



James Marta & Company
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

California Nonprofits Annual Reporting Requirements

Internal Revenue Service

Most tax-exempt organizations, other than churches, must file a yearly return or notice with the IRS. If an organization does not file as required for three consecutive years, the law provides that it automatically loses its tax-exempt status. Loss of exempt status means an organization must file income tax returns and pay income tax, and its contributors will not be able to deduct their donations.

| Required Filing | | Due Date | Filing Fees |
|-------------------------|--|---|-------------|
| Form 990 | For organizations with gross receipts normally more than or equal to \$500,000 or total assets more than or equal to \$1.25 million. | The 15th day of the 5th month after the end of the organization's tax year. | None |
| Form 990EZ | For organizations with gross receipts normally less than \$500,000 and Total assets less than \$1.25 million. | The 15th day of the 5th month after the end of the organization's tax year. | None |
| Form 990-N (e-Postcard) | For organizations with gross receipts normally equal to or less than \$25,000. | The 15th day of the 5th month after the end of the organization's tax year. | None |
| Form 990PF | For private foundations (regardless of financial activity). | The 15th day of the 5th month after the end of the organization's tax year. | None |

Every organization exempt from federal income tax under Internal Revenue Code section 501(a) must file an annual information return except:

- > A church, an interchurch organization of local units of a church, a convention or association of churches,
- > An integrated auxiliary of a church,
- > A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs,
- > A school below college level affiliated with a church or operated by a religious order,
- > Church-affiliated mission societies if more than half of their activities are conducted in, or are direct at persons in, foreign countries,
- > An exclusively religious activity of any religious order,
- > A state institution, the income of which is excluded from gross income under section 115,
- > A corporation described in section 501(c)(1) that is organized under an Act of Congress, an instrumentality of the United States, and is exempt from Federal income taxes,
- > A black lung benefit trust described in section 501(c)(21) (required to file Form 990-BL, *Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons*),
- > A stock bonus, pension, or profit-sharing trust that qualifies under section 401 (required to file Form 5500, *Annual Return/Report of Employee Benefit Plan*),
- > A religious or apostolic organization described in section 501(d) (required to file Form 1065, *U.S. Return of Partnership Income*),
- > A foreign organization, including an organization located in a U.S. possession that normally does not have more than \$25,000 in annual gross receipts from sources within the United States,
- > A governmental unit or an affiliate of a governmental unit that meets the requirements of Revenue Procedure 95-48, 1995-2 C.B. 418,
- > A private foundation described in section 501(c)(3) and exempt under section 501(a) (required to file Form 990-PF, *Return of Private Foundation*),
- > A political organization that is a state or local committee of a political party, a political committee of a state or local candidate, a caucus or association of state or local officials, or required to report under the Federal Election Campaign Act of 1971 as a political committee.
- > An exempt organization (other than a private foundation) having gross receipts in each tax year that normally are not more than \$25,000. Note, however, that these organizations may be required to file an annual electronic notice - e-Postcard (Form 990-N), for tax periods beginning after December 31, 2006.

Franchise Tax Board

Most charities and nonprofit organizations must apply and receive a determination or acknowledgement letter from the Franchise Tax Board in order to be recognized as tax-exempt in California.

| Required Filing | | Due Date | Filing Fees |
|-----------------|--|--|---|
| Form 100 | For political organizations exempt under R&TC Section 23701r, or homeowners' associations exempt under R&TC Section 2370t that have taxable income in excess of \$100 | The 15th day of the 3rd month after the end of the organization's tax year | Use general corporate tax rates. |
| Form 109 | For nonprofit organizations with income in excess of \$1,000 from a trade or business that is unrelated to their exempt purposes - even if the profits are used for exempt purposes. | The 15th day of the 5th month after the end of the organization's tax year if the nonprofit is an incorporated organization, unincorporated association or trust (other than a pension trust). For a pension trust, the filing is due the 15th day of the 4th month after the close of the taxable year. | Incorporated organizations or unincorporated associations use the general corporate tax rates. Trusts use tax rates for single individuals filing a personal income tax return. |
| Form 199 | For most nonprofit organizations if their gross receipts normally exceed \$25,000. | The 15th day of the 5th month after the end of the organization's tax year. | \$10 or \$25, with some entities exempt from the filing fee. |

The following organizations must file Form 199 every year regardless of gross receipts:

- > Private foundations
- > Nonexempt charitable trusts described in IRC Section 4947(a)(1)

Most other nonprofit organizations' filing requirements are based on the normal amount of gross receipts. If gross receipts are normally:

- > \$25,000 or less, you do not have a requirement to file Form 199.
- > Greater than \$25,000, you are required to file Form 199.

The following organizations do not file Form 199:

- > Churches, interchurch organizations of local units of a church, conventions or associations of churches, or integrated auxiliaries of churches.
- > Religious orders (such as Franciscan Friars or Sisters of Charity).
- > Organizations formed to carry out a function of a state or public body that is carrying out that function and is controlled by the state or a public body.
- > Political organizations.
- > Pension trusts.
- > Coverdell Education Savings Accounts (ESAs).
- > Qualified state tuition programs

California Attorney General's Charitable Trusts Section

The Registry of Charitable Trust administers the statutory registration program. Certain nonprofit organizations are required to register and file annual disclosure reports with the Registry. In addition, nonprofit organizations that conduct raffles for charitable purposes are required to register to and file a financial report for each raffle held.

| | Required Filing | Due Date | Filing Fees |
|---|----------------------------------|--|---|
| Annual renewal report (RRF-1) with copy of IRS Form 990, if applicable. | For most nonprofit organizations | The 15th day of the 3rd month after the end of the organization's tax year | Sliding scale ranging from \$25 to \$300 based on the nonprofit's gross annual revenue. |

Nonprofit organizations *exempt* from annual filings with the Registry of Charitable Trusts are those organized and operated primarily as:

- > An educational institution which is a corporation.
- > A hospital which is a corporation.
- > A committee defined in section 82013 required to file and filing any statement pursuant to Article 2 of Chapter 4 of Title 9.
- > A health care service plan licensed pursuant to section 1349 of the Health and Safety Code.
- > A cemetery corporation regulated under Chapter 19 of Division of the Business and Professions Code.
- > A religious corporation/organization.
- > A mutual benefit corporation that does not hold funds or assets in trust for charitable purposes. Generally, mutual benefit corporations do not have to register as charitable trusts with our office, unless the organization solicits donations from the public for public purposes. Based on the information you have provided us, it does not appear that you are required to register. However, California Corporation Code section 8611(a), 8613(c) requires a mutual benefit corporation to give the Attorney General notice of commencement of dissolution if it holds assets in charitable trust. Before the organization holding assets in charitable trust can dispose of those assets, it must obtain either a court decree or the Attorney General's written waiver of objections.
- > A chamber of commerce not holding funds or assets for charitable purposes.
- > An organization classified by the IRS as a 501(c) (5), (6), (7), (9), (11), (12), or (15).
- > A domestic stock corporation.
- > An organization that has dissolved or does not conduct any business in the State of California.

"Delinquent" status is assigned to charity registrants that are delinquent in reporting to the Registry. This may mean they have not submitted the required annual renewal report (RRF-1), paid the applicable annual registration fee or have not submitted copies of IRS Form 990s as required. Fundraising Events for which the required financial reports have not been submitted also display as delinquent.