



THE

LAW

*The Harry H. Beren
Dina D'malchusa
Dina Series*



OF
THE

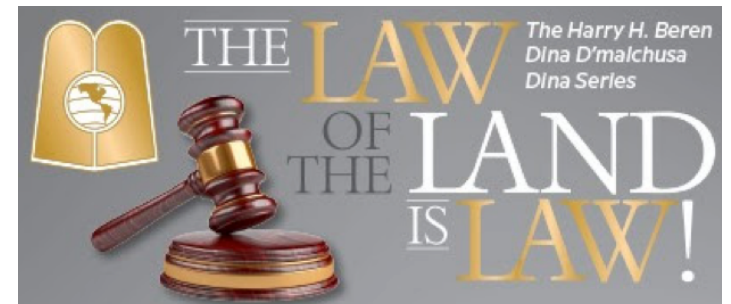
LAND

IS
LAW!

**Keeping Your Organization Compliant
Session II
Monday, May 8, 2017**

Today's Agenda:

- Introduction
- Record Keeping and Filing Obligations
- Fundraising and UBTI
- Parsonage, Politics, and Partnerships
- Q & A



Your Hosts:



Baruch S. Gottesman, Esq.

- Attorney in NY and NJ
- Over decade of experience with government examinations, internal investigation, and compliance issues for Nonprofits



Rabbi Eliyahu Stern

- Administrator of a choshiveh Yeshiva in Lakewood (Orchos Chaim)
- Responsible for multi-million dollar budget including compliance program under Federal and New Jersey law and food program oversight

Disclaimers:

i. For Information Purposes Only:

This presentation is for general information purposes only. Every situation is unique and you must speak with your accountant, counsel and other appropriate professional about the rules and regulations that may apply to your particular situation.

ii. No Attorney-Client Relationship Created:

This is a public presentation intended to alert participants of the general sorts of issues that Nonprofits must address. No attorney-client relationship is created by this discussion and no information provided is intended as legal guidance for any participant.

iii. IRS Circular 230 Disclosure:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication and presentation is not intended or written to be used, and cannot be used, for the purpose of: (i.) avoiding penalties under the Internal Revenue Code; or (ii.) promoting, marketing, or recommending to another party any transaction or matter addressed therein.

Review of Last Session:

- Titles do not matter
- Trustees/Donors/Directors do not own **מוסדות**
- Liability comes from different quarters
- Strategies for risk management
 - Follow the Scout's Venturing Motto:
Obey Scout's Law
 - Develop Risk Management Plan

Filing Requirements:

Form 990
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundation).
 Do not enter social security numbers on this form as it may be made public.
 Information about Form 990 and its instructions is at www.irs.gov/form990.

2016
 Open to Public Inspection

OMB No. 1545-0047

A For the 2016 calendar year, or tax year beginning 2016, and ending 2016

B Check if applicable:
 Address change
 Name change
 Initial filing
 Final return/terminated
 Amended return
 Application pending

C Name of organization: _____
 Doing business at: _____
 Number and street (or P.O. box if mail is not delivered to street address) and ZIP or foreign postal code: _____
 City or town, state or province, country, and ZIP or foreign postal code: _____

D Employer identification number: _____
E Telephone number: _____

F Name and address of principal officer: _____
 Filing no. 4947(a)(1) or 527: _____
G Gross receipts: \$ _____
 Are all subsidiaries included? Yes No
 If "No," attach a list (see instructions): _____
H Group exemption number: _____
I State of legal domicile: _____

J Tax-exempt status: 501(c)3 501(c)1 501(c)27 501(c)29 501(c)28 501(c)25 501(c)26 501(c)24 501(c)23 501(c)22 501(c)21 501(c)20 501(c)19 501(c)18 501(c)17 501(c)16 501(c)15 501(c)14 501(c)13 501(c)12 501(c)11 501(c)10 501(c)9 501(c)8 501(c)7 501(c)6 501(c)5 501(c)4 501(c)3 501(c)2 501(c)1

K Form of organization: Corporation Trust Association Other

L Year of formation: _____

M Website: _____

Part I Summary
 Briefly describe the organization's mission or most significant activities: _____

Line	Prior Year	Current Year
1		
2		
3		
4		
5		
6		
7a		
7b		
8		
9		
10		
11		
12		
13		
14		
15		
16a		
17		
18		
19		
20		
21		
22		

Part II Signature Block
 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

New Jersey Office of the Attorney General
 Division of Consumer Affairs
 Office of Consumer Protection
 Charities Registration Section
 124 Halsey Street, 7th Floor, P.O. Box 45021
 Newark, NJ 07101
 (973) 504-6215

Form CRI-150-I
Long-Form Initial Registration/Verification
 (Revised April 2008)
All questions must be answered.

1. The organization contains the facts and financial information for the fiscal year ending on _____ (month/year) _____ (month/year).

2. The number (EIN) of the organization is _____ 2a. N.J. Charities Registration Number is _____.

3. The name of the registering organization is _____ (if necessary, otherwise leave this line blank).

4. The address of the registering organization is _____ (include postal, private or rural delivery mail box).

5. The address of the registering organization is _____ (include postal, private or rural delivery mail box).

6. Do you have any offices in New Jersey? Yes No. If yes, list the name, full address, phone number, and the person to whom correspondence should be addressed.

7. The address of the office is _____ (include postal, private or rural delivery mail box).

8. The address of the office is _____ (include postal, private or rural delivery mail box).

9. The address of the office is _____ (include postal, private or rural delivery mail box).

10. The address of the office is _____ (include postal, private or rural delivery mail box).

11. The address of the office is _____ (include postal, private or rural delivery mail box).

12. The address of the office is _____ (include postal, private or rural delivery mail box).

13. The address of the office is _____ (include postal, private or rural delivery mail box).

14. The address of the office is _____ (include postal, private or rural delivery mail box).

15. The address of the office is _____ (include postal, private or rural delivery mail box).

16. The address of the office is _____ (include postal, private or rural delivery mail box).

17. The address of the office is _____ (include postal, private or rural delivery mail box).

18. The address of the office is _____ (include postal, private or rural delivery mail box).

19. The address of the office is _____ (include postal, private or rural delivery mail box).

20. The address of the office is _____ (include postal, private or rural delivery mail box).

21. The address of the office is _____ (include postal, private or rural delivery mail box).

22. The address of the office is _____ (include postal, private or rural delivery mail box).



CHAR500
 NYS Annual Filing for Charitable Organizations
www.CharitiesNYS.com

1. General Information
 For Fiscal Year Beginning (mm/dd/yyyy) _____ and Ending (mm/dd/yyyy) _____

Check if Applicable:
 Address Change
 Name Change
 Initial Filing
 Final Filing
 Amended Filing
 Reg ID Pending

Name of Organization: _____
 Mailing Address: _____
 City/State/Zip: _____
 Website: _____

Employer Identification Number (EIN): _____
 NY Registration Number: _____
 Telephone: _____
 Email: _____

Confirm your Registration Category in the Charities Registry at www.CharitiesNYS.com.

2. Certification
 We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

President or Authorized Officer: _____ Signature _____
 Chief Financial Officer or Treasurer: _____ Signature _____

3. Annual Reporting Exemption
 Check the exemption(s) that apply to your filing. If your organization is claiming an exemption under one category (7A or EPTL only filers) or both categories (DUAL filers) that apply to your registration, complete only parts 1, 2, and 3, and submit the certified Char500. No fee, schedules or additional attachments are required. If you cannot claim an exemption in any of the categories above, you must file applicable schedules and attachments and pay applicable fees.

7A filing exemption: Total contributions from NY State including residents, foundations, government agencies, etc. did not exceed \$25,000 and the organization did not engage a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during the fiscal year.

EPTL filing exemption: Gross receipts did not exceed \$25,000 and the market value of assets did not exceed \$25,000 at any time during the fiscal year.

4. Schedules and Attachments
 Attach the following page(s): _____

You are not Trump

And even Trump isn't Trump

2015
Open to Public Inspection

Return of Private Foundation
or Section 4947(a)(1) Trust Treated as Private Foundation
Do not enter social security numbers on this form as it may be made public.
Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf

Form 990-PF
Department of the Treasury
Internal Revenue Service
For calendar year 2015 or tax year beginning

2015
OMB No. 1545-0052
Open to Public Inspection

lefile GRAPHIC print - DO NOT PROCESS As Filed Data -
Form **990**
Department of the Treasury
Internal Revenue Service
Under section 501(c), 527, or 4947(e)(1) of the Internal Revenue Code (except private Foundations)
Do not enter social security numbers on this form as it may be made public
Information about Form 990 and its instructions is at www.irs.gov/form990

Return of Organization Exempt From Income Tax
DLN: 93493320136275
OMB No. 1545-0047
2014
Open to Public Inspection

Name of foundation: **THE DONALD J. TRUMP FOUNDATION**
Number and street (or P.O. box number if mail is not delivered to street address): **WEISERMAZARS LLP 60 CROSSWAYS PK DR**
City or town, state or province, country, and ZIP or foreign postal code: **WOODBURY, NY 11797**

A Employer identification number
13-3404773

B Telephone number
212.715.7231

C If exemption application is pending check:
1. Initial return Final return Amended return Name change
2. Foreign organizations, check here and attach copy: Foreign or organization meeting under section 507(b)(1) If private foundation status under section 507(b)(1) If the foundation is in under section 507(b)

D 1. Foreign organizations, check here and attach copy:
2. Foreign or organization meeting under section 507(b)(1) If private foundation status under section 507(b)(1) If the foundation is in under section 507(b)

E If private foundation status under section 507(b)(1)
F If the foundation is in under section 507(b)

G Check all that apply:
Initial return Final return Amended return Name change
Address change

H Check type of organization:
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation Section 501(c)(3) exempt private foundation Other (specify) _____

I Fair market value of all assets at end of year (from Part II, col (c), line 16) **\$ 1,116,241.**
J Accounting method: Cash Accrual Other (specify) _____

Part I Analysis of Revenue and Expenses
(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income
1 Contributions, gifts, grants, etc., received	781,370.	2,622.	N/A
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B			
3 Interest on savings and temporary cash investments	2,622.	2,622.	
4 Dividends and interest from securities			
5a Gross rents			
b Net rental income or (loss)			0.
6a Net gain or (loss) from sale of assets not on line 10			
b Gross sales price for all assets on line 10			
7 Capital gain net income (from Part IV, line 2)			
8 Net short-term capital gain			
9 Income modifications			
10a Gross sales less returns and allowances			
b Less: Cost of goods sold			
c Gross profit or (loss)			
11 Other income			

Part II Summary
1 Briefly describe the organization's mission or most significant activities: **IMPROVE GLOBAL HEALTH & WELLNESS, INCREASE OPPORTUNITY FOR WOMEN/GIRLS, REDUCE CHILDHOOD OBESITY, CREATE ECONOMIC OPP & GROWTH AND HELP COMMUNITIES ADDRESS EFFECTS OF CLIMATE CHANGE**

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a) **4**

4 Number of independent voting members of the governing body (Part VI, line 1b) **10**

5 Total number of individuals employed in calendar year 2014 (Part V, line 2a) **486**

6 Total number of volunteers employed in calendar year 2014 (Part V, line 2b) **400**

7a Total unrelated business revenue (estimate if necessary) **1,885,973**

7b Net unrelated business taxable income from Form 990-T, line 34 **-52,086**

8 Contributions and grants (Part VIII, line 1b) **142,885,956**

9 Program service revenue (Part VIII, line 2b) **2,375,976**

10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) **172,579,474**

11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) **2,897,690**

12 Total revenue—add lines 8 through 11 (must equal Part VII, column (A), line 12) **2,421,380**

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) **147,842,769**

14 Salaries and other compensation paid (Part IX, column (A), line 4) **8,865,052**

15 Benefits paid to or for members (Part IX, column (A), line 5) **177,804,612**

16a Professional fundraising fees (Part IX, column (A), line 11e) **29,914,108**

16b **634,720**

16c **34,838,106**

16d **850,803**

Website: WWW.CLINTONFOUNDATION.ORG

Form of organization: Corporation Trust Association Other

H(a) Is this a group return for subordinates? Yes No

H(b) Are all subordinates included? Yes No

H(c) Group exemption number: _____

L Year of formation: 1997 **M State of legal domicile:** AR

Who Does not have to File (federally):

- Formally recognized as a § 6033 Church
- Less than \$50,000.00 in a typical year
- Organizations that are not Nonprofits

BUT

- Still have disclosure requirements to Members
- Less transparency opens you up to potential issues

Who Does File and What is Disclosed?

- Everyone else files something
- Different filing requirements depending on your budget and your State
- In some situations may not require an accountant, but certainly have one on call
- Most information goes online within 18 months
- Donors are supposed to be private

Consequences of not Filing

- Yellow flags you for examination
- Three years (i.e. 2 years and-a-day) lose status
- Eligibility for federal and state grants compromised
- Eligibility for some foundation grants lost

Fundraising and UBTI:



Agudath Israel of America Dinner 2016

Nothing Wrong with Profit

- That's why New York calls it "Not-for-Profit"
- Clinton Foundation mentioned earlier:

Form 990 Department of the Treasury Internal Revenue Service		Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations) Do not enter social security numbers on this form as it may be made public Information about Form 990 and its instructions is at www.irs.gov/form990		OMB No 1545-0047 2014 Open to Public Inspection													
A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014																	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		C Name of organization <u>BILL HILLARY & CHELSEA CLINTON FOUNDATION</u> % ANDREW KESSEL Doing business as		D Employer identification number 31-1580204													
		Number and street (or P O box if mail is not delivered to street address) Room/suite 610 PRESIDENT CLINTON AVE 2ND FL		E Telephone number (501) 748-0471													
		City or town, state or province, country, and ZIP or foreign postal code LITTLE ROCK, AR 72201		G Gross receipts \$ 184,422,359													
		F Name and address of principal officer Donna E Shalala 1271 AVENUE OF AMERICAS NEW YORK, NY 10020		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)													
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		J Website: WWW.CLINTONFOUNDATION.ORG		H(c) Group exemption number ▶													
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1997		M State of legal domicile AR													
		<table border="1"> <thead> <tr> <th></th> <th>Beginning of Current Year</th> <th>End of Year</th> </tr> </thead> <tbody> <tr> <td>20 Total assets (Part X, line 16)</td> <td>277,805,820</td> <td>354,190,170</td> </tr> <tr> <td>21 Total liabilities (Part X, line 26)</td> <td>30,506,362</td> <td>21,718,821</td> </tr> <tr> <td>22 Net assets or fund balances Subtract line 21 from line 20</td> <td>247,299,458</td> <td>332,471,349</td> </tr> </tbody> </table>			Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	277,805,820	354,190,170	21 Total liabilities (Part X, line 26)	30,506,362	21,718,821	22 Net assets or fund balances Subtract line 21 from line 20	247,299,458	332,471,349		
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Part II Signature Block																	

Commerciality

- No longer engaged in “exempt” activity
- Consider how much time and money involved
- Can consider request clearance from IRS
- Can consider reorganizing as for-profit

Examples:

- + Matzah / Lulav & Esrogim sales
- + Dorms for folks not in the Yeshiva
- + Publishing

UBTI

Unrelated Business Taxable Income

- More direct involvement is more likely UBTI
- Consider why you are using tax-exempt vehicle
- Can always ask for Private Letter Ruling or pre-approval from IRS
- Organizations with excess UBTI loses status

Examples:

- + Use funds in account to build local housing
- + Fundraising programs that take on a life of their own

Parsonage, Politics and Partnerships:



26 U.S.C. § 107 Housing Allowance

“In the case of a **minister of the gospel**, gross income does not include: (1) the rental value of a home furnished to him as part of his compensation; or (2) the rental allowance **paid to him as part of his compensation**, to the extent used by him to rent or provide a home and to the extent such allowance does not exceed the **fair rental value of the home**, including furniture and appurtenances such as a garage, **plus the cost of utilities.**”

What does a Minister of the Gospel do?

- Perform sacerdotal functions
- Conduct religious worship
- Administer and maintain religious organizations
- Teaching and administrative duties at theological seminaries
- Exercise his ministry in the ordinary duties of a minister (*can possibly include chessed activities*)

See 26 C.F.R. § 1.107(a)

How does Employer Pay Compensation?

- Must be decided by Board of the Employer
- Parsonage must be designated in writing in advance
- Can be Religious Corporation or Not-for-Profit;
Can be § 6033 or non-Church § 501(c)(3)
- Get some documentation: Smicha; Letter from Rav/Rosh HaYeshiva; Marriage officiant license

What is included in Parsonage?

- Fair rental value of home
- Cost of utilities
- Must be reasonable and well-documented
- Potential personal liability of Board if disallowed

Questions & Answers



Contact:

Baruch S. Gottesman, Esq.

bg@gottesmanlegal.com

(917) 647-8625