

PROTECT YOUR NONPROFIT STATUS

There are new IRS reporting requirements that will affect many of you reading this article, since you might serve on the board of a nonprofit organization. Many of these organizations are small (less than \$25,000 in receipts annually) and, under prior rules, were not required to file any reports or registration statements with the IRS. However, in 2008 that is no longer the case.

Small tax-exempt organizations must now file an electronic notice with the IRS on an annual basis, regardless of the amount of income they receive. The notice is Form 990-N. If this form is not filed for three consecutive years, the organization will automatically lose its tax-exempt status. If the status is lost, the only way to get the tax-exempt status back would be to reapply as a nonprofit organization with the IRS – a very time consuming and potentially expensive process. However, some small nonprofit organizations remain exempt from filing even the Form 990-N, such as churches and/or other religious organizations.

The electronic registration Form 990-N can be accessed either from the IRS Web site (www.irs.gov/eo) or by going directly to the filing Web site (<http://epostcard.form990.org>). The information to be reported is generally not much more than the organization's legal name, address, a principal officer, the annual tax year, and an affirmation that the annual gross receipts of the organization are normally less than \$25,000.

The deadline for filing Form 990-N is May 15 for calendar-year nonprofit organizations. Obviously, that date has already passed for 2007 calendar-year organizations, but that isn't critical, since there are no penalties for filing late. The important consideration is that the organization does not miss filing three years in a row, thereby jeopardizing its nonprofit status. So now is the time to alert your other nonprofit board members and insure that the required filing is undertaken quickly. If you need assistance, give us a call.