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The Public Charity Life Cycle: A Compliance Overview

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and Internal Review Workshop**

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Overview

- Annual Tax Filings and Public Disclosures
- Substantiating Charitable Contributions
- Earned Income and UBIT
- Public Charity Status
- Operational Limitations/Considerations
- Other Key Issues
 - State law and other tax issues

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Annual Tax Filings: Form 990

- Generally, a public charity must annually file a version of the Form 990 with the IRS.
- Due on the 15th day of the 5th month following the end of fiscal year (e.g., May 15th for calendar year filers).
- Failure to file for three consecutive years results in automatic revocation of tax-exempt status.
- In addition, late filing of Forms 990 (other than a Form 990-N) can result in financial penalties

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Which Form 990?

Gross Receipts	Form to File	Description
Gross receipts normally \leq \$50,000 Note: Organizations eligible to file the Form 990-N may choose to file a full return	990-N	Simple form filed electronically; no financial reporting required.
Gross receipts $<$ \$200,000, and Total assets $<$ \$500,000	990-EZ or 990	Moderately complex document, though materially simpler than the full Form 990.
Gross receipts \geq \$200,000, or Total assets \geq \$500,000	990	Full, complex document that covers financial information, governance practices, transactions with insiders, foreign activities, and other operational aspects.

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Form 990 and Governance

- 990 is a compliance tool for IRS exempt organization oversight.
- Also provides an organization the opportunity to tell its story to the public.
- Serves as a useful internal compliance document.
- Form asks if the board was provided a copy of the form prior to filing, and process used to approve the document.

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Other Public Disclosures

- Public charities must also make available for public inspection, (including providing copies):
 - their Forms 1023
 - and the last three years of their Forms 990.
- Failure to do so may result in penalties.
- Public charities may (and generally should) redact the names and addresses of donors on Schedule B prior to providing these copies to the public.

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