

Welcome to the Jones & Associates LLC, CPAs February 2016 newsletter! Feel free to pass it along...

Current Scam Impacting Nonprofits

This alert came to us last week from Debra Holland of Pacific Continental Bank. Spread the word so no one will be taken unawares! Here is what Debra says...



Dear Nonprofit Clients and Friends,

I want to take a moment to make you aware of a scam that has impacted more than one of our nonprofit banking clients in both Oregon and Washington, and seems to be growing. I am writing you in the hope that you, or a charity you care about, will not be a victim and that you will alert nonprofit organizations.

Here's what's happening:

A man from the United Kingdom contacts a nonprofit and tells them that they are about to receive a large donation in the range of \$39,000. He asks for mailing information, gets it, and mails a check. The charity celebrates this windfall from an unknown donor. The charity receives a cashier's check with the supposed donation. When it is deposited, it is found to be bogus and is returned as Unable to Locate (e.g. this account does not exist).

However, the man uses the brief window of time in which the check is undetected as bogus to contact the charity to say that a mistake has been made in the amount given, there are sick family members who need the funds immediately, and the donation must be less. He then asks the charity to send a certain balance back to the bogus donor.

This is wasting time and precious resources at nonprofits as hopes are raised, only to be dashed when the check is found to be bogus. Trusting charities may actually send some of their hard-earned money to a scam operation.

Please take a new or unexpected donation – especially from abroad – with a grain of salt and do all due-diligence to ensure that funds have cleared before you add this to your income statement. If it happens to you, please alert the police department so this scam gets documented and stopped.

I'm extremely saddened by this behavior, preying on nonprofits. Let's put an end to this right now. Please share with others as you deem appropriate.

For more information, contact Debra Holland, Pacific Continental Bank 206-676-3053 or debra.holland@therightbank.com.

Know the Law: Avoid Political Campaign Intervention

Tax-exempt section 501(c)(3) organizations must follow the law regarding political campaigns. Unfortunately, some don't fully understand the law.

Under the Internal Revenue Code, all section 501(c)(3) organizations are prohibited from participating in any political campaign on behalf of (or in opposition to) any candidate for elective public office. The prohibition applies to campaigns at the federal, state and local level.

Violation of this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes. Section 501(c)(3) private foundations are subject to additional restrictions.

Political campaign intervention includes any activities that favor or oppose one or more candidates for public office. The prohibition extends beyond candidate endorsements.

Contributions to political campaign funds, public statements of support or opposition (verbal or written) made by or on behalf of an organization, and the distribution of materials prepared by others that support or oppose any candidate for public office all violate the prohibition on political campaign intervention.



Factors in determining whether a communication results in political campaign intervention include the following:

- Whether the statement identifies one or more candidates for a given public office
- Whether the statement expresses approval or disapproval of one or more candidates' positions and/or actions
- Whether the statement is delivered close in time to the election
- Whether the statement makes reference to voting or an election
- Whether the issue addressed distinguishes candidates for a given office

Example of Political Campaign Intervention

State University President Benjamin, the leader of a section 501(c)(3) organization, writes a "My View" monthly column for the alumni newsletter that is distributed to thousands of school graduates. In the month before an election, he writes, "It is my personal opinion that candidate Thornton should be reelected."

For that one issue, President Benjamin pays from his personal funds the portion of the cost of the newsletter attributable to the column. Despite his payment, the publication is an official university publication, and the president's endorsement constitutes campaign intervention.

Over the years, some of the specific instances of political intervention alleged and examined have included:

- Charities, including churches, distributing diverse printed materials that encouraged their members to vote for particular candidates
- Candidates speaking at official charity functions in their capacities as candidates
- Charities endorsing or opposing a candidate on their websites or through links to other websites

For more information on this topic go to IRS.gov.

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"Like" us on Facebook: 
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Should you have any questions about the content of anything in this newsletter, please contact us.

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