

Henderson Caverly & Pum LLP

NONPROFIT ORGANIZATIONS NEWSLETTER

April 2018

IMPORTANT DEADLINE REMINDERS FOR ORGANIZATIONS ON A CALENDAR YEAR



If your nonprofit organization is on a calendar year, you likely have important deadlines nearing. For many charities, May 15 is an important tax deadline. That's the deadline for calendar year nonprofit annual returns, and missing it could be a serious problem for your charity.

California

Franchise Tax Board: Every year California law requires a tax exempt organization to file either a Form 199 Exempt Organizational Information Return, or Form 199-N (California E-Postcard), depending on the organization's gross receipts. Private foundations must file Form 199, regardless of gross receipts. Form 199 or 199-N must be filed with the Franchise Tax Board by the 15th day of the 5th month after the close of the organization's tax year. Accordingly, if your organization is on a calendar year, your Form 199 or 199-N is due by May 15th. An organization that cannot file by that date may take an additional seven months to file without submitting a written request for extension, as long as its status is in good standing.

Attorney General's Office: Every charitable corporation that is registered with the Attorney General's office is also required to file an Annual Registration Renewal Fee Report (Form RRF-1). Form RRF-1 must be filed four months and fifteen days after the close of the organization's calendar or fiscal year. If on a calendar year, your organization's Form RRF-1 must be filed by May 15th. Extensions of time for filing the RRF-1 will be allowed if an organization has received an extension from the IRS for filing the IRS Form 990, 990-PF, 990-N, or 990-EZ.

Federal

Internal Revenue Service: Tax exempt organizations generally must file an annual information return, Form 990, 990-PF, 990-EZ, or 990-N, depending on the organization's gross revenue in the reporting year and the organization's total assets. Form 990, 990-PF, 990-EZ, or 990-N must be filed by the 15th day of the 5th month after the end of the organization's accounting period. Thus, for a calendar year organization, Form 990, 990-PF, 990-EZ, or 990-N is due May 15th of the following year. An organization may request an automatic extension of time to file a return by using IRS Form 8868.

REMINDER! AUTOMATIC REVOCATION OF TAX-EXEMPT STATUS

Most tax exempt organizations other than churches and certain church-related organizations are required to file an annual information return or notice with the IRS.

Organizations that do not file for three consecutive years

automatically lose their tax exempt status. An automatic revocation is effective on the original filing due date of the third annual return or notice.

An automatically revoked organization must apply to have its status reinstated, even if the organization was not originally required to file an application for exemption. Revenue Procedure 2014-11 explains the four procedures an organization may use to apply for reinstatement.



Revenue Procedure 2014-40 sets forth procedures for applying for and for issuing determination letters on the exempt status under section 501(c)(3) of the Internal Revenue Code using Form 1023-EZ, Streamlined Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code. This revenue procedure is generally available for certain U.S. organizations with assets of \$250,000 or less and annual gross receipts of \$50,000 or less.

If your organization's tax exempt status was automatically revoked and requires assistance in reapplying for tax exempt status, please contact us at (858) 755-3 000 x250 or via email.

FAKE CHARITIES MAKE IRS' 2018 "DIRTY DOZEN" LIST



The Internal Revenue Service recently warned taxpayers against scam groups masquerading as charitable organizations, luring people to make donations to groups or causes that don't actually qualify for a tax deduction.

2018 filing season.

These 'fake' charities attempt to attract donations from unsuspecting contributors, using a charitable reason and a tax deduction as bait for taxpayers. Fake charities are one of the "Dirty Dozen" tax scams for the

Compiled annually, the "Dirty Dozen" lists a variety of common scams that taxpayers may encounter anytime, but many of these schemes peak during filing season as people prepare their tax returns or hire someone to prepare their taxes.

Perpetrators of illegal scams can face significant penalties and interest and possible criminal prosecution. To help protect taxpayers, IRS Criminal Investigation works closely with the Department of Justice to shut down scams and prosecute the criminals behind them.

The IRS offers these basic tips to taxpayers making charitable donations:

- Be wary of charities with names that are similar to familiar or nationally known organizations. Some phony charities use names or websites that sound or look like those of respected, legitimate organizations. IRS.gov has a search feature, Exempt Organizations Select Check, which allows people to find legitimate, qualified charities to which donations may be tax-deductible. Legitimate charities will provide their Employer Identification Number (EIN), if requested, which can be used to verify their legitimacy through the IRS Select Check.
- Don't give out personal financial information, such as Social Security numbers or passwords, to anyone who solicits a contribution. Scam artists may use this information to steal identities and money from victims. Donors often use credit cards to make donations. Be cautious when disclosing credit card numbers to those seeking a donation. Confirm that those soliciting a donation are calling from a legitimate charity.
- Don't give or send cash. For security and tax record purposes, contribute by check or credit card or another way that provides documentation of the donation.
- Consult IRS Publication 526, Charitable Contributions, available on IRS.gov. This publication describes the tax rules that apply to making tax-deductible donations. Among other things, it provides complete details on what records to keep to help taxpayers at tax time.

Impersonation of charitable organizations

Another long-standing type of abuse or fraud involves scams that occur in the wake of significant natural disasters.

The IRS encourages taxpayers to donate to recognized charities established to help disaster victims. Following major disasters, it's common for scam artists to impersonate charities to get money or private information from well-intentioned taxpayers.

Scam artists can use a variety of tactics following a disaster. Some scammers operating bogus charities may contact people by telephone or email to solicit money or financial information. They may even directly contact disaster victims and claim to be working for or on behalf of the IRS to help the victims file casualty loss claims and get tax refunds.

Remember, fraudsters may attempt to get personal financial information or Social Security numbers that can be used to steal the victims' identities or financial resources. Bogus websites may solicit funds for disaster victims.

Taxpayers can find legitimate and qualified charities with the [Select Check](#) search tool on IRS.gov.



EDUCATIONAL RESOURCE

IRS HELPS CHARITABLE ORGANIZATIONS STAY EXEMPT

Obtaining and maintaining 501(c)(3) tax-exempt status is crucial to the success of charitable organizations.

On its [Stay Exempt](#) website, the IRS provides a variety of resources for charitable organizations. The site offers online training for [existing organizations](#), which provides the tools and knowledge necessary to keep your organization's exempt status intact. The website also provides information for organizations just [starting out](#).

The IRS offers additional educational resources and guidance for exempt organizations on its [IRS.Gov website](#).

The IRS' [EO Update](#) is a periodic newsletter with information for tax-exempt organizations and tax practitioners who represent them, from Exempt Organizations (Tax-Exempt and Government Entities Division) at the IRS. You may [sign up](#) to receive the free email updates.

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