



Keeping Out of Jail

Watershed Conference

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Carl Paulsen, Program Director

New Hampshire Rivers Council

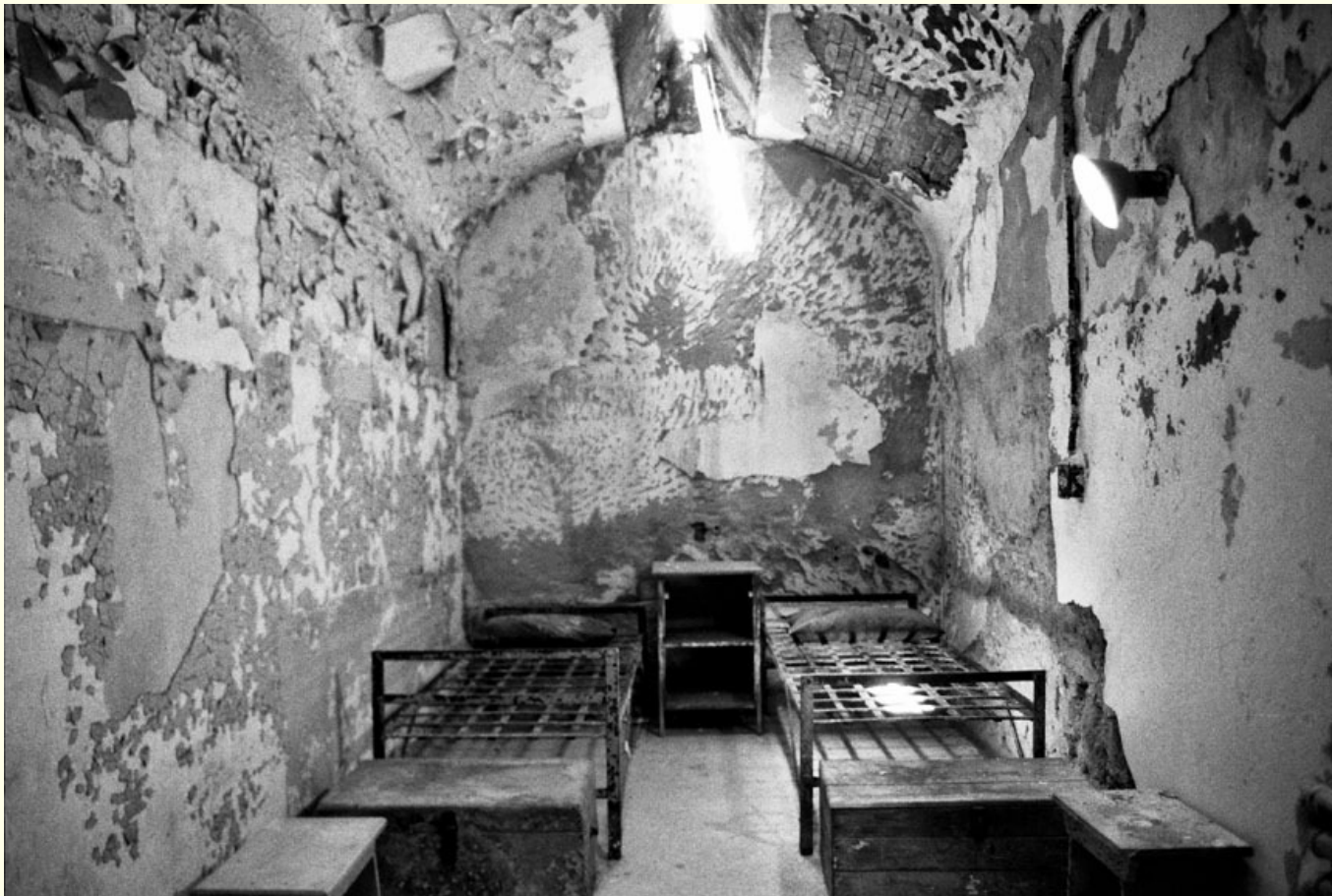
nhrivers.org

Michele L. Tremblay, Principal

naturesource communications

naturesource.net

How can you help your watershed from here?



The fine print...



Our disclosure so that we can stay out of jail ourselves...

We are not attorneys, and therefore are not providing legal advice.

We are providing information to help you understand the range of rights and responsibilities of different types of watershed-related conservation organizations.

You should ultimately seek advice from the state, the IRS, and potentially an attorney when you establish a conservation group.

Kinds of organizations

LACs



- **RSA 483:8-a(V)**
- **RSA 483:13 “accept and expend funds...”**
- **IRS code 170(a)(1)**

Bona fide nonprofits without staff



- IRS code 501(c)(3)

Bona fide nonprofits with staff



- **IRS code 501(c)(3)**



Ad-hoc grassroots groups



- **Cochecho River Watershed Coalition (registered with the State of NH but not with the IRS)**

Municipal



- **Cities**
- **Counties**
- **Towns including conservation commissions and other groups under the municipal umbrella**
- **Other subdivisions of state government including county conservation districts**

**Now that you know who you
are:
what you can (and have to) do
and what you can't do**

LACs can...



- **Solicit tax deductible contributions—no IRS letter required but RMPP letter confirming nonprofit status is important.**
- **EIN required for opening a bank account**
- **A-133 Audit if spend >\$500k of federal funds in one year**
- **Contract with consultants**

LACs can't



- **Accept grants from funders who won't accept the Section 170(a)(1) explanation**

Bona fide nonprofits without staff must



- Register with IRS and State of NH
- Have bylaws and articles of agreement, including dissolution provision, and conflicts of interest policy
- File annual state income reports (NHCT-2A)
- Charter renewal required every five years
- Federal tax filing (990 or equivalent)

Bona fide nonprofits without staff can



- **Accept grants**
- **Accept tax deductible donations**
- **Hire staff**
- **Accumulate revenue (must eventually be spent on mission)**
- **Engage in limited volunteer lobbying**

Bona fide nonprofits without staff can't



- Lobby more than an “insignificant” amount (see prior slide)
- Engage in partisan political action
- Raise revenue from activities not consistent with mission unless taxes are paid on that income

Bona fide nonprofits with staff must

- Same as unstaffed nonprofit plus—
 - Report all hires to state
 - Pay federal and state withholding and SS taxes on salaries and wages
 - Display employment, safety, non-discrimination, and other federal and state employment posters
 - Purchase Workers Compensation and state unemployment insurance



Bona fide nonprofits with staff can



- **Accept grants**
- **Accept tax deductible donations**
- **Accumulate profits (must ultimately be spent on mission)**
- **Engage in limited (“insubstantial”) lobbying**

Bona fide nonprofits with staff can't



- Engage in partisan politics

Ad-hoc grassroots groups



- **Virtually no requirements**
- **Contributions not tax deductible by donors**
- **Engage in unlimited lobbying**
- **If raising funds:**
 - **Name registration with State (or sole proprietorship under one individual tax ID #)**
 - **EIN for bank account**
 - **State and Federal tax filing**

Municipalities can



- **Accept donations that are tax-deductible and virtually everything that a nonprofit can do**

Resources



NH Center for Nonprofits
nonprofits.org

River Network
RiverNetwork.org

Charitable Trusts Unit of DOJ
DOJ.nh.gov/charitable

Internal Revenue Services
IRS.gov/charities/index.html

More resources



Don't end up here...



Thank you!



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