

Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

Don't forget those annual filings

Barry VanderKelen

The end of the calendar year also marks the end of the fiscal year for many nonprofits. Starting next year, every nonprofit must file an annual return with the IRS. This filing will help track whether a nonprofit complies with prevailing regulations and, more importantly, whether any one registered organization is still in existence.

In the past, only organizations with revenue more than \$25,000 had to file, but the IRS now requires all organizations to file. Organizations with revenue more than \$25,000 still have to file either the IRS Form 990 or 990-EZ, while all other organizations must file a Form 990-N. All organizations classified under IRS Code 501 must file a return, and the most popular type of nonprofits, those having a charitable, educational, or religious purposes—501(c)(3) organizations—have to file an additional form, Schedule A, with their return. Specific information about these requirements is at www.irs.gov/charities.

Any organization that does not file any version of Form 990 for three consecutive years will be removed from the IRS Master File, also known as Publication 78, which lists all registered organizations eligible to receive tax-deductible charitable contributions.

The new 990-N will make it easier to track small nonprofits. Local nonprofits must submit a copy of its federal filing to the state each year.

Form 990 is titled, "Return of Organization Exempt from Income Tax." It is a filing of detailed financial information about a nonprofit, not a tax return. It is a public document. Copies of an organization's past filings are available online at GuideStar.org, and nonprofits must provide a copy to anyone who requests one. If a paper copy is requested, the nonprofit can charge for the cost of photocopying. More nonprofits are posting copies of their Form 990 on their Web sites. The structure and instructions of the Form 990 can be confusing. The Pension Protection Act of 2006 added information about the connectedness of directors, officers and key employees, as well as compensation disclosures. A very good guide to reading the form is available from the Nonprofit Coordinating Committee of New York ([www.npccny.org/Form 990](http://www.npccny.org/Form_990)). According to the National Center for Charitable Statistics (<http://ccsdataweb.urban.org>), there are 1,107 501(c)(3) nonprofit

organizations in San Luis Obispo County. Of these, less than half, 490, filed Form 990 in 2006. Donors are researching nonprofits more, and it is in every organization's interest to maintain good standing with federal and state regulators. Filing the appropriate version of Form 990 will help accomplish this.

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As this is the last column for 2007, I want to thank everyone who helps make our local nonprofit sector as strong and vibrant as it is. The tireless employees, who work extra hard in December, are the glue that keep it all together. The volunteers who give generously of their time and talent deepen and strengthen the work of organizations. Last, I want to thank the people who serve on boards of directors. Guiding an organization and building the public's trust in it is not always an easy task; I am impressed with the dedication directors bring to their jobs.

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Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at barry@slocf.org.