**Filing a Federal Tax Return**

The Internal Revenue Service (IRS) requires almost every organization to file an annual return, even nonprofit booster clubs and parent organizations. IRS Form 990 is an informational return: the IRS wants to know about the club’s finances, programs, fundraising activities, and compensation arrangements. There are a few different versions of the form. The one that applies to your club is determined by the following asset and gross receipt thresholds:

|  |  |  |
| --- | --- | --- |
| Form | Assets | Gross Receipts |
| 990-N | N/A | Normally < $50K |
| 990-EZ | <$500K | <$200K |
| 990 | $500K or more | $200K or more |

Assets are property owned by the organization, such as cash, pledged donations or physical property. Gross receipts are the total amounts the organization received from all sources during the year, without subtracting any costs or expenses. But what is meant by “normally” $50,000 or less? As you know, the IRS likes to complicate things. Here is a chart to help you decide if the club “normally” has gross receipts of $50,000 or less:

|  |  |
| --- | --- |
|  | Number of Years in Existence |
|  | Up to 1 | 1-3 | 3 or more |
| Average Gross Receipts | $75k or less | $60k or less | $50k or less for last 3 years |

First time filers of the 990-N must complete a one-time registration at IRS.gov. The 990-N is an electronically filed return that takes only a few minutes to file, requiring only basic information, such as the organization’s EIN, mailing address, officer information and a confirmation that annual gross receipts are normally $50,000 or less.

The 990-EZ and 990 are filed for larger organizations and often will require the assistance of a professional tax preparer.

The Form 990 series is due by the 15th day of the 5th month after the close of the tax year. For example, if your organization has a calendar year close (12/31), the 990 is due on May 15th of the following year. A fiscal year ending June 30th return will be due on November 15th. Organizations that fail to file for three consecutive years will automatically lose their tax-exempt status.

Check out this link to our calendar:

**Important Takeaways**

* *Booster clubs may be exempt from federal tax, but they ARE NOT exempt from filing an annual return.*
* *The bigger the organization, the more complicated the return. If your organization raises more than $50,000 per year, you may want to hire a professional for help.*

