

Year-End Legal Checklist: Annual Meeting, Donor Acknowledgements, 990s, Grant Reports, State Reports

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52



We're making a list...checking it twice! A legal checklist, of course. There are several items your nonprofit needs to complete by year end. Here are some items for nonprofits to check-off the year-end to-do list.

1. Annual Meeting & Minutes of Meeting(s)

Has your board held its annual meeting this year?

Your board needs to meet...in an official meeting! With minutes taken!

Your nonprofit's governing documents (bylaws, articles of incorporation) likely set out how often the board of directors must hold meetings. And state corporate laws also may set out how often nonprofit board of directors needs to meet — many times it is at least once a year. Check!

Meetings are the times when the board conducts key business, which may include

- - - approving budgets, reviewing financial statements
 - electing new board members and/or officers
 - hearing updates of the organization's work
 - conducting other business matters
 - review policies and procedures, which may include investment policies, conflict of interest policies, employment policies

If you find that your bylaws set out for multiple meetings a year (monthly, quarterly), and your board hasn't been meeting that requirement, it may be time to consider your operations and possible revision of bylaws.

Did you get minutes taken and approved from that meeting?

Keep minutes of these meetings! Your nonprofit should keep a copy of minutes of meetings of directors and any committees having the authority of the board of directors.

2. Thank your donors

Have you thanked your donors for their gifts?

We know you may be in the midst of a year-end fundraising drive. Many nonprofits rely on donations for continuation of their work! In your asks, don't forget to thank and acknowledge your donors.

We believe that all donations – regardless of size – deserve a quick and heart-felt recognition of thanks. Nothing makes donors happier (and ready to give again!) than receiving a prompt thank-you from a charity just supported. (Try something different – give the donor a quick call!).

Note that donors who make contributions over \$250 need *written* acknowledgement to claim the deduction on their individual tax returns. Are you helping donors get what they need? Acknowledgments differ for cash gifts and non-cash gifts.

3. IRS Tax Reports

Have you filed your IRS Tax Informational Report – IRS Form 990?

Most exempt organizations file this annual return. The type of Form 990 to be filed by an organization depends on the filing year and the gross receipts of the organization. The different forms include Forms 990, 990-EZ and 990-N.

When is your 990 due?

Due dates for this IRS Form 990 differs based on the end of your organization's fiscal year. The Form 990 is due 5 1/2 months after the close of the fiscal year. So, for organizations on the calendar year (year end of December 31), the IRS Form 990 will be due May 15.

And related to taxes...Have you collected W-9s for service providers and/or vendors to your nonprofits? You'll be getting those 1099-Misc. forms out in January...so now is the perfect time to make sure you have what you need.

4. Grants & Contracts Reporting

Do you have financial grants from the government or from foundations that require certain reports?

Many government and non-government grants require the recipient of the funds (you, the nonprofit organization) to report on financial and program activity. Some require periodic reports; others require year-end reports. Some are narrative in description (what you did with the funds, who you served, progress towards meeting objectives, etc.); others are financial in nature (profit/loss, budget to actuals, etc.). The donor wants to know how the funds were used. Review the terms of such grants and complete those reports.

5. State Reports & Registrations

Have you filed any required annual or periodic report with your state agency?

Many states require annual reports to be filed with the state corporation's office (Secretary of State). Reports differ by state, but most reports request updates on addresses, registered agent information, and names of officers and directors. Filing these annual reports are required for the nonprofit to maintain an "active status" with the state.

You can check your state's requirements on its Secretary of State's website.

Have you filed any required tax reports with your state's tax office?

Many states require an annual state tax filing. Check with your state comptroller's officer on tax filing requirements.

What about state charitable/fundraising requirements?

Most states have adopted "charitable solicitation" laws. These laws differ greatly by state, but they are mainly designed for nonprofits and charitable organizations that make fundraising appeals in that state. The definitions of "fundraising appeal" or "charitable appeal" vary by state.

In some states, these registration rules are called a registration statement; in others, it's called a license, solicitation permit, or certificate.

The jurisdictions that do not require state fundraising registrations are Texas, Delaware, Idaho, Indiana, Iowa, Montana, Nebraska, Nevada, South Dakota, Vermont, Wyoming, and Arizona. (*Note that Arizona eliminated its requirement summer 2013*).



About Mollie Cullinane

Mollie Cullinane is an attorney who works with nonprofits and social enterprises, from emerging local charities, professional athletes' foundations, and international organizations. She is a Texas Super Lawyer – Nonprofit Law (Thomson Reuters, 2012 - 2014). She also serves as a professor at Texas Lutheran University, teaching "Social Entrepreneurship and Nonprofits."