

Non-Profit Income & Records



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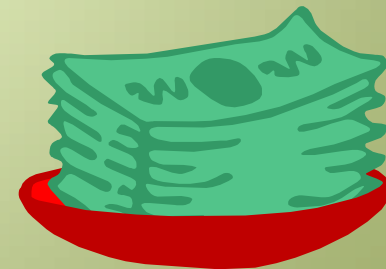
Professor Rebecca S. Trammell

Non-Profit Income

- Non profits generate income
 - With 501(c)3 status income related to mission is tax exempt at federal & state levels
 - Unrelated business income – over \$1,000 not exempt at federal & state levels
- With 501(c)3 status non-profits may not be required to pay some other taxes (See Tax Exempt Topic)

Non-Profit Income

- May be used to pay employees
- May be used to for operating expenses
- May be used to support fundraising
- May be used for programs and activities related to the mission
- May NOT be used to pay non-profit directors



Maintain Organized Records

- Ensures transparency
- Comply with IRS requirements
- Maintain 501(c)3 status
- Comply with Florida state law
- Provide information to complete required reports

What Records Are Needed?

- Copy of application to IRS for 501(c)3 status (Form 1023)
- Copy of letter determining 501(c)3 status
- Organizational documents
 - Articles of Incorporation
 - Bylaws and amendments
- Tax Identification Number
- Descriptions & summaries of programs
- Board records
- Employment records
- Financial records



Board Records & Minutes

- Indicate board discussion & action relating to
 - Financial issues
 - Tax issues
 - Mission and program activities
 - Hiring & firing staff
 - Setting employee salaries and benefits
 - Purchasing insurance
 - Contracts & leases

Financial Records

- Track all income, expenses and assets
- Document all transactions
 - Payments
 - Sources of income
 - Donations
- Remember 501(c)3 records are open to the public

Non-Profit Reports

- Florida Department of State Annual Report
 - Due May 1st file online
 - Fee \$61.25 for non-profit
 - https://efile.sunbiz.org/sbs_ar_instr.html
- Florida Department of Agriculture & Consumer Services (Charitable Solicitation)
 - Due prior to any Florida solicitation activities
 - Renew Annually
 - Fee \$10 – \$400 depending on amount of contributions
 - <http://www.800helpfla.com/socbus.html#forms>
- IRS Annual Return Form 990
 - Due 4 ½ months after end of fiscal year
 - No fee
 - <http://www.irs.gov/charities/article/0,,id=152728,00.html>

What Puts 501(c)3 Status in Jeopardy?

- Extensive lobbying
- Extensive activities not aligned with the non-profit's 501(c)3 purpose
- Providing outsiders or insiders with personal benefits
- Engaging in any political activity
- Excessive unrelated business income (UBI)

Tax Exempt True & False

- Non-profits can't generate income **False!**
- Non-profits can't make a profit **False!**
- Non-profits don't pay taxes **False!**
- Non-profits don't need to keep financial records **False!**
- Non-profit financial records are private **False!**
- All donations to a tax exempt organization are deductible by the donor **False!**

Other Topics in this Series

- Non-Profit Basics
- Tax Exempt Status
- Donations & Fundraising
- Non-Profit Board Members & Officers
- Non-Profit Employees & Volunteers
- Non-Profit Risk Management
- ~~Non-Profit Income & Records~~
- Useful Non-Profit Resources



Remember



This presentation provides information, not legal advice.

Always consult an attorney for legal advice.