

Atterbury Publications' Pennsylvania Nonprofit Reportsm

Volume 13, Number 6

"The Nonprofit News Source for Pennsylvania"

July/August 2006

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Karl Emerson Covers 10 Important Solicitation Reminders

As part of the June 16, half day financial conference (see page 2) presented by a large group of caring organizations for the benefit of Philadelphia area nonprofits, Karl E. Emerson, director of the Pennsylvania Bureau of Charitable Organizations addressed "*The 10 most important things nonprofit organizations need to know about soliciting contributions in Pennsylvania and elsewhere.*"

Today, a charity that solicits nationally must register in 39 states before it starts to solicit. In Pennsylvania charities must register before they solicit residents for contributions, Emerson reminded his 200-person audience at the Free Library of Philadelphia. The purpose of state solicitation laws is to help donors obtain basic information about charities so they can make more informed giving decisions. (Donors may call a toll free phone number; visit a Web site or view and print copies of "IRS 990 Returns" from Guidestar).

By informing themselves, donors are protected from charitable solicitation fraud and misrepresentations by authorizing the prosecution of charities that: employ deceptive solicitation practices; or, mislead the public by submitting false or inaccurate IRS 990s and registration materials.

What You Need to Know:

1. Unless excluded or exempt (which varies from state to state), a charity needs to register in every state where it solicits contributions.
2. Once registered, a charity needs to renew its registration annually to avoid

late filing fees in certain states.

3. Charities should not ignore correspondence and/or subpoenas from state registration offices.

4. Registration materials must be accurate, complete and free of material falsifications, misrepresentations and omissions.

5. Any professional solicitor or fundraising counsel hired by a charity must be registered and have filed their contracts with all applicable states.

6. A charity must keep true and accurate fiscal records that clearly and accurately reflect all the money it collected and how the money has been spent.

7. A charity cannot represent to potential donors that their contributions are tax deductible unless the charity has actually been granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

8. A charity must include any *statutorily required* disclosure statements on all solicitations, written confirmations, receipts and reminders of contributions that it issues.

9. Any professional solicitors who solicit donations on a charity's behalf must identify themselves as paid professionals, and give *truthful* answers if asked how much of the donor's contribution will actually go to the charity.

10. A charity and its directors, officers and employees should not engage in any prohibited conduct outlined in the various state solicitation statutes.

Consequences:

The law in Pennsylvania authorizes the

...See Emerson on page 2

June Event Gives NPOs Vital Financial Information

State Sen. Shirley M. Kitchen, Community Accountants, Citizens Bank, the Pennsylvania Institute of Certified Public Accountants (PICPA) Greater Philadelphia Chapter, University of Pennsylvania's Entrepreneurship Legal Clinic, Resources for Human Development's New Beginnings Nonprofit Incubator, and Pennsylvania Bureau of Charitable Organizations presented a free seminar entitled "Nonprofit Bookkeeping, Banking, and Beyond" for Philadelphia's nonprofit organizations at the Free Library of Philadelphia June 16.

Presenters from the various host organizations opened the half day event. Attendees heard remarks from Sen. Kitchen, Community Accountants executive director, Debra Colligan, Citizens Bank's Deborah Khan, and RHD director Megan McNamara. "The nonprofit community is a major reason why Philadelphia is a great American city," said Sen. Kitchen (D-Phila.). "This is an opportunity to help these groups make the most of their financial resources."

The seminar provided nonprofits with vital information on soliciting contributions, using the Internet, managing finances,

bookkeeping, reporting to board members and donors, complying with the Internal Revenue Service, handling legal issues, and banking.

Among the conference speakers were Karl Emerson, director, Pennsylvania Bureau of Charitable Organizations, who addressed "The 10 Most Important Things Nonprofit Organizations Need to Know about Soliciting Contributions" (see article); Deborah A. Bacon, CPA, and Ira Feldman, CPA, who discussed fiscal management for nonprofits (accurate bookkeeping, reporting to funders, board members and correct fiscal management); Dina Schlossberg, director, University of Pennsylvania Entrepreneurship Legal Clinic, who spoke about complying with the IRS after your organization is tax exempt and other legal issues impacting NPOs; and Cynthia Scott of Citizens Bank who talked about nonprofit banking.

Kitchen said the U.S. is home to more than one million registered nonprofit organizations. In Pennsylvania alone, the number of nonprofits has grown from nearly 51,000 in 1996 to more than 62,000 in 2004, according to the National Center for Charitable Statistics.

Emerson from page 1

imposition of fines of up to \$1,000 per violation and additional penalties of up to \$100 per day for each day a charity, solicitor or fundraising counsel is in violation. An example of administrative enforcement: a consent agreement was signed in which the charity and solicitor paid a \$50,000 fine and agreed to permanent lifetime bans on soliciting contributions in Pennsylvania.

Important Facts

In 2002, American donated \$240+ billion to charity, and between 1975 and 1995 the number of tax exempt organizations more than doubled to 1.2 million. Assets of these organizations increased by 312%

to \$1.9 trillion; their revenue increased by 380% to \$899 billion. The nonprofit sector's growth in assets and revenue outpaced the country's 74% growth in domestic product during this 20 year period.

FYI...

Andy Rooney, well-known *60 Minutes* commentator, said, "The people who run dishonest charities are among the most despicable on earth. The charity thieves hurt the millions of people who depend on legitimate [charities] because, hearing of the bad ones, we're reluctant to give to the worthy ones because we aren't sure."

PENNSYLVANIA NONPROFIT

Atterbury Publications Pennsylvania Nonprofit Report

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DESIGN & PRODUCTION
The Paperworks: Kathe Kisela

Atterbury Publications' Pennsylvania Nonprofit Report (ISSN 1094-981X) is published eleven times a year with a combined July/August news letter by Winifred B. Atterbury, 656 Golf Club Rd., Newtown Square, Pa. 19073. Periodicals Postage paid at Newtown Square, PA and at additional mailing offices. **POSTMASTER:** Send address changes to Atterbury Publications' Pennsylvania Nonprofit Report, P.O. Box 252, Wyncoc, PA 19087. Subscription Price: \$120 per year.

FOR INFORMATION Contact:
W. B. Atterbury, publisher/editor
Phone: (610) 356-3160 © 2005 by Atterbury
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NONPROFIT NEWSROOM

HUD Grants \$20M to Philadelphia Homeless

People's Emergency Center (PEC) and PEC Community Development Corporation (PECCDC) received \$4.3 million – of the \$20 million the U.S. Department of Housing and Urban Development earmarked for Philadelphia in 2003 – for services to families in transitional housing, drug and alcohol counseling, employment services, and permanent rental housing programs over the next three years. PEC, the state's oldest and most comprehensive shelter for homeless women and children, will receive renewed funding for supportive services to families in transitional housing at the agency's Rowan House, counseling, and welfare-to-work preparation. PECCDC will receive a grant for a permanent supportive rental housing project in West Philadelphia. Gloria Guard is PEC executive director.

Major Cities See Rise in Hunger, Homelessness

Requests for emergency food assistance increased an average of 19 percent in the past year, according to a 25-city survey released by the U.S. Conference of Mayors. As the economy continues to

stagger, the survey also reported an increase of 19 percent in the 18 cities that reported an increase. All surveyed cities expect that requests for emergency food and shelter assistance will increase again next year. Washington, D.C. mayor Anthony A. Williams said we need a coordinated effort on many fronts to combat the problem, which "must include additional federal resources for housing, job training, substance abuse treatment and mental health counseling." The mayors called on Congress to: consider and build upon the President's request for aid to the homeless, as part of a comprehensive effort to end homelessness in ten years; to enact a national housing agenda, based on the recommendations mayors submitted earlier this year, which would put tens of thousands of Americans to work; and to streamline federal anti-hunger programs.

New Journal Coming

The inaugural issue of *The Journal of Association Leadership* will be published in June 2003. Sponsorship totaling \$55,000 enabled Center for Association Leadership to publish its first issue. For information or to submit an article, contact Jeff De Cagna.

Community Accountants is a Valuable Resource

With the topic of accounting on our minds as tax time nears, it may be a good time to remind readers about the wealth of information available to NPOs from Community Accountants, Philadelphia. The organization publishes an excellent 26-page, free guide, *Starting a Nonprofit Organization*, with details on incorporating and filing for tax exemption, and two brochures about its services: "Accounting Services for Nonprofit Organizations," and "Volunteer Opportunities for Accounting Professionals." Other publications include "A Simplified Manual for Financial Management of Nonprofit Organizations," and "Tax and Reporting Guide for Nonprofits."

With a mission to provide accounting-related services through volunteers to assist NPOs in becoming self-sufficient, CA provides a range of services. They include: Direct Service, in which volunteers work one-on-one with qualified nonprofits on a short-term basis, providing specific training on accounting/bookkeeping systems and procedures (A \$50.00 application fee is required with each application); customized Workshops for your constituents; and Community Accountants on Boards and Committees (CABC), which matches your organization with an accounting professional. You can also Ask an Accountant a pertinent question by calling CA, and expect a response in two days.

Call 215-951-0330, ext. 125 for more information.

Energize's Susan Ellis' Top Ten... Why Volunteers Leave Unexpectedly

- Reason # 10: The reality of their experience was not what they expected when they signed on.
- Reason # 9: Employees treated them as an interruption, not as welcome (and anticipated) help.
- Reason # 8: Veteran volunteers wouldn't let them into their "insider" group.
- Reason # 7: They did not see the connection between one day's work and another.
- Reason # 6: They did not know how to tell you they wanted to leave.
- Reason # 5: They made a suggestion that was not acted on – or responded to.
- Reason # 4: The atmosphere was impersonal, tense, or cold.



Did You Know...

Recent studies reveal that the current average tenure of nonprofit executives is only 3.5 years. The Annie E. Casey Foundation found that 85% of its com-