or an experienced employee of the nonprofit. These policies are written and often included in a personnel handbook.

Rules that the employer and the employee must follow can be created by patterns that have been followed in the past, such as the reasons why someone can take a personal day. Information about such policies can be found at <http://www.doleta.gov> (Employment and Training Administration) <http://www.ifs.ohio.gov/index.stm> (Ohio Dept. of Job and Family Services). An index of employment policy issues can be found at <http://www.dol.gov/compliance/guide/minwage.htm>.

Establishing the Employment Relationship

Employee or Independent Contractor Relationship

How does the nonprofit choose whether to have work performed by **a staff person or an outside contractor** and what are the consequences? This is a complicated decision and requires careful planning (Frierson 57-60) (London, Sheldon I. "How to Comply With Federal Employee Laws." 1-17). For information about beginning and running small businesses

<http://www.inc.com/partners/intel/>.

Background Checks

Some are initially mandatory and some are optional. Background checks may be important for particular jobs, but can be expensive (Frierson 78-86). A good place to start would be the Ohio Department of Job and Family Services

<http://www.ifs.ohio.gov/index.stm>

Application

Good job applications prevent many problems later on. The well thought out application will give the employer important information such as the candidate's past work history, education level and experience, etc. (Frierson, pp. 74-78). See the Ohio Department of Job and Family Services' Web site

<http://www.ifs.ohio.gov/index.stm>

Interview

Interviews are critical in deciding whether an applicant will fit your needs. It is also important to understand the legal requirements as to what you are legally not allowed to ask during an interview (Weiss, Donald H. "Fair, Square & Legal Safe Hiring, Management & Firing Practices to Keep You & Your Company Out of Court" (3rd Edition). American Management Association, 2000. 33-51). Again, good sites to review are the Ohio Department of Job and Family Services' site at

<http://www.ifs.ohio.gov/index.stm>

Society for Human Resource Management

<http://www.dol.gov/compliance/guide/fmla.htm>.

Employment Agreement

Agreements can be expressed (written/oral) or implied. How do you, your employees and volunteers know what they are required to do on the job? **There should be a job description or employment agreement**, which makes that clear (Frierson 66-72). The Ohio Department of Job and Family Services' site can help:

<http://www.jfs.ohio.gov/index.stm>

Administering the Ongoing Employment Relationship

Some of the laws regulating the employment relationship are:

Employment Taxes

Nonprofit organizations are responsible for paying payroll taxes including federal, FICA (Social Security), state and sometimes local. Your nonprofit organization is required to obtain an employer ID number to tell you apart from other organizations paying taxes.

Sites with information on employment taxes and ID numbers are

<http://tax.ohio.gov/>

<http://www.columbustax.net/>

For specific information about Social Security <http://www.ssa.gov> (Social Security Administration).

Employment Policies

Policy standards such as evaluation, discipline, promotion, and medical/vacation leave **should be written and included in the staff handbook** (Frierson Chapter 4). For information on the Family Medical Leave Act

<http://www.opm.gov/oca/leave/HTML/fmlafac2.asp>.

<http://www.dol.gov/compliance/guide/index.htm>.

Unemployment Compensation

Every employer must decide whether it is covered by Ohio unemployment compensation and how to meet the required terms. For information, view the Web site of the Ohio Office of Unemployment Compensation

<http://jfs.ohio.gov/ouc/>.

Worker's Compensation

Every employer must decide whether it is covered by Ohio worker's compensation and how to meet the required terms. For information, view the Bureau of Workers' Compensation's Internet site at <http://www.ohiobwc.com/>.

Employment Retirement Income Security Act [ERISA]

This federal law regulates specified employee benefits and retirement plans (London 131-134). Internet information can be found at

<http://www.dol.gov/compliance/guide/fmla.htm> and at

<http://www.dol.gov/dolfaq/dolfaqbytopic.asp?topicID=4&topicTitle=Retirement+Plans+%26+Benefits->

Federal Fair Labor Standards Act

This federal law controls specific payment issues such as **overtime and minimum wage requirements** (London 19-38). Federal Fair Labor Standards Act information is online at

http://nlrb.custhelp.com/cgi-bin/nlrb.cfg/php/enduser/std_alp.php

National Labor Relations Act (NLRB)

The main purpose of this federal law is to regulate the relationship between employer, employees and unions (London 113-118). Visit the NLRB Web site at

<http://www.nlrb.gov/>.

Other helpful information can be found at

http://www.eeoc.gov/abouteeo/overview_laws.html

http://www.eeoc.gov/abouteeo/overview_practices.html.

State Employment Laws

These state laws include guidelines about items such as the employment of minors, wages, hours, etc. Visit the Ohio Wage Hour Web site

<http://198.234.41.198/w3/webwh.nsf?Opendatabase>.

Liability Insurance

Liability insurance coverage is extremely important for employment-related matters such as sexual harassment, verbal abuse, etc. **Talk with your insurance carrier about appropriate coverage.** You can find information at

<http://www.hse.gov.uk/pubns/hse40.pdf> (Employers liability act 1969).

Terminating Employment Relationships

Terminating an employee from your corporation is one of the most sensitive and difficult decisions a manager has to make. This requires careful thought about **laws such as discrimination laws, requirements of continuing to give insurance to the employee after being let go, unemployment payment coverage and standards of legally or illegally getting rid of an employee.**

Talking first with an attorney will be important when choosing and creating these policies for the staff handbook and in making decisions about a specific employee (Weiss 237-279) (Frierson 149-228). Information about insurance requirements <http://www.dol.gov>.

Managing People II

Volunteers

Volunteers can be very valuable to a nonprofit. However, the organization must

keep control over its volunteers' actions, statements, etc., because **the public sees the volunteers as representatives of the organization**. The acts or information given by a volunteer are seen as the acts or information of the nonprofit. Incidentally, another important thing to remember about volunteers is that they can be fired.

Two good resources for information on working with and managing volunteers are

Ten Commandments for Effectively Using Volunteers
<http://www.berea.edu/brushyforkinstitute/handoutpapers/projecttoolboxes/tencommandmentsforvol.asp>.

Planning and Managing a Project with Volunteers in Mind
http://www.prairienet.org/habitat/bldg_guide/planningvols.html
Although this Web site is geared toward Habitat projects, it has a good, detailed, and solid plan that is easily adjusted for other nonprofit projects.

To avoid possible volunteer problems, you should **“hire” your volunteers as carefully as you would your employees**. Written standards, guidelines and procedures should be created for the volunteers by the board. Also, you will want to use the specific strengths of each volunteer. Some people are better at organization and office skills while others may be better at marketing or raising funds. Volunteers should be trained in the mission and goals of your nonprofit. It should also be made clear what their duties and responsibilities are and what responsibilities they do not have. Volunteers must understand that decisions can be made only by a vote of the majority of the board, and that no volunteer can make any promises or commitments for the nonprofit.

Many organizations wonder whether they should do background checks on their volunteers. Depending upon what your volunteers will be doing, background checks may be very important or legally required. For example, special training must be given to volunteers involved with children. Your board will need to **decide which employee and volunteer positions need to have a background check** (Frierson 78-86). More information can be found at Background Check Gateway available at <http://www.backgroundcheckgateway.com/>

Employment Background Checks: A Jobseeker's Guide at <http://www.privacyrights.org/fs/fs16-bck.htm>.

Your board should also make sure that the volunteers and their activities are **covered in your insurance policy**. Otherwise, for example, if a volunteer injures someone while performing his or her duties, your organization could be held responsible. The Nonprofit Risk Management Center provides valuable information <http://www.nonprofitrisk.org/>.

Be sure to thank your good and loyal volunteers. In deciding how to thank volunteers, keep in mind the main goal of your nonprofit and your duty to your donors. Although you may want to buy each of your volunteers a new car to thank them for all they do, legally it would not be a correct use of your donors' funds. Most volunteers are helping because they support your goals, so a heartfelt thank you will often be enough.

Board and Officers/Duties/Ethics

Every nonprofit has its own needs and organizational structure. However, there are some basic rules that must be followed. Your **President** (or chairman, director, etc.) is the person in charge of your organization and running the board meetings. You will also need a **Secretary** who is in charge of keeping records of your meetings, legal paperwork, communications, etc. Your **Treasurer** is the person who keeps track of your money. Most organizations also like to have a **Vice-President** or someone able to step in and take charge in the absence of the President.

The board decides the organization's mission statement and purpose. The board hires staff and volunteers, provides leadership for paid and unpaid staff members, and gives regular reviews of their work. The board supplies the needed resources and manages those resources wisely, decides what programs or services will be offered by your organization, decides what types of fundraising you will do, and makes sure your nonprofit and its goals are known in the community. A good board should regularly review its own performance and come up with a plan to become better, stronger, and more effective.

Being part of a nonprofit board is not a matter to be taken lightly. Board members (sometimes called trustees) have a great responsibility to the nonprofit and its donors.

Legally, these people have:

- A **duty of care** meaning that Board members should understand the charity's mission, regularly attend and participate in meetings, and be prepared to make informed decisions
- A **duty of loyalty** meaning that Board members must put the interests of the nonprofit above their own. Business relationships between a board member and the organization should be avoided.
- A **duty to keep accounts** and legal paperwork up-to-date such as keeping records of income, investments, expenditures, and records (minutes) of board meetings, etc.
- A **duty to plan annual budgets** and fundraising goals, create rules to make sure that no one person has total control over the finances, and to make sure that the organization's money is used properly.
- A **duty of respect** meaning that Board members should be faithful to the nonprofit's purpose and that they should follow the organization's main rules and documents such as the constitution, Articles of Incorporation, by-laws, policies/procedures, etc.
- There is also a **duty of knowing** and strictly following the local, state, and federal nonprofit laws. This includes many things such as having an annual financial audit completed, reporting changes in your name or address to the Ohio Secretary of State and Attorney General's Office, and withholding taxes from employees' paychecks to name just a few.

The Attorney General and the Ohio Grantmakers Forum published a guide as to the **duties of foundation board members**. Search for duties of foundation board members <http://www.ohiograntmakers.org>

For Codes of Ethics information, questions and research
<http://www.cof.org/index.cfm?containerID=68>

http://www.independentsector.org/members/code_main.html

These are complicated subjects and site users should not try to set up any portion of a nonprofit corporation based solely on the information they find on this site.

Running an Effective Meeting/Rules of Order

During nonprofit meetings, there are **basic rules that keep the meeting orderly and efficient**. Many people have heard of Robert's Rules of Order for meetings
<http://www.robertsrules.org/>

The basic reasons for having rules of order for meetings are:

- To ensure that everyone is able to speak without interruptions and is able to explain their viewpoint.
- To keep the meeting focused on the topics of the meeting (follow the agenda or outline for that meeting) and to make sure topics are given appropriate amounts of time.
- To make sure that everyone understands exactly what they are discussing or voting on.

A nonprofit can create and agree on rules of order. Meetings usually use an agenda (outline) to stay focused on the topics to be discussed. **A typical agenda would be:**

1. The President or Chairperson calls the meeting to order. The Secretary records attendance.
2. The Secretary gives a copy of the notes (minutes) taken during the last meeting. Any necessary corrections or additions are made and the minutes are approved by a vote.
3. The Board officers (the President, Vice-President, Secretary and Treasurer) report any actions, decisions, or events since the last meeting. An example would be the report from the Treasurer about the nonprofit's finances.
4. Discuss old business, which is any non-finished business from past meetings.
5. Discuss new business, which is the time to bring up and discuss new subjects that have not been discussed before. The President calls on people who wish to speak about a certain subject. The subject is then debated with speakers for and against the topic. Once discussed, the board can decide to wait to take any action or request a vote either for or against the subject. Normally, the new business subjects have already been brought to the President's attention and are on the agenda.
6. The announcements time is when officers and others share information or facts that everyone needs to be aware of and decide when the next meeting will be held.
7. The President announces the formal ending of the meeting, which is called adjournment.

Two links for basic rules of order for meetings

<http://www.robertsrules.org>

<http://www.jimslaughter.com/corporate.htm>

Managing Conflicts Between Volunteers, Board and Staff

Having written rules and knowing the responsibilities of volunteers, board members, and staff is an excellent way to avoid conflicts. **If everyone knows what is expected, there will be few conflicts.** However, there will be differences of opinions, and it is important that everyone is heard and that everyone understands that the decision of the majority of the board is a final decision. Staff and volunteers can and should offer their opinions, but the board makes the final decision. The Employment Law Guide For Nonprofit Organizations' site does a really good job of explaining what ought to be considered when developing an employee manual and is available at <http://www.probonopartnership.org/PBPGuide/frame.htm>.

Conflict of Interest Policies and Situations

Your nonprofit organization should have a written policy about not allowing conflicts of interest. Basically that means that a board member must NEVER vote for something that neglects or goes against the nonprofit's mission so that he or she can take advantage of an opportunity or personally make money. Board members should always let the nonprofit know if they would gain money because the charity is considering doing business with you, a family member, or a company you are involved with. The interest of the nonprofit must always come first. If at all possible, completely avoid business that may have potential conflicts of interest. Further information can be found on the IRS Web site

<http://www.irs.gov/pub/irs-pdf/i1023.pdf>.

This Internet link takes you to a 38 page PDF file which includes sample forms including a sample conflict of interest form (in Appendix A which is on pages 25-26 of the PDF file).

The Council on Foundations has dependable resources on conflict of interest policies

Booklet called "Conflicts of Interest: Safeguarding Your Foundation," offers four articles and several sample policies. Some of the policies are for both the board and staff and one is just for staff

<http://www.cof.org/files/Documents/Building Strong Ethical Foundations/Conflicts of Interest Safeguarding Your Foundation.pdf>

Another publication is "Conflicts of Interest: IRS Sample Policy Annotated for Grantmakers."

<http://www.cof.org/files/Documents/Building Strong Ethical Foundations/Conflicts of Interest IRS Sample Policy.pdf>

Sample policies can also be found in the Council on Foundations document database <http://bestpractices.cof.org/>

Managing People III

Corporations (nonprofit and for profit) will sometimes have a disagreement (dispute) come up. These disputes can be small (a problem with an employee about how much overtime pay they should get) or huge (the government is disputing whether you are legally a nonprofit).

Not every negotiation or mediation has to be a fight. Positively dealing with disputes and conflicts as soon as possible is very important for the well being of the nonprofit. The basic idea is to talk openly to find a solution that both sides can agree on, which satisfies everyone's concerns, needs, and interests.

For an overview of approaches to alternative dispute resolution tools and conflict management, see the Association for Conflict Resolution <http://www.acrnet.org/about/CRFAQ.htm#whatisCR>.

The order in which alternative dispute resolution processes are used is very important. In order to keep costs down and get a decision more quickly, a suggested order would be:

- Try to agree on a solution to the problem.
- If you can't agree on a solution, bring in a mediator to assist.
- If mediation does not work, consider arbitration.
- As a last resort, take legal action and go to court.

Any discussion should begin with defining terms so that each side correctly understands the other side. Below are terms usually used in resolving a dispute.

Try to agree on a solution to the problem:

Voluntary

The people involved in a dispute choose to take part in an alternative dispute resolution process. There are no legal penalties for deciding not to voluntarily participate.

Negotiation

The people sit down and talk to each other (with or without attorneys) and try to discuss and find a solution that both sides can agree on.

If you can't agree on a solution, bring in a mediator to assist:

Mediation

The people sit down and talk to each other with another person (mediator) who is neutral (not on either side of the disagreement). The mediator helps both sides discuss and find a solution that both can agree on. The mediator does not have the power to make a decision about the dispute.

<http://www.crimo.org/browse.jsa?nid=2382>

Neutral

An individual who is not affected by the outcome of a dispute and does not agree with either side of the disagreement is neutral. Mediators and arbitrators are neutrals.

Evaluation

The facts of the dispute are given to a neutral person who gives his or her opinion of what the likely outcome (decision) would be if it went to trial.

Conciliation

A neutral person works informally with the disputing individuals, separately or together, when they are having trouble discussing the dispute alone. The neutral person tries to lower emotions and tension, improve communications so the disputing individuals understand each other's point of view, and explore possible solutions.

If mediation does not work, consider arbitration:**Arbitration**

The dispute and evidence are presented to a person or a group of people who are neutral (not on either side of the disagreement) for a decision, which is called an award. An arbitration award may be either binding or non-binding (see definitions below). The people involved must accept the award because they agreed to do so before the arbitration or because of current laws.

<http://www.crimo.org/browse.jsa?nid=2447>

Binding

The decision (resolution) of a dispute cannot be appealed because of current laws. (Arbitration can be binding or non-binding. Mediation is never binding.)

Non-binding

The decision of an alternative dispute resolution that allows (but does not require) an appeal is considered non-binding.

As a last resort, take legal action and go to court:**Adjudication**

The dispute is resolved after a trial by the decision of a judge or a judge and jury. In court,

both sides have a chance to describe their facts and talk about the current laws they think will prove their side.

Private Judging

Disputing individuals may decide to hire a retired judge to perform a private trial and give a binding decision on the dispute. The private judge handles a non-jury trial as if he/she was an active judge of the court. Decisions made by the private judge may be appealed to higher courts.

Alternative Resolutions:

Alternative Dispute Resolution (ADR)

The dispute is resolved in a different way than going to court, such as meeting with an arbitrator or a mediator.

Mandatory

A person is legally forced to take part in an alternative dispute resolution process because of a contract, a court order or a court rule.

Court Annexed

Alternative dispute resolution programs that are operated, funded, or sponsored by a court.

This is a complicated subject and site users should not try to resolve a dispute based solely on the information they find on this site. You should work with specialists in each area such as an attorney, an arbitrator or a mediator.

The sites below provide general information about alternative dispute resolution and resources on arbitration, mediation and other methods of conflict management

American Arbitration Association

www.adr.org

ADR Resources site by Stephen R. Marsh

<http://adrr.com/>

American Bar Association Section on Dispute Resolution publication: What You Need to Know About Dispute Resolution: The Guide to Dispute Resolution Processes

<http://www.abanet.org/dispute/processguide.html>

<http://www.abanet.org/dispute/draftbrochure.pdf>

The Conflict Resolution Information Source

<http://www.crimfo.org/>

Executive Summary of the Uniform Mediation Act

<http://www.pon.harvard.edu/quests/uma/>

Suggested Internet PeopleSources

126th Ohio General Assembly-H.B 42

http://www.legislature.state.oh.us/bills.cfm?ID=126_HB_42

Background Check Gateway available at

<http://www.backgroundcheckgateway.com/>

Codes of Ethics information, questions, and research

<http://www.cof.org/index.cfm?containerID=68>

Conflict of Interest information from IRS Web site

<http://www.irs.gov>

Council on Foundations information about conflict of interest policies:

- Booklet called "Conflicts of Interest: Safeguarding Your Foundation," offers four articles and several sample policies. Some of the policies are for both the board and staff and one is just for staff.
[http://www.cof.org/files/Documents/Building Strong Ethical Foundations/Conflicts of Interest Safeguarding Your Foundation.pdf](http://www.cof.org/files/Documents/Building%20Strong%20EthicalFoundations/Conflicts%20of%20Interest%20Safeguarding%20Your%20Foundation.pdf)
- Another publication is "Conflicts of Interest: IRS Sample Policy Annotated for Grantmakers."
[http://www.cof.org/files/Documents/Building Strong Ethical Foundations/Conflicts of Interest IRS Sample Policy.pdf](http://www.cof.org/files/Documents/Building%20StrongEthicalFoundations/Conflicts%20of%20Interest%20IRS%20Sample%20Policy.pdf)
- Sample policies can also be found in the Council on Foundations document database
<http://bestpractices.cof.org/>

Cultural Competency Resource Pages The Alliance for Nonprofit Management's Cultural Competency Initiative, offers a reservoir of resources relevant to nonprofit leadership and management, capacity building for nonprofit effectiveness and transforming the sector to generate large-scale change.

http://www.allianceonline.org/about/cc_resources.page

Employment Law Guide For Nonprofit Organizations' site about developing an employee manual

<http://www.probonopartnership.org/PBPGuide/frame.htm>.

Employment Background Checks: Jobseeker's Guide at

<http://www.privacyrights.org/fs/fs16-bck.htm>.

Federal Department of Labor (DOL)
www.dol.gov

Federal Equal Employment Opportunity Commission (EEOC)
www.eeoc.gov

Internal Revenue Service (IRS)
www.irs.gov

MAP for Nonprofits provides management and board recruitment services to large and small nonprofit organizations in the Twin Cities.

http://www.mapfornonprofits.org/index.asp?Type=B_BASIC&SEC={9EF76B99-951D-4D24-B5FD-8F3BE9A64361}

Free Management Library for Nonprofits and Profits Provided by Authenticity Consulting, LLC.

<http://www.managementhelp.org/>

The National Labor Relations Board is an independent federal agency created by Congress in 1935 to administer the National Labor Relations Act, the primary law governing relations between unions and employers in the private sector.

<http://www.nlrb.gov>

Nonprofit Organizations All About Nonprofit Charitable Organizations

<http://nonprofit.about.com/>

Nonprofit Risk Management Center provides valuable information at

<http://www.nonprofitrisk.org/>

The NonProfit Times-The Leading Business Publication for Nonprofit Management

<http://www.nptimes.com/>

Nuts and Bolts Publishing-Freebies

<http://www.nutsbolts.com/np-resources.htm>

Non-Profit Nut and Bolts provides practical, timeless management ideas that help non-profit professionals tackle the nuts and bolts of managing their organizations. It strives to be a valuable, information-packed resource for busy, budget-stretching non-profit professionals and covers key topics such as fundraising, volunteer management, public relations, special events, leadership, marketing, meetings, staff management, motivation, board relations, team building, time management, committees and technology.

Ohio Office of Unemployment Compensation

<http://www.ifs.ohio.gov>

Ohio Secretary of State-Nonprofit Organizations

<http://www.sos.state.oh.us/sos/businessservices/nonprof.aspx>

Ohio Bureau of Workers' Compensation (BWC)

<http://www.ohiobwc.com/>

Ohio Wage Hour Bureau

<http://198.234.41.198/w3/webwh.nsf?Opendatabase>

Ohio Civil Rights Commission (OCRC)

<http://crc.ohio.gov/>

Online Resources | The Center for Nonprofit Excellence This organization offers training and consulting services covering a wide range of issues for nonprofits of all sizes

http://www.cfnpe.org/base.cfm?page_id=1017

Planning and Managing a Project with Volunteers in Mind

http://www.prairienet.org/habitat/bldg_guide/planningvols.html

Rules of order

<http://www.robertsrules.org/>

<http://www.jimslaughter.com/corporate.htm>

ServiceLeader.org A project of the RGK Center for Philanthropy and Community Service at the Lyndon B. Johnson School of Public Affairs of the University of Texas at Austin, provides information on all aspects of volunteerism.

<http://www.serviceleader.org/new/index.php>

Ten Commandments for Effectively Using Volunteers

<http://www.berea.edu/brushyforkinstitute/handoutpapers/projecttoolboxes/tencommandmentsforvol.asp>.

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The Conflict Resolution Information Source

<http://www.crimfo.org/>

Executive Summary of the Uniform Mediation Act
<http://www.pon.harvard.edu/guests/uma/>

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London, Sheldon I. "A Complete Guide for Employers Written in Plain English" (Revised Edition), The VIZIA Group, 1998.

A Complete Guide for Employers Written in Plain English" (Revised Edition), The VIZIA Group, 1998.

Pianko, Howard and Samuels, David G. "Nonprofit Compensation, Benefits, and Employment Law," John Wiley & Sons, Inc., 1998.

Weiss, Donald H. "Fair, Square & Legal Safe Hiring, Management & Firing Practices to Keep You & Your Company Out of Court" (3rd Edition), American Management Association, 2000.

Frequently Asked Questions

[What is a Corporation?](#)

[What is a Nonprofit Corporation?](#)

[What is a 501 \(c\) \(3\) Corporation?](#)

[What are the Articles of Incorporation?](#)

[What are the Bylaws?](#)

[What are Corporate Minutes?](#)

[Who is an Incorporator?](#)

[What is a Statutory Agent?](#)

[What Does a Corporate Board Do?](#)

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Corporation to Do That?

What is a Foundation?

What are the Advantages of Forming a Nonprofit Corporation?

What is a Corporation?

A corporation is a business or separate legal "person" that is separate from the individuals who create it, own it, or manage it. Like a human, a corporation can own property, make contracts, conduct business, sue and be sued in court, pay taxes, and generally act as a person would in the eyes of the law. All 50 states and the District of Columbia recognize the existence of corporations.

What is a Nonprofit Corporation?

A nonprofit corporation carries on socially good works (helps the community) that may include charity, education, athletics, civic benefit, religious, and other humanitarian causes. One key aspect of a nonprofit corporation is that no part of its "profit" is given to one or more individuals. A nonprofit corporation also does not have shareholders or owners and does not pay dividends.

Internet Nonprofit Center has information for and about nonprofits. This site provides a database of questions and answers regarding nonprofits that have been exchanged on the Internet.

<http://www.nonprofits.org/>

What is a 501(c)(3) Corporation?

These organizations want to be exempt from federal income taxes and must file with the Internal Revenue Service (IRS) for consideration. The number 501(c)(3) refers to a specific section in the IRS code that deals with charities. The form you need to submit shows the IRS that your organization's purpose is to help religious, charitable, educational, or scientific needs in the community.

You can purchase a kit (created by The Foundation Group) to help you with this process. The kit is called "Successfully Applying for 501(c)(3) Status" and is available from The Foundation Group by calling 1-888-361-9445 or at

The 501(c)(3) form and information can be found on the IRS Web site.

<http://www.irs.gov/pub/irs-pdf/f1023.pdf>

<http://www.irs.gov/pub/irs-pdf/p557.pdf>

Internet sites that further explain the 501(c)(3) are
www.foundationgroup.com

<http://www.t-tlaw.com/np-01b.htm>

What are Articles of Incorporation?

The Articles (short for Articles of Incorporation) are the basic documents that create the corporation. For example, the articles list the name, place of business, and purpose of the corporation. The purpose clause of the Articles is important for determining whether the corporation can be a nonprofit corporation and whether it can get a federal tax exemption.

Information and necessary forms can be found on the Ohio Secretary of State's Web site. <http://www.sos.state.oh.us/sos/businessservices/nonProf.aspx?Section=111>

What are the Bylaws?

Bylaws are specific, written details about the basic day-to-day rules used by the corporation. Bylaws define such things as the responsibilities of the officers, election procedures, financial procedures, who can be a member, and corporate operations.

<http://fdncenter.org/learn/fags/html/samplebylaws.html>

<http://www.lectlaw.com/forms/f162.htm>

<http://www.wcnWeb site.org/howto/bylaws.htm>

What are Corporate Minutes?

Minutes are simply a detailed written summary of events during a meeting. Minutes include information like all the formal actions, votes, motions, and decisions that happened during the meeting. The minutes are kept (usually by the Secretary) as a permanent written record of what happened during each meeting.

<http://www.managementhelp.org/boards/minutes.htm>

<http://www.ctaonline.org/minutesl.asp>

Who is an Incorporator?

An incorporator is someone who creates any kind of corporation. S/he signs legal paper work and sends it to the Ohio Secretary of State, which is the first step in creating a nonprofit corporation. The incorporators may or may not be the first directors (trustees) or officers.

<http://www.sos.state.oh.us/SOSApps/Forms/Form.aspx?type=BusinessServices&code=532>

What is a Statutory Agent?

Ohio laws state that a corporation needs to decide on a person, called a statutory agent, to be the “contact person” for all legal matters. A statutory agent is the person who receives legal notices and documents. However, a statutory agent does not have to be an attorney.

<http://www.sos.state.oh.us/sos/businessservices/corp.aspx?Section=106>

What Does a Corporate Board Do?

The board of directors is responsible for the overall operation of the corporation, making major decisions, and setting corporate policies. The board supervises the officers and other employees who make the day-to-day decisions about the corporation.

http://www.hurwitassociates.com/l_roles_governingboards.html

Editors, George W. Overton, Jeannie Carmedelle Frey, Guidebook for Directors of Nonprofit Corporations Committee on Nonprofit Corporations Second Edition, Section of Business Law American Bar Association, 2002.

Who are the Officers and What Do They Do?

The corporate officers are usually the President, Vice-President, Secretary, and Treasurer. They are responsible for the everyday running of the corporation and each officer has special duties. The President (or chairman, director, etc.) is the person in charge of the organization and of running the board meetings. You will also need a Secretary who is in charge of keeping records of your meetings, legal paperwork, communications, etc. Your Treasurer is the person who keeps track of the money and financial reports. Most organizations also like to have a “Vice-President” or someone who is able to step in and take charge in the absence of the President. An officer can also be a board member.

<http://www.nonprofits.org/npofaq/03/02.html>

What Does the Secretary of State Do?

This is the elected official in Ohio that oversees corporation laws, nonprofit registration and maintains the legal paper work filed by nonprofit corporations. The Secretary of State also sends updates to registered organizations/nonprofit corporations when changes occur in reporting and filing requirements .

The Ohio Secretary of State's Web site is

<http://www.sos.state.oh.us/About.aspx?Section=100>

United States Internal Revenue Service (IRS)

<http://www.irs.gov/eo>

What is Tax-exemption?

A tax-exempt organization means that they do not have to pay federal income taxes. These organizations must send paper work to the Ohio Secretary of State and the Internal Revenue Service (IRS) to be considered for tax-exemption. The most important item is to make sure your organization's purpose is to help religious, charitable, educational, or scientific needs in the community. Tax-exempt organizations may have to pay other types of taxes.

Government forms and information are available at

Ohio Secretary of State's Web site

<http://www.sos.state.oh.us/sos/businessservices/nonprof.aspx>

United States Internal Revenue Service (IRS)

<http://www.irs.gov/eo>

Ohio Attorney General

www.ag.state.oh.us

You can purchase a kit (created by The Foundation Group) to help you with this process. The kit is called "Successfully Applying for 501(c)(3) Status" and is available from The Foundation Group by calling 1-888-361-9445 or at www.foundationgroup.com.

If I Form an Ohio Nonprofit Corporation, Does it Get a Tax-exemption Right Away?

No. Tax-exempt status is created by the United States Internal Revenue Service under what is called section 501(c)(3) or a related section of the Tax Code. A nonprofit corporation can apply to the IRS for tax-exempt status, but does NOT automatically get that status just by filing the initial corporate documents with the Ohio Secretary of State.

Government tax-exempt forms and information are available at

<http://www.irs.gov/formspubs/index.html>

The Ohio Secretary of State's Web site

www.state.oh.us/sos

United States Internal Revenue Service (IRS) site

<http://www.irs.gov/eo>

I Want to Do Some Good for My Community or Society in General. Must I Form a Nonprofit Corporation to Do That?

No, there are many other ways to help your community. You can donate money to an existing charity, you can work with an existing nonprofit pursuing goals that match your own.

Other examples of ways to help community can usually be found on the Internet or in local newspapers. Most communities have their own personal sites that can direct volunteers to where they're needed. You might volunteer for your local library, senior center, band boosters, help a neighbor in need, and a wide variety of other causes you believe to be important. You can form a foundation, you can create a trust, or you can form an unincorporated association. You can even assist many large national organizations within your own city with items like blood drives, walk-a-thons, environmental issues, book drives, political issues, etc.

Because of tax consequences, it is wise to check with an attorney or CPA before making a major commitment.

What is a Foundation?

A foundation has many resources, usually money, set aside for a specific charitable purpose. An individual or group controlling the foundation makes decisions about how much money is to be donated to particular people, organizations, or projects, in order to carry out the objectives of the foundation.

What are the Advantages of Forming a Nonprofit Corporation?

The key benefit of a corporation is that it is a "legal person" separate from the people who own or run it. If the corporation is sued, the assets of the owners and employees involved are generally protected, because the corporate assets are separate and distinct from personal assets.

Another advantage of a corporation is that it can exist literally forever, as long as the proper documents are filed with the Secretary of State. A nonprofit corporation, properly run, can carry on good works and the mission that it was created for long after the initial incorporators have moved on.

A good site to research both advantages and disadvantages of forming a nonprofit is

<http://www.mycorporation.com/nonprofitadv.htm>

Nonprofit Organizations All About Nonprofit Charitable Organizations

<http://nonprofit.about.com/>

Nonprofit Resource Guide Search Find nonprofit organizations by state, type, and name.

<http://www.epodunk.com/nonprofits/>

Glossary

501(C)(3)

A particular type or designation of organizations created by the United States Internal Revenue Service (IRS). It is the most common type of the 28 categories of tax-exempt organizations listed in the Internal Revenue Code. Charitable organizations are listed in section 501(c)(3) of the code. Other organizations that are listed include certain types of social welfare organizations [section 501(c)(4)], or social clubs [section 501(c)(7)].

ACCOUNTING

A record or interpretation of financial data or transactions.

ADJUDICATION

The dispute is resolved after a trial by the decision of a judge or a judge and jury. In court, both sides have a chance to offer facts and talk about the current laws they think will prove their side.

ADVOCACY

The act of speaking or writing in support of something, often used in reference to "lobbying."

ALTERNATIVE DISPUTE RESOLUTION (ADR)

The dispute is resolved in a different way than going to court or by initiating legal proceedings. Mediation and arbitration are common methods of Alternative Dispute Resolution.

ARBITRATION

The dispute and evidence are presented to a person or a group of people who are not on either side of the disagreement (neutral) for a decision, which is called an award. An arbitration award may be either binding or non-binding (see definitions below). The people involved must accept the award because they agreed to do so before the arbitration or because of current laws.

ARTICLES OF INCORPORATION (ARTICLES)

Articles of Incorporation are legal documents that create a specific type of organization/ nonprofit corporation, under the laws of a particular state. State law requires the specific statements that must be included in the Articles of Incorporation, and nonprofit corporations in particular must meet certain requirements in order to qualify as a nonprofit.

ASSETS

All money and property owned by the corporation or organization.

AUDIT

An independent inspection and verification of records or accounts by a certified financial specialist (such as a CPA) to assure accuracy and compliance with applicable rules and laws.

AUTHORIZED REPRESENTATIVE

Someone who has been granted the power to legally serve as a delegate or agent for another person or organization. The Representative is generally in charge of taking care of specific matters arising in the ordinary course of business.

BACKGROUND CHECKS

Research conducted by the organization or by an independent contractor hired by the organization in order to learn more about the background and/or history of an individual (most often a prospective employee).

Most commonly, a background check will examine:

- Employment history
- Criminal record
- Driving record
- Education record
- Military record
- Professional licensing record
- Worker's Compensation claim
- Drug test result
- Credit report

BINDING

A decision (resolution) of a dispute because of current laws that cannot be challenged or appealed. (Arbitration can be binding or non-binding. Mediation is never binding.)

BOARD OF DIRECTORS

The group of volunteers with the responsibility for governing and supervising the policies and affairs of the organization, its committees, and its officers. The Board of Directors carries out the mission and purpose of the nonprofit.

BYLAWS

Bylaws define the basic day-to-day rules which are to be followed by the entire corporation. Bylaws are approved and adopted by the corporation's board of directors. Bylaws define things like the duties of the officers, election procedures, financial procedures, membership requirements, and corporate operations.

Bylaws define the basic day-to-day rules of the corporation. Bylaws define things like the duties of the officers, election procedures, financial procedures, membership requirements, and corporate operations.

CHAIRPERSON

This member of the Board of Directors runs board meetings, provides leadership in fundraising, monitors financial planning and reports, encourages the board's role in strategic planning, and appoints committee chairs with input from other board members.

CHARITY

In a traditional sense, the word "charity" includes religion, education, and assistance to the government, promotion of health, relief of poverty or distress and other purposes that benefit the community.

Also a community service organization that advances a particular mission (to gather money to help house homeless people).

CODE OF REGULATIONS

The code lists the rules, regulations, and conduct of the nonprofit's affairs and management of assets. It may include rules such as membership requirements, officers terms and elections, etc.

CONCILIATION

A neutral person works informally with the disputing individuals, separately or together, when they are having trouble discussing the dispute alone. The neutral person tries to lower emotions and tension, improve communications so the disputing individuals understand each other's point of view, and explore possible solutions.

CONFLICT OF INTEREST

A situation in which the personal or professional concerns of a board member or a staff member affect his/her ability to place the welfare of the organization before personal benefit.

CONSTITUTION

The important laws and principles that direct the nature, functions, and limits of a corporation.

CORE VALUES

The essential and enduring beliefs of an organization - the very small set of guiding principles that have a profound impact on how everyone in the organization thinks and acts. Core values are significantly important to those inside the organization. They are the few extremely powerful guiding principles; the soul of the organization - the values that guide all actions.

CORPORATION

A form of legal entity created under state law that exists until it is dissolved. A corporation is governed by its articles of incorporation and bylaws.

A corporation is a complete legal unit. It is not the people who create it or run it. For example, a corporation can own property, make contracts, conduct business, sue and be sued in court, and file tax documents.

CPA

Certified Public Accountant. An individual who has received state certification to practice accounting.

DEDUCTIBLE

An amount allowed to be deducted in computing income tax.

DIRECTORS

Individuals selected to establish policy and make decisions on behalf of the corporation. Directors are required by Ohio law to perform his/her duties in good faith and in a way s/he believes is in the best interests of the corporation.

DONATIONS

A gift or contribution of cash, property or non-cash items.

DISQUALIFIED PERSONS

This term, as it applies to public charities, includes organization managers; any person who, within the last five years, was in a position to influence the affairs of the organization; family members of the above; and corporations or businesses controlled by any of the above.

DISSOLUTION

When the people involved in a nonprofit corporation decide they want to end or close it. Dissolution is the formal procedure by which a nonprofit ceases to operate or exist, and generally involves filing with the state and distribution of all assets.

EMPLOYEE

A person hired by the corporation to work for wages or salary on a regular basis, different from an independent contractor.

ETHICS

Standards of conduct and moral judgment.

EXEMPT PURPOSE

A charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competitions, and/or the prevention of the cruelty to children or animals.

EVALUATION

A review of performance that compares actual performance with what was planned or

projected in terms of how resources were used or whether goals were achieved. The most common evaluations in the nonprofit arena involve employee performance and program performance.

EXECUTIVE DIRECTOR

The person in a nonprofit corporation ordinarily responsible for management of the day-to-day affairs of the organization and responsible for implementation of policies set by the board of directors.

EXCISE TAX

May be a mandatory tax for people who receive excess benefits from a nonprofit. An example would be an executive of the organization who receives too much compensation/benefits. Other types of excise taxes could be on investment income (section 4940 of the Internal Revenue Code), for the failure to distribute income (section 4942), an excise tax on investments that jeopardize charitable purpose (section 4944), and others.

EXECUTIVE COMMITTEE

A committee that has specific powers, outlined in the bylaws, which allow it to act on the

EXECUTIVE SESSION

A meeting of the board at which no staff are present.

FIDUCIARY DUTIES

A duty of good faith, trust, confidence and honesty given by a fiduciary (such as a lawyer or Board of Directors) to the organization or corporation. A duty to act with the highest degree of honesty and loyalty related to all matters and persons involved in the operations of the organization or corporation.

FILING OBLIGATIONS

Statutory or administrative obligations related to filing records and/or documents related to the formation and on-going operations of the organization /nonprofit corporation. The most common filing requirements involve the Internal Revenue Service, State Attorney General, and Secretary of State.

FINANCIAL RECORDS

Data referring to the money resources, income, expenditures and related activity of an organization.

FOUNDATION

A fund established for charitable, educational, religious, research or other benevolent purpose, which is governed by state and federal law.

FUNDRAISING

The act of raising money to support charitable causes.

GAMBLING

The use of games of chance such as raffles, bingo, etc. for the purpose of charitable fundraising is strictly regulated.

GRANTS

Assets (generally money) given by an individual or organization with a legal restriction, sometimes quite specific, imposed upon its use.

INCORPORATOR

The individual who creates a corporation of any type. The incorporator signs the documents and delivers said records to the Ohio Secretary of State.

INDEPENDENT CONTRACTOR

A person, organization, or business that provides goods or services to the nonprofit with a contract that has specific terms/agreements for a specific amount of time. An independent contractor is not subject to the same level of supervision as an employee.

IN-KIND CONTRIBUTION

A donation of goods or services rather than cash or property.

INUREMENT

A benefit; something that is useful or beneficial. Often referred to in the context of tax liabilities and requirements.

INTERNAL REVENUE CODE

This contains all federal tax laws of the United States.

INTERNAL REVENUE SERVICE (IRS)

The branch of the U.S. Treasury Department responsible for administering the Internal Revenue Code and for providing taxpayer education.

LEASE

A contract for the use and possession of property for a specified time and for fixed payments.

LIABILITY INSURANCE

Insurance purchased by the nonprofit organization/corporation to limit damages caused by actions of the board of directors, employees and/ or volunteers that have caused harm to others.

LOBBYING

The practice of trying to persuade lawmakers to support an organization's cause. Charitable organizations listed in section 501(c)(3) of the Internal Revenue Code are not permitted to lobby or to support candidates for public office.

MANDATORY

A person is legally forced to take part in an alternative dispute resolution process because of a contract, a court order or a court rule.

MEDIATION

A neutral person attempts to help two or more sides in a dispute reach an agreement.

MERGING

Combining two or more nonprofit corporations.

MINUTES (MINUTE BOOKS)

A legal written record of what occurs at meetings of the nonprofit corporation. The minutes often include a summary of the discussions, votes, and decisions that happened at the meeting. Minutes are maintained as a permanent record of the nonprofit corporation.

MISSION STATEMENT

A mission statement defines the main purpose of the organization-why it exists. Effective mission statements are inspiring, long-term in nature, and easily understood and communicated.

NEGOTIATION

The reaching of an agreement through discussion and compromise.

NEUTRAL

An individual who is not affected by the outcome of a dispute and does not agree with either side of the disagreement. Mediators and arbitrators are neutral.

NON-BINDING

A legal decision (resolution) of a dispute. The decision is not mandatory and can be appealed. The decision in a non-binding process is recommended to both sides. (Arbitration can be binding or non-binding. Mediation is never binding.)

NONPROFIT CORPORATION

An incorporated nonprofit organization that is not intended to operate for profit. In fact, a nonprofit is legally prohibited from making a profit. The nonprofit exists not to earn revenue but to promote a mission that typically (but not necessarily) enhances the public welfare.

OFFICERS

Board leadership positions, typically the President, Vice-President, Secretary, and Treasurer.

OHIO ATTORNEY GENERAL

The chief law officer of the State of Ohio. The Attorney General is responsible for advising the government on legal matters and representing the State of Ohio in legal proceedings.

OHIO CHARITABLE TRUST ACT

A law in the State of Ohio that requires nonprofit organizations to register with the Ohio Attorney General within six months from the date of their creation.

OHIO REVISED CODE

The governing laws of the state of Ohio.

OHIO SECRETARY OF STATE

Elected official in Ohio that oversees corporation laws, nonprofit registration and maintains the legal paper work filed by nonprofit corporations. The Secretary of State also sends updates to registered nonprofit corporations when changes occur in reporting and filing requirements.

PERSONAL PROPERTY

Property that is movable and not attached to the land.

POLICIES AND PROCEDURES

The general principles (rules) that guide a corporation's management, delivery of goods or services, and what is expected by each position, which is used to evaluate the performance of duties by the directors and staff.

PRESIDENT

Board officer responsible for chairing board meetings, providing leadership in fundraising, monitoring financial planning and reports, appointing committee chairs, and providing general quality oversight to the organization/non-profit corporation.

PRIVATE FOUNDATIONS

A non-governmental, nonprofit organization with funds and program(s) managed by its own trustees or directors, that is established to maintain or aid social, religious, educational, or other charitable activities. Usually the funds are from a single source, such as an individual, family, or corporation. The main purpose of the private foundation is often to give money away to other charitable organizations.

PRIVATE INUREMENT

Profits of an organization that benefit an individual.

PRIVATE JUDGING

Disputing individuals may decide to hire a retired judge to perform a private trial and give a binding decision on the dispute. The private judge handles a non-jury trial as if s/he was an active judge of the court. Decisions made by the private judge may be appealed to higher courts.

PUBLIC CHARITY

Is an organization that must be listed in section 509(a)(1)-(4) of the Internal Revenue Code. Basically the four basic categories of public charities are

- 509(a)(1). This category includes churches, schools, hospitals and medical research organizations, and governmental units. Another category is called publicly supported organizations, which receives contributions from many persons (individuals, businesses, and other exempt organizations).
- 509(a)(2). This category includes organizations that usually receive more than one third of its income from gifts, contributions, membership dues, and its nonprofit activities and less than one third of its income from investments and unrelated business activities.

- 509(a)(3). This category is known as “supporting organizations” and are usually set up to support an existing charitable organization.
- 509(a)(4). The only organizations in this category are those that do testing for public safety.

PURPOSE

The purpose of a nonprofit corporation is the “good works” which the organization is formed to achieve. Purpose is the reason that something exists, or the goal or intended

QUORUM

A minimum number of board members required at a meeting in order for business to be conducted and voting to take place, as described in the bylaws.

REAL PROPERTY

A specific piece of land or real estate.

RENT

Income from the temporary possession or use of property.

REPORTING REQUIREMENTS

The administrative and legal requirements to submit data or to provide detailed information related to the creation and/or on-going management of an organization/nonprofit corporation.

ROBERT’S RULES OF ORDER

A parliamentary procedure used to conduct meetings.

SECRETARY

The board officer position of Secretary is generally responsible for keeping records of meetings, preparing legal paperwork, and drafting communications for the nonprofit corporation.

SECTION 501(C) OF THE INTERNAL REVENUE CODE

Lists 28 categories of tax-exempt organizations one of which is section 501(c).

SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE

A charitable organization that is tax-exempt.

SOLICITATION

The work of calling on potential donors during a fundraising campaign.

STATUTORY AGENT

Under Ohio law, a corporation needs to decide on a person (statutory agent) to be the “contact person” for all legal matters. A statutory agent is the person who

receives legal notices and documents. A statutory agent does not have to be an attorney.

TANGIBLES

Stocks and investments that are owned by the corporation.

TAX

A compulsory payment, usually a percentage, levied on income, property value, sales price, etc. for the support of government.

TAXABLE

A transaction that is subject to being taxed.

TAX-EXEMPT

Refers to organizations that do not have to pay taxes such as federal, state, corporate, or state sales tax. In addition, individuals that make donations to such organizations can often deduct these contributions from their income tax.

TREASURER

The board officer position directly responsible for the upkeep of accurate financial records for the organization. This person may work with the bookkeeper to develop financial procedures. The Board Treasurer often chairs the Finance Committee and prepares reports and agendas for meetings in order to keep the board aware of key financial events, trends, or concerns. In many nonprofit corporations this work is given to the Executive Director, but the Treasurer provides quality oversight and review.

TRUST

A legal method used to let one person set aside money or property for the benefit of one or more people or organizations.

TRUSTEE

A member of an organization's governing board who directs the funds and policy of an institution. Also may be known as a Director.

UNINCORPORATED

An entity that is not organized into a corporation and has decided not to seek incorporation by the state.

VICE PRESIDENT

The board officer position responsible for standing in for the President, when s/he is absent.

VOLUNTARY DISSOLUTION

The decision of the directors of a nonprofit corporation to end or close the corporation.

VOLUNTEER

A person working without compensation.

An additional source of glossary words can be found at

<http://nonprofit.about.com/od/nonprofitstartup/a/glossary.htm>

Sponsors and Contact Us

Ohio State Bar Foundation Ohio Association of Nonprofit Organizations

LINC OHIO was created by the 2004 Fellows Class of the Ohio State Bar Foundation, a 501(c)3 public charity devoted to **promoting public understanding of the law and improvements in the justice system throughout Ohio.**

The professional honorary of Ohio lawyers, the Foundation and its 720 lawyer and judge volunteers support a significant grant-making program, as well as direct programming. You can find more about the Foundation on the Internet at www.osbf.net.

Every year, the Foundation's newest Fellows join the annual Fellows Class to produce a project that advances the Foundation's mission. Past projects have included:

- a nationally recognized storybook for 3rd graders studying the courts
- a public education campaign to encourage family discussions about advance health care decisions
- a law-related seminar for journalism students
- a CD-based mentoring program for 5th graders
- an online database of law-related programs
- the first Ohio jury service conference, an annual event since 1999

The Ohio Association of Nonprofit Organizations is a statewide membership association of nearly 700 nonprofit organizations representing the breadth and diversity of Ohio's charitable nonprofit sector. OANO's mission is to provide leadership, education, and advocacy to enhance the ability of Ohio's nonprofit organizations to serve their communities.

We appreciate your comments and suggestions, and we look forward to hearing from you. Please e-mail Jennifer Eschbach at jennifereschbach@oano.org.