

NAATW Workshop 2017

Brouck H.

BH@naatw.org

240B – How to Obtain Non-Profit IRS Status for Your Service Group

Overview of Topics

- Section 1 – “Find the Documents”
- Section 2 – “Do you meet the IRS 501(c)(3) requirements?”EZ
- Section 3 – Submit your IRS F1023EZ Interactive or static
- Section 4 – Apply for TechSoup Verification of Non-Profit status
- Section 5 – Apply for Microsoft or Google Grant Tokens
- Remarks

Find the Documents

Section 1

IRS Organizational Test -

- To be organized exclusively for a charitable purpose, the organization must be a corporation (or unincorporated association), community chest, fund, or foundation. A charitable trust is a fund or foundation and will qualify. However, an individual will not qualify. The [organizing documents](#) must limit the organization's purposes to exempt purposes in section 501(c)(3) and must not expressly empower it to engage, other than as an insubstantial part of its activities, in activities that are not in furtherance of one or more of those purposes. This requirement may be met if the purposes stated in the organizing documents are limited by reference to section 501(c)(3).
- In addition, an organization's assets must be permanently dedicated to an exempt purpose. This means that if an organization dissolves, its assets must be distributed for an exempt purpose, to the federal government, or to a state or local government for a public purpose. To establish that an organization's assets will be permanently dedicated to an exempt purpose, its organizing documents should contain a provision ensuring their distribution for an exempt purpose in the event of dissolution. If a specific organization is designated to receive the organization's assets upon dissolution, the organizing document must state that the named organization must be a section 501(c)(3) organization when the assets are distributed. Although reliance may in some cases be placed upon state law to establish permanent dedication of assets for exempt purposes, an organization's application can be processed by the IRS more rapidly if its organizing documents include a provision ensuring permanent dedication of assets for exempt purposes. For examples of provisions that meet these requirements, see [Charity - Required Provisions for Organizing Documents](#).

Find the Documents

- Organization history
 - How long has your group operated?
 - Are you already tax exempt – Find the IRS Grant Letter.
 - Do you meet the IRS F1023EZ requirements? (page 11- 18 f1023EZ)
 - What is your Groups “legal Name” going to be?
 - Do you already have an EIN? If no, will your name qualify in the IRS database? Arrive at an acceptable name.
 - Do your groups organizing documents (guidelines, Bylaws, ect.) pass the IRS Organizational Test?
 - Determine what is your National Taxonomy of Exempt Entities (NTEE) Code (IRS F1023EZ page 19 Code item “F21”)

Find the Documents (cont'd 2)

- Financial history
 - Answer all of the IRS F1023EZ Questions (pg 11-18).
 - If you answer any questions with "Yes", Form F1023 is required
 - **Hints:** If you have no paid employees, you more easily qualify so long as your "cash donations" are not over \$50,000 in any of the next or last 3 year period, and your retained "earnings" can be demonstrated as required for short term future charitable operations.
 - You will need to state the intent of your 501(c)(3) upon future operations, and provide past and future budgets which demonstrate.
 - You will require a narrative describing your charitable purpose and activities that demonstrate activity in support of that purpose.

Find the Documents (cont'd 3)

- Most organizations seeking exemption from federal income tax under section 501(c)(3) are required to complete and submit an application. However, the following types of organizations may be considered tax exempt under section 501(c)(3) even if they do not file Form 1023 or Form 1023-EZ. Churches, including synagogues, temples, and mosques. Integrated auxiliaries of churches and conventions or associations of churches. Any organization that has gross receipts in each taxable year of normally not more than \$5,000. * F1023ez note page 1)
 - In order to qualify for 3rd party non-profit treatment, an A.A. group or service entity must complete the F1023EZ and seek approval. The IRS EIN and 501(c)(3) status with TechSoup requires a current IRS letter of approval.

Do you meet the IRS 501(c)(3) requirements

Section 2

Discussion of IRS Docs

- IRS P557 Tax Exempt Status for Your Requirements
- IRS F2013ez
- IRS F2013

Submit your IRS F1023EZ

Section 3

What you need

- Name/Address/Date Started/guidelines/bylaws/charter/???
- Address for Mail as well as physical address of your group.
- List of officers with names and addresses for contact, and position.
- Authority to sign for your group/district/area/???
- Financial Reports for last 5 years of operation
- Projected annual financial reports for next 5 years
- IRS EIN for your group
- Past correspondence between your group and the IRS (if any)

Apply for TechSoup Membership

Section 4

Apply for Microsoft and/or Google Grant Tokens

Section 5

Popular Links

- Irs.gov
 - EIN - <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
 - IRS F1023EZ Forms - [organizing documents](#), requirements and examples, and required provisions are all referenced as well as IRS 501(c)(3) correlation with State Laws and provisions for charities.
 - [IRS Naming Search Check](#), Search suggestions and recommendations concerning dba names to avoid and why. Some helpful hints and tips when choosing an organizational name.