
WHAT YOU NEED TO KNOW

Not For Profit
Disclosures



WHAT YOU NEED TO KNOW: NOT FOR PROFIT DISCLOSURES

For non-profits, proper disclosure is critical not just to satisfy the IRS but also for your donor relationships. The public, including current and potential donors, expect access to accurate and trustworthy financial data from causes they choose to support. The IRS has multiple public disclosure requirements for tax exempt organizations. There are different forms for different types of entities and different ways an organization can meet the specific requirements for making those forms available to the public.



QUICK FACTS

- For organizations that are tax exempt under Section 501(c) there are two primary required disclosures, the exemption application and the yearly informational return.
- Every organization under 501(c)(3) is presumed, by the IRS, to be a private foundation
- To be classified as public charity you must meet the 509(a) requirements and notify the IRS.

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UNRELATED BUSINESS INCOME

All tax exempt organizations, including churches, are required to publically disclose their taxable unrelated business income. This information is included annually on form 990T.

Income is considered unrelated (and taxable) if it meets three criteria:

- It is a trade or business
- It is generally carried on
- It is not substantially related to furthering the exempt purpose of the organization

POLITICAL ORGANIZATIONS- SECTIONS 527 & 501

Political organizations exempt under Section 527 are subject to the following disclosure requirements:

- Form 8871 – notice of status
- Form 8872 – contributions and expenditures
- Donor information and identities are required to be disclosed

Political organizations exempt under 501(c)(4) or 501(c)(6) are considered public entities, thus not required to disclose donor information to the public. They are subject to greater restrictions of their actions than political organizations under 527.

PUBLIC INSPECTION INFORMATION

The traditional rule is that all required documents must be available for

public inspection at the tax-exempt organization's principle office (or district office).

Request in-person:

- In person, walk-in requests are expected to be met same day, within reason.
- The individual may freely take notes, and may photocopy documents subject to a reasonable copy fee.

Request via mail:

Organization must provide requested copies within 30 days.

Widely Available exception:

A tax exempt organization is not required to comply with requests for copies if it has made the documents "widely available". They still must be available for inspection in person at the office location.

HARASSMENT EXCEPTION

Requests that qualify as harassment may be ignored, but must be reported to the IRS district office

- May be from an individual or a coordinated group of individuals
- An extraordinary number of requests, designed to disrupt the operations of the organization
- Direct evidence of bad faith by the purported harassers