

THE TAX MAN COMMETH- II

Last month I wrote about the changes that are coming to all nonprofit organizations.

Based upon comments made by many organizations, the IRS has stated that the changes will be occurring over the next two years. The forms will consist of more questions and analysis to help determine the effectiveness of the organization through the use of data mining techniques. The end goal is to provide the IRS with a lot of information. The IRS will use computer analysis techniques to determine if an audit is necessary or will follow-up questions be more effective.

These rules affect every Lions Club and every Lions District. If a Club or District has more than \$25,000 in gross receipts a 990EZ must be filed. The term "gross receipts" includes all money raised before expenses are paid out. It also includes what some refer to as pass through money. For example, club donations sent to the District for various charitable organizations are part of the \$25,000 in "gross receipts". If a club sponsors a Lioness or a Leo club, the Lions Club MUST report the income and expenses of those clubs in its income tax filings.

The new forms will also give donors more information about the organization because all 990, 990EZ and 990N forms are available to the general public. There are many websites that can lead you to the information. One of them is www.Guidestar.org. It is important to know that Lions Club forms can be looked at by anybody to see how we are doing and determine if they want to donate to Lions. Further the organization must provide a copy of its 990/990EZ/990N forms to anyone that asks for a copy.

There are at least three questions that could raise issues. 1- Does the organization have a written conflict of interest policy? 2- Does the organization have a written whistleblower policy? 3- Does the organization have a written document retention and destruction policy? These questions pertain to good or best practices rather than to items required by tax law. However, if you answer no to these questions, it will not necessarily cause an audit, but it could make people wonder how well the organization is being run and who benefits from the donations.

The Internal Revenue Service has sent mailings to many nonprofit organizations. Many have been returned because of address problems. Once their website is ready for e-filing form 990N, I will have instructions for every club that has not filed 990 or 990EZ forms on how to file the new form.

As I stated in the previous Lion Pride article, I will have a guide available in February with a presentation at the Michigan Forum on March 1, 2008.

In the next article in the March issue of Lion Pride, I will have more specific information on Lioness Club and Lioness District reporting as well as comments on any additional changes and 990N filing instructions.

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