

Connections

Going online Computer bulletin board

The Council on Foundations in Washington wants to create a national computer bulletin board system for grantmakers.

A demonstration model of the system, which is still in the initial planning stages, was on display at the council's annual conference in New York City in April.

The bulletin board will be a central "online meeting place" for foundation staff and other grantmakers. Members will tap into a host computer using a personal computer and modem.

The system will offer grantmakers the chance to share information, collaborate on projects, inform or query colleagues on issues of mutual interest and conduct informal polls - among other things.

Staff members at the Council say they will not be ready to unveil the new system until late summer or early fall.

In the meantime, here are some national computer resources the council has compiled:

Technical Development Corporation
Nonprofit Computer Connection
30 Federal Street
Boston, MA 02110
(617) 728-9151

Computer Help and Information Center
Center for Nonprofit Management/
Southern California
315 West 9th Street, Suite 1100
Los Angeles, CA 90015
(213) 623-7080

Society for Nonprofit Organizations
Information Systems Support Program
6314 Odana Road, Suite 1
Madison, WI 53719
(800) 424-7367

Nonprofit Computer Exchange
Fund for the City of New York
121 Sixth Ave., 6th floor
New York, NY 10013
(212) 925-5101

Steven Shafer
CompuMentor Pittsburgh
209 London Towne Drive
Pittsburgh, PA 15226
(412) 268-2527

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Faithful supporters

North Carolina religious charities see a rise in giving

As part of a series of stories on giving trends, the *Philanthropy Journal* looked at giving to religious organizations in North Carolina. Many congregations have seen an increase in donations, with local needs taking precedence over support for national and international charities.

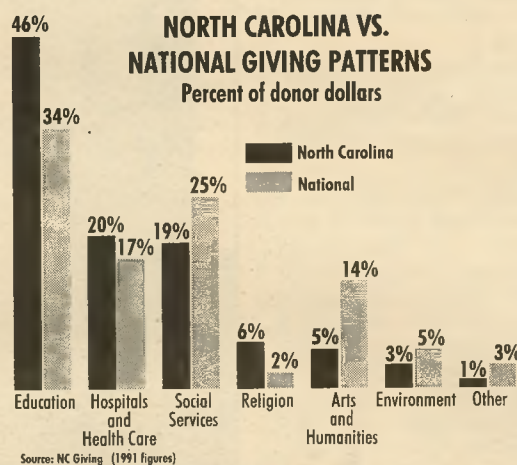
By BARBARA SOLOW

Giving to religion remains one of the most popular choices for donor dollars in North Carolina and the U.S.

The annual "Giving USA" survey by the American Association of Fund Raising Counsel shows giving to U.S. religious organizations rose by 4 percent in 1993 to \$57.15 billion.

The survey says that giving to religious charities rose even while membership in some denominations declined. One reason is that donors see religious organizations as a place to address educational, social service and cultural needs, as well as spiritual ones.

Religious leaders in North Carolina attribute giving increases to a host of factors, including improved fundraising strategies and growing membership.



TEN LARGEST SINGLE GRANTS TO NC RELIGIOUS INSTITUTIONS

Recipient	Foundation	Amount
Western NC Conference of the United Methodist Church	Duke Endowment	\$444,602
Charlotte Jewish Federation	Blumenthal Foundation	290,000
NC Conference of the United Methodist Church	Duke Endowment	268,077
First Presbyterian Church of Maxton	Almena Currie & Malcolm Purcell McLean Foundation	209,958
Operation Exodus	Kaplan Family Foundation	200,000
Myers Park Baptist Church	C.D. Spangler Foundation	100,000
Bayleaf Church	Palin Foundation	63,975

Source: NC Giving (1991 figures)

While more money is coming in, many congregations have noticed that fewer funds are available for national or international religious charities.

That's a pattern that Bill Tie-

mann has noticed in his role as associate director for church development for the 43,000-member Charlotte Presbytery of the Presbyterian Church, USA.

Although giving to Presbyterian

churches in the Charlotte area increased slightly last year, less money was earmarked for overseas missions, hospitals and schools.

"More and more churches are keeping money for themselves and not giving to mission causes outside their local church," Tiemann says. "From the Baby Boomers on down to Generation X, it's a group of people who mostly didn't grow up in that church or denomination. So you have less loyalty to long-term denominational causes such as world missions."

The Presbytery used to support 500 missionaries and numerous overseas hospitals and schools, Tiemann says. The number of missionaries now has fallen to 300, and many of the international institutions have been closed because of lack of support.

A dispute over the status of the Cooperative Baptist Fellowship, which sends money to church missions in the U.S. and overseas, erupted at the 137th annual meeting of Southern Baptists last month in Orlando, Fla.

By a close vote, the delegates voted to reject the funds, which conservatives claimed siphoned off money from the main denomination.

In response to increased compe-

Look for **GIVING** page 21

Keeping close watch

IRS targets nonprofit activities, organizations

Colleges, museums and social clubs are among the nonprofits whose income-generating activities are coming in for closer scrutiny by the Internal Revenue Service.

By MARGUERITE LEBLANC

The Internal Revenue Service is paying closer attention to certain income-generating activities of nonprofits and to specific types of tax-exempt organizations. The government initiative is aimed at cracking down on abuses of tax-exempt status.

The income-generating activities targeted for enforcement by the IRS are debt financed income, advertising, mailing lists, insurance programs, travel tours and corporate sponsorship fees. The targeted organizations are colleges and universities, hospitals, museums, business leagues, social clubs and veterans' organizations.

With corporate giving down, interest rates at a 30-year low and dwindling government funding, many nonprofits find themselves increasingly dependent upon other sources of income. But without knowledge of rules regarding certain types of income-generating activities, some nonprofits may unwittingly find themselves with an unexpected tax bill.

Current rules regarding the tax status of "unrelated business taxable income" date to the Revenue Act of 1950, which was passed in response to Congressional concerns

TAXES

about reported abuses - specifically, ownership of companies by colleges and universities. The law was enacted to reduce unfair competition that might result from the advantage gained when a tax-exempt organization engaged in activities similar to those of for-profit companies.

The issue of IRS rules on taxable income for nonprofits was among the topics discussed at a recent conference sponsored by the North Carolina Association of CPAs. The program drew 140 participants - double that of last year's session.

In one workshop, Rebecca J. Whitener, director of internal audit at the University of North Carolina at Charlotte, said that strategies can be adopted to minimize unrelated business taxes, an area in which IRS enforcement was lax until the late 1980s.

Two areas in which nonprofits can run into trouble, she said, are mailing lists and affinity cards, such as credit cards or phone cards that bear the name or logo of an organization. A nonprofit working with a third-party vendor to market an affinity card to its constituents must carefully structure agreements spelling out royalties to the nonprofit, and must consider how actively involved the nonprofit's staff will become in marketing the card in order to avoid triggering unplanned taxes. The more visible and active the nonprofit's role, the more likely it is that the nonprofit will incur

taxes based on income generated by the card.

The sale of mailing lists is another area in which nonprofits may unintentionally generate income subject to unrelated business taxes. In general, nonprofits may sell lists to other nonprofits without having to pay taxes on income from the sale, but taxes may result from the sale of

lists to organizations that are not tax-exempt, depending on what other services are involved. Sales of mailing lists as part either of an insurance or affinity card marketing program can result in taxable income.

For information, call the N.C. Association of Certified Public Accountants at (919) 469-1040.

Public access

Nonprofits get new accounting standards

The Financial Accounting Standards Board has released two new statements that affect the way nonprofits prepare their financial statements. The changes are aimed at making the information more accessible to the public.

By MARGUERITE LEBLANC

The way nonprofits account for contributions and prepare their financial statements will change soon, thanks to two new statements from the Financial Accounting Standards Board (FASB).

The changes take effect for fiscal years beginning after Dec. 15, 1994. Nonprofits with assets of less

REGULATION

than \$5 million and annual expenses of less than \$1 million have a one-year extension on implementation.

By standardizing the financial statements of all nonprofits, FASB aims to reduce inconsistent reporting and accounting practices among nonprofits. The board also hopes to make the statements more useful to the public and potential donors by making them easier to read and compare. Such standardization already exists for statements from for-profit corporations. The Standards Board is an industry group that establishes standards followed by accountants.

Look for **ACCOUNT**, page 5