

Henderson Caverly & Purn LLP

NONPROFIT ORGANIZATIONS NEWSLETTER June 2019

IRS TO ALLOW SCHOOLS TO PUBLICIZE NONDISCRIMINATION POLICIES ON THEIR WEBSITES



On May 7, 2019, the IRS released Revenue Procedure 2019-22. In Rev. Proc. 2019-22, the IRS modified Rev. Proc. 75-50, which sets forth guidelines and recordkeeping requirements for determining whether private schools applying for tax-exempt status, or that currently have tax-exempt status under Internal Revenue Code Section 501(c)(3), have racially nondiscriminatory policies as to students.

The IRS updated Rev. Proc. 75-50 to provide a third method for a private school to satisfy the requirement contained in Section 4.03, to make its racially nondiscriminatory policy known to all segments of the general community served by the school, by using its website to publicize the school's racially nondiscriminatory policy as to students. If this option is chosen, the policy must be accessible at all times during the school's taxable year (excluding temporary outages due to website maintenance or technical problems) and must be displayed in a manner reasonably expected to be noticed by visitors to the homepage. Rev. Proc. 2019-22 provides that factors considered in determining whether a notice is reasonably expected to be noticed by visitors to the homepage include the size, color, and graphic treatment of the notice in relation to other parts of the homepage, whether the notice is unavoidable, whether other parts of the homepage distract attention from the notice, and whether the notice is visible without a visitor having to do anything other than simply scrolling on the homepage. Providing a link to another page where the notice appears, putting the notice in a carousel-type banner, or requiring the user to hover over or drop down a sub-menu are all insufficient to meet the requirements.

Rev. Proc. 2019-22 is effective May 28, 2019. If you have a private school and are applying for tax exempt status or a school that has been operating without providing notice and require assistance, contact our office.

SENATORS THUNE, CASEY REINTRODUCE BILL TO ENCOURAGE YEAR-ROUND CHARITABLE GIVING

Press Release, May 15, 2019

Washington, D.C. - Today, U.S. Senators Bob Casey (D-PA) and John Thune (R-SD), both members of the Senate Finance Committee, reintroduced the Charities Helping Americans Regularly Throughout the Year (CHARITY) Act, a bill that would encourage charitable giving and make it easier for foundations and other tax-exempt organizations to conduct their charitable



mission. The CHARITY Act (S. 1475) builds on several significant Casey-and Thune-supported charitable tax provisions that were signed into law the previous two Congresses, including one that makes permanent a law allowing taxpayers at least 70-and-a-half years old to make charitable contributions directly from their IRAs. Casey and Thune introduced similar legislation last Congress.

“The bipartisan CHARITY Act will make it simpler for more Americans to support worthy charitable causes,” said Senator Casey. “Charities across the nation, and in Pennsylvania, are doing important work that positively impacts our communities. This legislation will help these organizations to continue and hopefully expand their charitable endeavors.”

“Carrying out charitable missions should in no way be a challenge for folks,” said Senator Thune. “Our CHARITY Act would remove many of the unnecessary roadblocks that currently stand in the way of philanthropic giving and encourage more Americans to donate to charitable organizations. This legislation serves as a perennial vehicle for common-sense ideas to promote charitable giving, and I’m hopeful our latest version of this important, bipartisan bill will quickly make its way to the president’s desk to be signed into law.”

The CHARITY Act would:

- Make donor-advised funds an eligible charity for purposes of the IRA rollover law that permits an IRA owner at least 70-and-a-half-years old to exclude from his or her gross income up to \$100,000 per year in distributions made directly from the IRA to certain public charities.
- Simplify how foundations are required to calculate the federal excise tax imposed on investment income.
- Require the Treasury Department to adopt regulations that align the simplified standard mileage tax deduction rate, which applies to the use of personal vehicles for volunteer charitable services, with the mileage rate that applies for medical and moving purposes.
- Promote transparency by requiring nonprofits to file their annual returns electronically.

U.S. Sens. Pat Roberts (R-KS) and Ron Wyden (D-OR) are cosponsors of the CHARITY Act.

IRS ONLINE COURSE REGARDING CHARITIES AND VOLUNTEERS

As part of its Stay Exempt webpage, the IRS offers an online course titled Charities and Volunteers which explains the tax rules that come into play in the complex relationships between charities and their volunteers.

Topics include: What is a qualified organization; deductible and non-deductible personal, travel and volunteer expenses; vehicle deductions; and the importance of record keeping.



IRS PROVIDES TIPS TO HELP YOU FILE A MORE COMPLETE FORM 990-SERIES RETURN

The IRS suggests nonprofit organizations consider these three tips to help ensure a complete return and reduce the chances they’ll send your return back or need to request additional information:

Issue 1: Report your organization’s correct organization type. Many organizations report the incorrect organization type in Part I of Schedule A, Public Charity Status and Public Support, which all 501(c)(3) organizations must file



with Form 990 or 990-EZ. The intent of this tip is to remind filers to accurately and fully complete information about their public charity status on Schedule A. As indicated in the instructions to Schedule A, the public charity status an organization indicates on Schedule A can be the same as stated in the organization's tax-exempt determination letter from the IRS (“exemption letter”) or subsequent IRS determination letter, or it can be different. See [Instructions for Schedule A](#) for more information.

Solution: Look at the letter the IRS sent your organization recognizing you as exempt (your determination letter) to verify your correct organizational type.

Issue 2: Employment taxes. Many organizations forget to file required employment tax returns, such as Forms W-2, 940, 941 or 945.

Solution: Learn about employment tax filing requirements for exempt organizations. The [Employment Issues Course](#) explains how to report employee wages, payments to independent contractors and other reportable payments.

Issue 3: Missing attachments and schedules: Organizations often forget to attach the schedules that may be required of Form 990 or Form 990-EZ filers.

Solution: Carefully review Form 990 – Part IV, Checklist of Required Schedules, or Form 990-EZ – Part V, Other Information, and Part VI, Section 501(c)(3) Organizations Only, to ensure that your organization has completed and attached all required schedules.

The [Form 990 Overview Course](#) discusses which forms to file, when they are due, public disclosure of your return and tips to help prepare your Form 990-series return.

Electronic filing can help you file a complete return

Electronic filing provides you with fast acknowledgement that the IRS has received your return. It also reduces normal processing time, making compliance with reporting and disclosure requirements easier. To ensure you are ready to file electronically, check your Electronic Filing Identification Number (EFIN) to ensure it is active.

In August 2018, EFINs were deactivated (dropped) if the system showed no usage for two years. For some filers, the system erroneously deactivated the account if the only returns filed using the EFIN were Form 990 series returns. Log into your existing IRS [e-File application](#) to check your EFIN status. If the status is not listed as “Active,” you will need to reapply for a new EFIN by choosing the “Reapply” link on the “Application Details” page.

DON'T FORGET TO FILE YOUR STATEMENT OF INFORMATION!

Every California nonprofit corporation must file a Statement of Information with the California Secretary of State, within 90 days of registering with the California Secretary of State, and every two years thereafter during a specific 6-month filing period based on the original registration date.



Our May 2018 [Newsletter](#) outlines the consequences of forgetting to file your organization's statement of information.

The Statement of Information Form [SI-100](#) is located on the Secretary of State's [website](#). For faster processing, the required statement for most corporations can be filed on the Secretary of State's website at <https://businessfilings.sos.ca.gov>.

If you need assistance with filing a Statement of Information for your organization, please [contact us](#).



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