

April 2014 Nonprofit Newsletter

Form 990: What's New for 2013

The IRS has made no material changes in Form 990 for 2013. However, the IRS will require some additional attachments for the following situations:

- An organization that changes its name must attach a copy of the name change amendment to its governing document and proof that the name change was filed with the appropriate state authority.
- A claim of liquidation, termination, dissolution, or merger must be supported by attaching a *certified* copy of its articles of dissolution or merger approved by the appropriate state authority. If a certified copy is unavailable, the organization may submit resolutions of its governing body approving a dissolution or merger, or plans of liquidation or merger.

The 2013 instructions provide helpful filing guidance in certain situations, including:

- Form 990-N filers that change their accounting period must report the change either on Form 990, Form 990-EZ, 1128, or by sending a letter to the IRS.
- A return for less than twelve months cannot be filed electronically, unless it is an organization's first return for which the "Initial return" box is checked in Item B of the Heading of Form 990 or 990-EZ.

For a complete list of Instructions for 2013 Form 990, click [here](#).

Foundation Assets Reach Highest Level Since Downturn

A strong stock market has helped boost assets for big foundations to their highest levels since the recession gutted endowments six years ago, according to a new *Chronicle of Philanthropy* survey. Assets grew by 7.5% from 2012 to 2013 for the 83 largest grant makers. Those foundations represent 35% of the wealth held by more than 78,000 foundations operating in the U.S.

Read more about individual foundation's efforts [here](#).

A New Guide Helps Foundations Become More Transparent

"Opening Up: Demystifying Funder Transparency", a new guide produced by GrantCraft, provides resources to grant makers. The guide offers concrete steps on how foundations should decide what information to share and how to share it. In a recent survey, three quarters of respondents reported a greater demand for foundation transparency during the past five years, especially around grant-making strategies and feedback to applicants.

Read more about the guide [here](#).

Many Groups Seek New Sources of Funds as Economy Recovers, Study Finds

A study, by the Nonprofit Finance Fund of more than 5,000 groups finds that many nonprofits are trying to broaden their sources of funds in the wake of the recession. The study shows that groups are realizing that the financial downturn wasn't the only source of their financial woes. The statistics below illustrate this even further:

- 71% of charities said they either broke even or had a budget surplus last year.
- 41% reported long-term financial sustainability as their greatest challenge. 47% said they planned to engage in long-term strategic or financial planning in the coming year.
- 80% of groups reported an increase in demand for their service in 2013, and 56% said they were unable to meet demand.

As a result, groups are trying to fashion new approaches to avoid relying so heavily on traditional sources of support like government grants and contracts. The top three actions charities are taking to bolster finances are: 1) advocating to government on behalf of organization's cause, 2) upgrading infrastructure (e.g. hardware or software) to improve efficiency, and 3) conducting long-term strategic or financial planning.

Read more [here](#).

Mass. Nonprofits Say Resources Won't Meet Higher Demand in '14

According to the *2014 State of the Nonprofit Sector Survey*, conducted by the Nonprofit Finance Fund:

- 28% of the participating Massachusetts nonprofits said demand for services and programs will increase significantly in 2014, compared to 2013 levels.
- 56% of respondents said demand will increase slightly.
- 53% said they will not be able to meet 2014 demand.

How are nonprofits to deal with this reality? Rick Jakious, chief executive officer of the Massachusetts Nonprofit Network, the state's nonprofit trade association, said "While the instinct of nonprofit leaders and boards may be to divert resources to program expenses, investing in the organization is exactly what is needed...and includes strengthening our workforce, improving partnerships and collaborations, and becoming adept at measuring, understanding, and communicating our impact."

[Read more about the survey here.](#)