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The New Form 990—Answers on Forms, Schedules and More

By Richard Koontz, Director, Larned A. Waterman Iowa Nonprofit Resource Center

The new IRS Form 990 has many non-profits concerned. The IRS considers the form an improvement because more difficult issues have been moved to new schedules that some nonprofits may not be required to file. Even so, the 990 is a much more complex form than it used to be.

Form 990-N, 990-EZ, or 990 – which one should be filed?

All nonprofits with exemption under IRS 501(c) must now file some version of a Form 990. It is important to be aware of which Form 990 must be filed.

If the gross receipts of a nonprofit are \$25,000 or less, the nonprofit files Form 990-N. This “e-postcard” has minimal information—the nonprofit’s name, address, EIN and gross receipts—and can only be filed electronically. For an overview of the Form 990-N, see the

IRS website at <http://www.irs.gov/charities/article/0,,id=169250,00.html>.

If a nonprofit has gross receipts of more than \$25,000 but less than \$500,000 (in tax year 2009), it must file form 990-EZ, a four-page core form. The majority of Iowa 501(c) (3) nonprofits will be able to file the 990-EZ in 2009.

Other issues may determine if the Form 990-EZ may be used. For instance, non-profits with donor-advised funds (mostly community foundations), or nonprofits with a controlling entity issue, can only file the full Form 990 rather than the Form 990-EZ, despite being below the upper gross receipts filing amount. See the IRS article *Tips When Filing Revised Form 990-EZ* at <http://www.irs.gov/charities/article/0,,id=187683,00.html>

If a nonprofit has gross receipts over \$500,000 in tax year 2009 or \$200,000 in 2010, then it must file the Form 990, an eleven-page core form. See the IRS

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Qwest Funds Successful June Training Sessions

By Richard Koontz, Director, Larned A. Waterman Iowa Nonprofit Resource Center

Thank you to the Qwest Foundation for funding a successful Principles and Practices training this June.

Qwest made a generous \$8,000 gift to the Larned A. Waterman Iowa Nonprofit Resource Center through the University of Iowa Foundation. The gift

was to fund statewide Principles and Practices for Charitable Nonprofit Excellence training in June 2009.

The training sessions were designed to help anyone involved in the nonprofit sector, such as management, staff, board members,

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Manage Volunteer Risk Appropriately

by Stuart Haker, Risk Management Specialist, TrueNorth®

Specializing in commercial risk management solutions, Stuart Haker partners with his clients to design and implement long-term risk management strategies.

Nonprofit organizations are extremely unique in that many times the number of volunteers working for the organization equal or outweigh the number of paid employees. This unique mix of volunteers and employees can pose a challenge for an inexperienced risk manager. It's important to examine your coverage of volunteers' risk of injury and liability associated with the actions of the volunteers.

A common mistake in volunteer risk management is buying into the misconception that the largest risk to the organization is the possibility of bodily injury to a volunteer while performing work for the organization. While there is some risk associated with injury to the volunteer, it is far less likely than one would think. The Center for Disease Control and Prevention (CDC) conducted a study from 1993 to 2002 where fatalities among volunteer workers were tracked. In that period of time, there were 501 volunteer fatalities. These 501 fatalities were suffered in a total pool of over 59,000,000 active volunteers nationally. Of the 501 fatalities, 185 were volunteer firefighters who work in an extremely hazardous environment.

Organizations that use volunteers should establish a long-term risk management plan. The plan should be established by a designated committee and address factors that could negatively affect your organization. The committee should first identify the risks which have the potential to be costly for the organization and/or may be damaging in other areas as well. All organizations, whether using volunteers or paid staff, should 1) identify risks and establish safety plans that include administrative

measures for enforcement, 2) implement any necessary engineering controls and 3) provide workers with needed protective equipment. Volunteers should be trained the same way as their paid counterparts.

In reality, the risk assumed through actions of volunteers when representing the organization in public, interacting with clientele, and supervisory responsibility are much greater than bodily injury. Some of these losses cannot be insured. Volunteers are an extension of the image of the NPO. Their behavior must be monitored in the same way that an organization would monitor and hold accountable the behavior of its paid personnel. Liability risk for bodily injury may have been minimized by the Volunteer Protection Act of 1997, where the volunteer gains personal immunity for negligence that leads to a bodily injury of a third party. However, the act does not provide immunity to the organization itself. Prior to the adoption of the act, under the laws of most states, a volunteer who negligently hurts someone would be personally liable. Now the act preempts all such laws and the volunteer is immune from suit. The new law only applies to uncompensated volunteers who help 501(c)(3) and 501(c)(4) nonprofits.

NPO's often take a relaxed approach to managing volunteer staff. This can result in exposure to risks. Although volunteers are not paid by the organization, they can act on the organization's behalf. Volunteers create expectations of service, bind the organization to contracts, introduce themselves as members of the organization, and in doing so, create liability for the organization. Your organization can be held liable for the actions of volunteers similar to liability for paid employees. It can be costly to forego

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article *Tips When Filing Revised Form 990* at <http://www.irs.gov/charities/article/0,,id=188585,00.html>

In addition to the gross receipts test, there is also a total asset test for the filing of Forms 990-EZ and Form 990. If in tax year 2009 total assets are below \$1.25 million, then the Form 990-EZ can be used. If total assets are above that figure, the Form 990 must be used.

Churches remain exempt from filing any version of the Form 990. Private foundations file Form 990-PF rather than Form 990.

Which schedules must be included?

No schedules are required for Form 990-N. For Form 990-EZ, Schedule A is required. Schedules B, C, E, G, L and/or N may be required. A decision on all schedules must be made for the Form 990.

The core Form 990 has on Part IV a two-page checklist of required schedules in the form a series of yes and no questions. When the answer to the question is yes, the required schedule is indicated.

When must the form be filed?

All Form 990s are due the 15th day of the fifth month after the end of the accounting period. If your organization's accounting period is the calendar year, this filing date is May 15. If you are on the July 1 to June 30 fiscal year, the filing deadline is November 15.

For Forms 990-EZ and 990, up to two three-month extensions of the filing deadline can be requested using IRS Form 8868, available online at <http://www.irs.gov/pub/irs-pdf/f8868.pdf>

Are there required Iowa filings?

There are no comparable filings for the state of Iowa. If a nonprofit has unrelated business income that is taxable, and

Book Review

The New Form 990: Law, Policy & Preparation

by Bruce Hopkins

*John Wiley & Sons, 2009 (622 pages);
\$125 hardcover*

Reviewed by Richard Koontz

A great resource to use in preparing the Form 990 is *The New Form 990: Law, Policy, and Preparation*, written by Bruce Hopkins and his associates, Douglas Anning, Virginia Gross and Thomas Schenkelberg.

There is good coverage in this volume of both the new 990 core form and all the schedules. Board governance is a new issue emphasized on the Form 990, and this book has a chapter on it. Reporting of compensation and other potential excess benefit transactions on the new Form 990 has gotten more complex, and there is good coverage of this issue in the Hopkins volume.

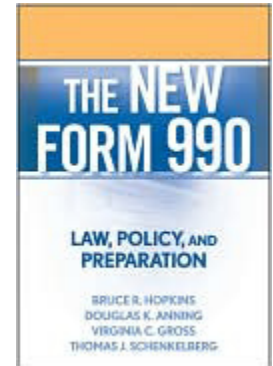
For each issue discussed in the book there is a section of the chapter devoted to law and policy, another on form preparation, and another on compliance issues for the nonprofit.

This is a thorough and well-researched text that provides needed answers to nonprofits on the heavily revised Form 990.

Form 990, continued

is thus filing a federal Form 990-T, then Iowa's Form 1120 must be filed.

A number of states require that nonprofits send a copy of their Form 990 to the attorney general. For instance, Illinois requires a copy of the Form 990, 990-EZ or 990-PF to be filed with an additional two-page cover sheet with additional representations. See http://www.ag.state.il.us/charities/reg_reports.html Iowa's attorney general is considering whether this would be appropriate for Iowa nonprofits.



The 2009-2013 IRS strategic plan includes a continued focus on the tax-exempt sector. The agency believes the growing size and complexity of the nonprofit sector will require increased oversight and advisory support. Read the plan at <http://www.irs.gov/pub/irs-pdf/p3744.pdf>

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volunteers, and professional association employees, make effective use of the Principles and Practices to improve their nonprofit organizations.

"I would like to thank you for your insight and time last Thursday at the Principles and Practices seminar in Davenport. This information was very interesting and will be very helpful to me as a member of the Generation Area Agency on Aging policy board," wrote session attendee Aaron Braaten.

Nonprofits who send participants to the trainings sessions will be listed on the Register of Accountability on the INRC website.

The University of Iowa acknowledges the UI Foundation as the preferred channel for private contributions that benefit all areas of the University. For more information about the UI Foundation, visit www.uifoundation.org.

The Larned A. Waterman Iowa Nonprofit

Resource

Center

would

also like

to thank the sites that donated space for the P&P training sessions: Putnam Museum in Davenport, Iowa Department of Cultural Affairs in Des Moines and Western Iowa Tech Community College in Sioux City.

The following organizations were very helpful in advertising the training sessions: United Way of the Quad Cities, the Community Foundation of the Great River Bend, Quad Cities Arts, United Way of Siouxland, Iowa Arts Council, Greater Des Moines Community Foundation, United Way of Central Iowa, and Siouxland Community Foundation.



Volunteer Risk, from page 2

training volunteers in accountability and in the expectations raised in providing services.

Insurance policies vary greatly in affording coverage to volunteers of an organization. An experienced risk manager who understands the unique risks assumed by nonprofit organizations should be engaged to ensure that proper risk transfer and risk reduction mechanisms are in place to sufficiently protect your organization. By taking this step, you are extending the ability of your organization to reach its mission.

Cedar Rapids/Iowa City Group Offer Promotional Expertise

The Public Service Committee of the American Advertising Federation: Cedar Rapids-Iowa City (AAF: CR-IC) is offering its creative expertise to nonprofit organizations in the Cedar Rapids/Iowa City area.

Qualifying applicants can receive help at no charge with promotional projects such as logo design, the creation of brochures, ads, TV or radio scripts and the like.

Organizations submitting applications must provide proof of nonprofit status and show that their organization is exempt from Federal Income Tax under section 501(c)(3).

Applications are due August 10, 2009.

Information and an application form may be downloaded at <http://www.aafcric.com/content.asp?ID=2518&I=6198>

Questions should be directed to Diane Slawson, AAF: CR-IC Public Service Chair, at dianeslawson@alliantenergy.com.

Get Your NPO Noticed Using Community Calendar Listings

by Richard Koontz, INRC Director

It is important for nonprofits in Iowa to work regularly to build community relationships. The *Iowa Principles and Practices for Charitable Nonprofit Excellence* says “Charitable nonprofits are not abstractions. They are people (constituencies) interacting with each other in a variety of ways.”

One of the simplest ways nonprofits can interact with the constituencies in their communities is through online community calendars.

One of the farthest-reaching sites is the statewide Iowa.com. See <http://iowa.com/ilive/iowa-charities/> for a section called “Giving” with nonprofit matters posted. The site also has a calendar system where events can be posted at <http://iowa.com/calendar/>

Nonprofit events contribute significantly to community economic vitality. Many chambers of commerce have community calendars on which nonprofits can list events. Here is a sample of events that the Carroll Iowa Chamber of Commerce lists for the first part of 2009: Relay for Life, Our Lady of Mt. Carmel Church pancake breakfast, Carroll Area Symphony performance, Habitat for Humanity activities and New Hope Village Foundation benefit quilt auction. Have a look at <http://www.carrolliowa.com/community%20calendar.htm>

For other examples of chamber of commerce community calendars with nonprofit event listings see: Dubuque Area Chamber of Commerce, <http://www.dubuquechamber.com/calendar/community.cfm>; the Mount Pleasant Area Chamber of Commerce, <http://www.mountpleasantiowa.org/alliance/community/calendar.aspx>; and Fort

Dodge Area Chamber of Commerce, <http://www.fortdodgechamber.com/calendar.htm>.

In Johnson County, the United Way hosts a calendar where nonprofits may post events. See <http://www.unitedwayjc.org/index.php?pr=Calendar#>. See also the United Way of North Central Iowa, http://www.unitedwaynci.org/index.php?pr=Community_Calendar.

The Larned A. Waterman Iowa Non-profit Resource Center website provides a calendar specifically devoted to training events for nonprofits. See <http://inrc.continuetolearn.uiowa.edu/updates/calendar/calendarIndex.asp>.

Remember that an important constituency of most nonprofits is other nonprofits. Community calendars help nonprofits to be aware of each others’ activities, enable them to participate in each others’ events, network, and share solutions to issues.

Cedar Rapids Foundation Accepting Grant Requests

The Greater Cedar Rapids Community Foundation (GCRCF) is accepting grant requests from local nonprofit organizations. Grants range from \$1,000 to \$5,000

To be considered, organizations must have 501(c)(3) status and must have been in existence for at least two years.

Applications are accepted throughout the year and are considered as they are submitted, as long as funds are available.

Complete grant criteria and the application form may be downloaded at <http://www.grcrf.org/page30971.cfm> Contact Karla Twedt-Ball at karla.twedt-ball@grcrf.org or 319-366-2862 for information.

Governor Calls Upon Iowans to Join Summer of Service

In June, President Obama launched the United We Serve campaign. Governor Chet Culver joined the president in calling upon Iowans to become involved in volunteer service projects. Official dates of the campaign are June 22 through September 11. It is hoped that volunteers who become involved in projects during this time will make their commitments long term ones.

An announcement released by Volunteer Iowa on June 22 described the effort as “the beginning of a sustained, collaborative and focused effort to meet community needs and make service a way of life for all Americans...”

Organizations may register their projects through their local volunteer center or through their United Way system. Those without such an affiliation may list opportunities directly on the Volunteer Iowa Web site at www.volunteeriowa.org by selecting the “post” option.

Volunteers are also encouraged to become organizers by identifying unmet needs in their communities, developing service projects to address them and engaging others in these projects. Selecting the “plan” link takes organizers to the www.serve.gov Web site where downloadable tool kits are available for an array of projects.

Persons who are searching for a volunteer opportunity may choose the “find” link and register on the Web site to search for opportunities that match their interests. Volunteers will be no-

tified by email about opportunities that become available. There is no charge to organizations or individuals for registering.

The goals of the United We Serve campaign are three-fold:

1. Bolster civic engagement in Iowa by connecting people from all walks of life with service opportunities and empowering them to develop their own opportunities to address unmet needs.
2. Better our communities in four national priority issue areas: energy and the environment; education; health care; and community renewal.
3. Develop creative partnerships with nonprofit organizations, faith-based groups, issue groups, labor unions, educational institutions, businesses, corporations, foundations and all levels of government.

The campaign will conclude on September 11 with a National Day of Service to celebrate the contributions of Americans during the United We Serve initiative and to honor the lives lost on September 11, 2001 by recommitting to public service.

Nationally, Iowa ranks sixth in volunteerism. Iowa's baby boomers are fifth in public service. The state's young people rank 12th. See next page for more on recognition of Iowa's volunteers.

Governor Honors Iowa Volunteers

by Brenda Steinmetz, INRC Program Assistant

"It's amazing what can happen when people come together for the good of their fellow Iowans. That spirit of service is alive and well among us here today," said Governor Chet Culver who hosted the 26th Annual Governor's Volunteer Awards (GVA) ceremony in Marion on June 19.

This summer, the governor will present Certificates of Appreciation to more than 680 individual volunteers and groups for their dedication and service to the state. Other ceremonies are scheduled for Des Moines, Ottumwa and Storm Lake.

The Governor's Volunteer Awards were created in 1982 to honor and recognize the commitment, service and time that hundreds of volunteers contribute each year to Iowa's state agencies. More recently, the program was expanded to allow nonprofit organizations and city governments to nominate their volunteers for the award. Volunteers are recognized in the categories of Individual, Group and Length of Service. This year there is a special Disaster Volunteer Award to acknowledge Iowans who stood tall with the state's most vulnerable citizens during the floods of 2008.

Marcia Hughes, Community Relations Supervisor at the Cedar Rapids Community Schools, served as Mistress of Ceremonies in Marion. In her opening remarks she said, "You volunteer because you care. You care about the organization or agency you support. You care about your neighbors and your communities. You know that you get as much as you give and sometimes more. We are all better because of you and grateful to you."

I've been curious about attending one of the GVA ceremonies since I

started helping out as the nonprofit coordinator at the Larned A. Waterman Iowa Nonprofit Resource Center. This year I had the perfect excuse to go. My friend, Larry Akin, was one of the volunteers recognized with an Award for Individual Service. Liz



Larry Akin of Coralville receives his volunteer award from Governor Chet Culver on June 19.

Ford, Executive Director of the Friends of the Animal Center Foundation (FACF) in Iowa City, nominated Larry for the time, attention and love he generously gives to the cats at the Iowa City Animal Care and Adoption Center.

Ms. Hughes also thanked those who helped make the awards possible. Among them were Jody Benz, lead coordinator of the GVA and the staff of the Iowa Commission on Volunteer Service; Adam Gross, Volunteer Liaison at the Governor's Office; and Patty Fields, Director of Community Impact, United Way of Johnson County.

Governor Culver concluded by saying, "There is one common bond that unites everyone that has lived in our state: a never-ending commitment to serve our fellow citizens. Volunteers are the glue that holds our communities together."

Ms. Hughes added, "While it is sometimes easier to work to make a buck, it's well worth the effort instead to make a difference."

Start an Iowa Charitable Nonprofit Workshop Offered in September

INRC Director Richard Koontz will deliver a workshop on *Starting an Iowa Charitable Nonprofit* Saturday, September 19 at the University of Iowa College of Law. The session will be conducted in Room 265 of the Boyd Law Building.

Hours of the workshop are 9 a.m. to 4 p.m. Registration is limited to seven participants. The cost is \$50, payable in advance.

In this hands-on session, participants will review the documents necessary to start a 501(c)(3) organization in Iowa: Articles of Incorporation, IRS Form SS-4 to obtain EIN, bylaws, and IRS Form 1023 Application for Exemp-

tion. Registration includes one copy of the monograph *Starting an Iowa Charitable Nonprofit* by Richard Koontz.

Early enrollment is encouraged as participants will be asked to gather information about their organizations to use in completing the forms.

Participants may bring PC laptops to load and complete the forms electronically. Paper copies of the forms will also be supplied.

For information and to download a registration form, go to <http://inrc.continuetolearn.uiowa.edu/updates/2009/CharitableNPOform.pdf>. If questions, telephone 866-500-8980 (toll free) or 319-335-9765.

For directions and a map showing the location of the Boyd Law Building, go to <http://www.uiowa.edu/~maps/b/blb1.htm>

2009 Nonprofit Management Academies, Iowa State University

Information at: www.extension.iastate.edu/communities/npma.html Sessions meet at Linn County Extension Office, 3279 7th Ave, Suite 140, Marion.

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Date/9:00 am-4:00 pm	Topic
July 24	Your Development Shop: Who Does What and How to Get it Done
August 21	Closing the Big Gift: How to Secure Major and Planned Gifts
September 25	Seeking Funding—Creative ways to Find Support in Uncertain Times
September 25	Marketing and Development: How to Work Hand in Hand
October 23	Risk and Crisis Analysis



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About Our Organization

The Larned A. Waterman Iowa Nonprofit Resource Center is a University of Iowa interdisciplinary collaboration created to make more accessible educational and service programs focused on strengthening the operational capacity of Iowa nonprofit organizations.

The Center works collaboratively with government agencies, nonprofit organizations and educational institutions to impart new knowledge through activities and provide information and training resources to help nonprofit organizations and interested persons throughout Iowa. We seek to build the capacity and develop the

effectiveness of community-based organizations and enhance the overall effectiveness of local organizations in building communities. The Center also introduces students to the nonprofit sector and develops their sense of public and community service.

Visit the center's website at:
<http://inrc.continuetolearn.uiowa.edu>

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