

THE TAX MAN COMMETH- III

In the last two issues of Lions Pride I wrote about the changes that are coming to all nonprofit organizations.

There is good news for those clubs that are already filing either form 990 or form 990EZ. There are very minimal changes to the 2007 forms. The big changes will be coming on the 2008 forms.

In this last article, I am focusing on those clubs that have never filed a return because their gross receipts were less than \$25,000.

Now is the time to start gathering the information that will be necessary to file form 990N. Because all Lions Clubs are on a fiscal year that starts on July 1 and ends on June 30, form 990, form 990EZ and the new form 990N must be filed after June 30, 2008 and before November 15, 2008.

In order to file the new form 990N, you will need the following information:

- Organization's legal name
- Any other names the organization uses. If the club sponsors a Leo Club or a Lioness Club, they would be entered as an "other name". **Do Not** enter the name of a separate 501(c)3 entity. It must file a completely separate return.
- Organization's mailing address
- Organization's website address if applicable
- Organization's employer identification number
- Name and address of a principal officer of the organization
- Organizations annual tax period
- Verify that the organization's annual gross receipts are still normally \$25,000 or less
- Indicate if the organization has terminated and is no longer in business

The internet address that needed to file the 990-N is www.epostcard.form990.org

What do you do if you cannot find the Federal identification number? Check with you bank. They may have it on file from when the club bank account was opened. Or you can check with your Governor or Vice District Governor. I gave them a printout of an Internal Revenue Service printout that lists many clubs in Michigan. Or you can email me at hemeryck@ameritech.net as a last resort.

The main thing is to get the information gathered so that you are ready to file.

The last issue is "Gross Receipts". It is very important to understand the concept of gross receipts because that is what determines the type of return you must file. Less than \$25,000 in gross receipts means you can file form 990N. More than \$100,000 in gross receipts means you must file form 990. Between those amounts and you can file form 990EZ .

The following chart may help to explain how to calculate "Gross Receipts.

| Any Town Lions Club Year End Summary 7/1/2006 to 6/30/2007 | | | | |
|---|------------------|---------------|-----------------|--------------|
| | Total | Lions Club | Lioness Club | Leo Club |
| Dues collected | 3,850 | 3,000 | 700 | 150 |
| White Cane | 5,200 | 3,500 | 1,200 | 500 |
| Tail Twister | 725 | 550 | 125 | 50 |
| CSF II pass through donations | 2,300 | 1,200 | 800 | 300 |
| 50/50 raffle gross receipts | 8,000 | 6,000 | 2,000 | |
| 50/50 raffle prizes | (4,000) | (3,000) | (1,000) | |
| Festival receipts | 9,000 | 4,500 | 3,000 | 1,500 |
| Festival costs | (2,600) | (1,500) | (800) | (300) |
| Total | <u>\$ 22,475</u> | <u>14,250</u> | <u>6,025</u> | <u>2,200</u> |
| Gross Receipts (before costs) | <u>\$ 29,075</u> | 18,750 | 7,825 | 2,500 |

The penalty for not file form 990N for three years is the loss of your tax exempt status. The penalty for filing 990 and 990EZ is \$20.00 per day.

There are over 44,000 tax exempt organizations in Michigan alone. The IRS is trying to account for all of them. Don't be one of the organizations that gets in trouble with the IRS.

Paul Hemeryck, CPA and State Treasurer