



## **COMPLIANCE CHECKLIST FOR NONPROFIT ORGANIZATIONS**

This checklist is simply a guide; it does not contain legal advice. This is a guide for helping nonprofits understand common legal obligations and to highlight areas where greater inquiry should be made. The checklist is not intended to be all-encompassing, but rather to address common concerns of 501(c)(3) organizations incorporated as nonprofit organizations. Specific laws or rules may apply to a particular organization or its programs that are not address in this checklist.

### **State Corporate Requirements**

1. Do you have a current copy of your organization's:
  - a.    Articles of Incorporation
  - b.    Bylaws
  - c.    Conflict of Interest Policy
  - d.    IRS Determination Letter (501(c)(3) Letter)
  - e.    Charitable Solicitation Registration
  - f.    Sales Tax Exemption Form
2. Do your articles and bylaws accurately describe your current purposes, organization, and procedures?
3. Is your registered agent still at the address filed with the Secretary of State?
4. Can you rely on your registered agent to give you mail that comes to the corporation?
5. Are you filing Annual Reports with the Division of Corporation?

### **IRS Requirements**

1. Has your structure, purposes, or activities changed significantly since you received your tax exempt recognition letter from the IRS?
2. Are you filing any required Form 990 with the IRS?

### **Corporate Formalities - Record Keeping and Disclosure Requirements**

1. Do you keep minutes of all meetings of the board and committees, including resolutions and other formal actions? Are they available to your members, if any, for inspection?
2. Do you have a current list of names, addresses, and terms of office of your board members?
3. Do minutes reflect actions to elect or reelect current board members, and the resignation or termination of former board members?
4. Are you saving lists of members, annual reports, and all correspondence with members for at least three years?
5. Do you prepare an annual financial statement or audit?
6. Are you saving financial records for at least seven years?
7. Does your organization have a document retention (destruction) policy?
8. Have you revoked the check-signing authority of former staff or board members?

### **Fundraising Legal Requirements**

1. Do you acknowledge, in writing, gifts over \$250?
2. If you receive gifts of vehicles, (cars, boats, etc.) are you in compliance with current IRS regulations governing such gifts?
3. Are you registered with solicit charitable donations in each state that the organization fundraises in?

### **Insurance/Indemnification**

1. Does your organization have appropriate insurance coverage for:
  - a. General liability insurance
  - b. Directors and officers insurance

### **Intellectual Property**

1. Does your organization own any patents, trademarks, service marks, or copyrights?
2. If so, do they require renewals

### **Financial Practices**

1. Does your organization require that bank statements be mailed to or opened and reviewed by a person who does not write or sign the checks?
2. Does your organization have a policy that two signatures are required for checks over a certain dollar amount?
3. Does your organization have a policy that blank checks are maintained under lock out of public view?
4. Does your organization require that a person who writes or signs checks is not the same person who reconciles the bank statements?
5. Does your organization require that the person who is responsible for preparing checks for payment of a vendor's invoice is not the same person who signs the check?
6. Does your organization require that one person should open mail and make a list of cash and checks received before receipts go to a second person who keeps the books?
7. Does the organization have an audit committee? If so, does a member of the board of directors work independently with the auditor?
8. Does your organization have a written retention policy for its accounting records?

### **Human Resources**

If you have employees:

1. Is the financial officer making timely deposits of federal payroll taxes?
2. Do you report new hires?
3. Are you making timely unemployment insurance payments to the Florida Department of Revenue or have you notified the agency that you are a reimbursing employer?
4. Whether or not you are making unemployment insurance payments, are you making quarterly

reports to the Department?

5. Are you in compliance with Workers' Compensation law requirements?
6. Have you classified each of your employees as exempt and nonexempt?
7. If so, have you specified the specific provision of the FLSA that you rely on in making the classification?
8. If you have staff members who work overtime or have unusual hours, are you complying with deferral wage and hour standards that govern overtime?
9. If you have workers whom you classify as independent contractors, are you complying with deferral standards that govern how to distinguish between contractors and employees?

Do you have the following:

- Personnel files for each employee
- An Employee Handbook
- An employment contract or written terms of employment
- Progressive disciplinary procedures
- Evaluation and appraisal procedures
- A Sexual Harassment/Anti-Discrimination Policy
- Whistle-blower policy
- Standard of Unacceptable Behavior
- A Family and Medical Leave Act policy
- Drug Testing Policy
- Notices required to be posted
- Other policies or benefits for employees

**Miscellaneous**

1. If you are exempt from the federal income tax under §501(c)(3), are you taking full advantage of your exemption from state sales and property tax?
2. Does the board of directors conduct a periodic evaluation of the performance of the organization's executive director?

How frequently? \_\_\_\_\_

Date of last evaluation? \_\_\_\_\_