

Top 10 Questions  
Nonprofit Board  
Members Should Ask  
Part 2

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Executive Director

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# Mission of Pro Bono Partnership of Atlanta

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To provide free legal assistance to community-based nonprofits that serve low-income or disadvantaged individuals.

We match eligible organizations with volunteer lawyers from the leading corporations and law firms in Atlanta who can assist nonprofits with their business law matters.

# Client Criteria

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In order to be a client of Pro Bono Partnership of Atlanta, an organization must:

- Be a 501(c)(3) nonprofit.
- Be located in or serve the greater Atlanta area.
- Serve low-income or disadvantaged individuals.
- Be unable to afford legal services.

Visit our website at [www.pbpatl.org](http://www.pbpatl.org) to apply.

# PBPA Learning Center for Georgia Nonprofits

[www.pbpatl.org/resources](http://www.pbpatl.org/resources)

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# Legal Information

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This webinar presents general guidelines for Georgia nonprofit organizations and should be construed as legal advice. Always attorney to address your particular situation.

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# Introduction

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501 (c) (3) tax-exempt nonprofit organizations are expected to be in compliance with many areas of law, including:

- Employment
- IRS Regulations
- Insurance and Risk Management
- Corporate Governance
- State Taxes
- Fundraising

# Introduction

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Organizations that are not in compliance may face:

- Fines and penalties from the IRS, Georgia Department of Revenue and Department of Labor
- Theft or embezzlement
- Lawsuits
- Criminal penalties
- Loss of grants or donors
- Loss of tax-exempt status

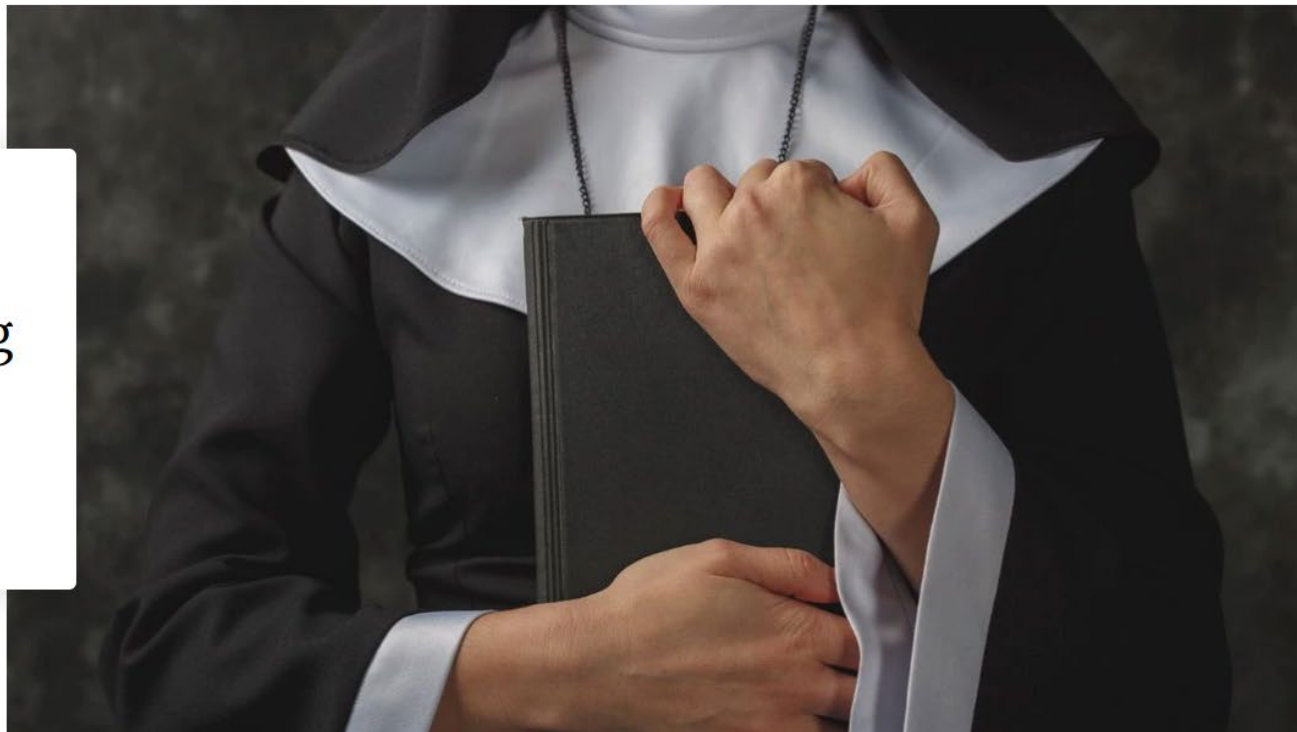
# *Question #7:*

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Do we have financial policies with appropriate internal controls?



Los Angeles nun to  
plead guilty to stealing  
\$800,000 from  
elementary school



Credit: LOGVINYUK YULIYA/Shutterstock

# Corporate Governance

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Good financial policies provide for internal controls

- No financial transaction is handled by only one person from beginning to end

Additional Resource:

[Best Practices in Financial Management for Nonprofits \(pbpatl.org\)](http://pbpatl.org)

## *Question #8:*

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Are we required by law to report abuse and do we have systems for doing so?

# State Laws

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Georgia Child Abuse Reporting Act (O.C.G.A. § 1975(b)(3))

- Staff and volunteers at any organization that serves children are required to report child abuse.
- Volunteers added in 2012.
- Child abuse reporting policy and procedures.
- Additional Resource:

<http://www.pbpatl.org/wp-content/uploads/2012/07/Updated-Child-Abuse-Article.pdf>

# State Laws

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Georgia Disabled Adults and Elder Persons  
Protection Act (O.C.G.A. §§ 30-5-1, et. seq.)

[REPORTING ABUSE OF DISABLED ADULTS AND  
ELDER PERSONS IN GEORGIA \(pbpatl.org\)](http://pbpatl.org)

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If we are covered by the Open Records and Open Meetings Laws, do we know how to follow them?

# Open Meetings

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- Applies to agencies, which includes any nonprofit that receives more than 33 1/3% of its funding from state/local tax revenues and any entity carrying out public function
- Requires reasonable notice of meetings and that meetings be open to public

# Open Records

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- Public has a right to see, inspect and copy all public records
- Applies to same agencies as Open Meetings Act plus a few more
- Piedmont Park Conservancy
- Additional Resource:

<http://www.pbpatl.org/resources/georgia-sunshine-laws-for-nonprofit-organizations>



## *Question #9:*

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Do we collect and pay sales tax or have we received an exemption from the Georgia Department of Revenue?

# State Taxes

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- Most GA nonprofits must pay and collect sales tax.
- Only exempt if both:
  - (1) the organization or transaction fits one of the state sales tax exemption categories; and
  - (2) the organization obtains an exemption determination letter from the Georgia Department of Revenue
- Additional Resource:  
<http://www.pbpatl.org/resources/paying-sales-and-use-tax-in-georgia-2/>

# State Taxes

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- Nonprofits must collect sales tax on many fundraising activities
  - Auction items
  - Admission fees
  - Raffle tickets

- Additional Resources:

[Georgia Department of Revenue Provides Detailed Guidance on Sales Tax and Nonprofit Fundraising \(pbpatl.org\)](#)

[Webcast: What is the Latest on Nonprofit Fundraising and Sales Tax? \(pbpatl.org\)](#)

# *Question #10:*

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Are we following all of the state and federal regulations around fundraising?

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T.C. Memo. 2012-140

UNITED STATES TAX COURT

DAVID P. DURDEN AND VERONDA L. DURDEN, Petitioners *v.*  
COMMISSIONER OF INTERNAL REVENUE, Respondent

Docket No. 17441-09.

Filed May 17, 2012.

David P. Durden and Veronda L. Durden, pro sese.

Brock E. Whalen, for respondent.

# Fundraising

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Do we provide proper acknowledgements to donors?

- Requirements vary depending on type of donation:
  - Monetary Contributions
  - In-Kind Contributions
  - Quid pro quo contributions
  - Donated Services

- Additional Resources:

<http://www.pbpatl.org/resources/guide-to-sending-acknowledgments-for-donations/>

<http://www.pbpatl.org/resources/charitable-contributions-substantiation-and-disclosure-requirements/>

# Fundraising

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Are we registered for charitable solicitation in Georgia?

- Register with Secretary of State and renew every 2 years
- Internet solicitation and other states
- Additional Resource:

<http://www.pbpatl.org/resources/charitable-solicitation/>

# Fundraising

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Do we have a raffle license if we conduct raffles?

- If not, it's illegal gambling
- Must apply for license from county sheriff's office
- Must be in existence for more than two years
- Additional resource:

<http://www.pbpatl.org/resources/raffle-guide/>



## For More Information:

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Watch: [Part 1 of Top 10 Questions Nonprofit Board Members Should Ask](#)

For more information about the services of Pro Bono Partnership of Atlanta:

[RLA@pbpatl.org](mailto:RLA@pbpatl.org)

[www.pbpatl.org](http://www.pbpatl.org)

Questions?

# Pro Bono Partnership of Atlanta

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