

# **Not-for-profits**

Filing Requirements

and

Background Information

*Mocera, Visconti & Company CPAs, LLP*

# **Types of Not-for- Profits** (not all inclusive)

- **501(c)(3) Charitable, Religious or Educational**
- **501(c)(6) Business Leagues, Member/Trade Assoc.**
- **501(c)(8) Social Clubs and Fraternal Organizations**

# 501(c)(3) – Defined

*“Corporations, and any community chest, fund, or foundation, organized and operated **exclusively** for **religious, charitable, scientific, testing for public safety, literary, or educational purposes**, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, **no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation** (except as otherwise provided in [subsection \(h\)](#)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.”*

# 501(c)(6) – Defined

*“Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.”*

# 501(c)(8) - Defined

*Fraternal beneficiary societies, orders, or associations—*

(A) *Operating under the lodge system* or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and

(B) *Providing for the payment of life, sick, accident, or other benefits to the members of such society, order, or association or their dependents.*

**Annual  
Informational Return  
Filing Requirements**

*Mocera, Visconti & Company CPAs, LLP*

# Federal Filing Requirements

## *Form 990 – Return of Organizations Exempt From Tax*

Generally applies to Organizations where:

- Gross Receipts must exceed \$200,000 **OR**
- Total Assets must exceed \$500,000

Other considerations:

- Long, detailed form
- Detailed disclosure of information required
- Policy and procedures for corporate governance need to be disclosed

Supplemental schedules

- Additional financial information

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# Federal Filing Requirements (Continued)

## Form 990-EZ “*Short Form*”

Generally Organizations Qualify where:

- Gross Receipts must be *less than* \$200,000 **AND**
- Total Assets must be *less than* \$500,000

Other considerations:

- Condensed form
- Reduction in disclosure of information

Supplemental schedules

- Minimal



# Federal Filing Requirements (Continued)

## Form 990-N

Generally Organizations Qualify if:

- Gross receipts are **less than \$50,000**
  - *\$25,000 for tax years 2007 to 2010*
- Electronically filed

Requires limited information

- Name and address of organization
- Tax identification number,
- Tax year,
- Principal officer name and address,
- Web-site
- **Attest to fact that gross receipts are less than \$50,000**

# Federal Filing Requirements (Continued)

## Due Dates

- 15<sup>th</sup> day of 5<sup>th</sup> month subsequent to close of tax year
  - (May 15<sup>th</sup> for December 31 year end)
- Extensions
  - Two separate three (3) month extensions
  - Form 8868

# Massachusetts Filing Requirements

## **Form PC (Public Charity) – 501(c ) (3)**

- Long and comprehensive form
- Must attach Form 990 or 990EZ
- If gross support/revenue equals or exceeds \$5,000
  - Form 990-EZ required to be attached even if not required by IRS

## **Fees Form PC**

- Ranges from \$35 to \$2,000
- Based on gross support and revenue

## **Annual Report for – 501(c ) (6 or 8)**

- Filing fee \$15

# Massachusetts Filing Requirements (Continued)

- **Short Form PC, available**
  - Only organizations that have not yet completed their first fiscal year of operations
- **Due dates and extensions**
  - Same as Federal Forms
- **Financial Statement Requirements**
  - Gross support/revenue  $\geq$  or  $=$  to \$200,000 but  $<$  \$500,000
    - Reviewed Financial Statements signed by an independent CPA
  - Gross support/revenue  $\geq$  or  $=$  \$500,000
    - Audited Financial Statements signed by an independent CPA

# Revocation of Tax Exempt Status

- Organizations who did not file tax returns  
2007,  
2008, and  
2009
- Organization who did not file tax returns  
2008,  
2009, and  
2010

# Organizations who did not file 2007, 2008 and 2009

- **Must apply for reinstatement**
  - Form 1023 (Public Charities)
  - Form 1024 (Member Associations)
- **Required information to be attached**
  - Detailed narrative of activities
  - Articles of incorporation/charter
  - Contact information and tax identification numbers
  - Names and addresses of officers
  - Financial data for current year and previous 3 years (if in existence)
    - Revenues
      - Gifts, grants, contributions received, investment income, membership fees & dues, event income
    - Expenses
      - Fundraising expenses, gifts, grants, contributions paid, compensation, rent, depreciation, professional fees, etc.

# Organizations who did not file 2007, 2008 and 2009 (Continued)

- **Re-instatement fee \$100**
  - Eligible for fee reduction fee if,
    - Not required to file 990EZ for years before 2007  
(gross receipts < \$25,000 prior to 2007) and
    - 2007-2009 organization was eligible to file Form 990N
  
- **Due Dates of Form 1023/1024**
  - Prior to December 31, 2012

# Organizations who did not file 2008, 2009 and 2010

- **Must apply for reinstatement**
  - Form 1023 (Public Charities)
  - Form 1024 (Member Associations)
- **Required information to be attached**
  - Detailed narrative of activities
  - Articles of incorporation/charter
  - Contact information and tax identification numbers
  - Names and addresses of officers
  - Financial data for current year and previous 3 years (if in existence)
    - Revenues
      - Gifts, grants, contributions received, investment income, membership fees & dues, event income
    - Expenses
      - Fundraising expenses, gifts, grants, contributions paid, compensation, rent, depreciation, professional fees, etc.



# Organizations who did not file 2008, 2009 and 2010 (Continued)

- Re-instatement fee \$400
  - No reduction in fee available
- Due Dates
  - Prior to December 31, 2012
- Form 990EZ/990 required for years not filed, as applicable
- Form 990EZ required even if would have qualified for Form 990N
- Application must include statements regarding
  - Reasonable cause for failure to file
  - Safeguards in place to avoid future non-filings

# Unrelated Business Income

Must meet three (3) requirements:

1. Trade or business,
2. Regularly carried on, **and**
3. **not substantially related** to furthering the exempt purpose of the organization

**Income would be subject to tax**

**Many exclusions.....**

Any trade or business is excluded that is carried on by an organization described in section 501 (c) (3) or by a governmental college or university for the convenience of its members (school cafeteria is exempt, bingo game would not be exempt)

# Unrelated Business Income (continued)

## Fraternal Organizations

- Operation of a bar, restaurant or general meeting hall accepted social/recreational activity
- Sale of alcohol to members for consumption on premises is a related purpose
- Sale of alcohol for use by non-members
  - OK if not continuous or recurring (facts and circumstances)
- Rental of halls may not qualify as unrelated business income
  - Only if single afternoon or evening and only services provided are utilities and janitorial
- Sale for consumption off premises
  - Unrelated trade or business

# Sales/Meals Tax

- Subject to sales/meals tax if considered an ordinary course of activities
- Private or social clubs are considered restaurants if charging and collecting for the cost of serving food/beverage for human consumption
- Remit meals tax monthly to Commonwealth of MA
  - Form ST-MAB-4

# Permanent File Records

- Articles of organization/charter
- Minutes
- Evidence of
  - Tax Identification Number &
  - Tax Exempt Status
- Sales tax exempt certificate Form ST-2
- Tax returns
- Banking information (signature cards, statements, checks, ledgers, etc.)
- Passwords
- Contracts