

California Garden Clubs Inc.  
IRS Reporting Requirements  
**Applicable to ALL Garden Clubs**  
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I. ALL nonprofits (incl. garden clubs) with incomes less than or equal to \$50,000 [for tax years beginning in 2010] are supposed to electronically file the form 990-N *e-Postcard*.

[Nonprofits with incomes more than \$50,000 must file IRS form 990 or 990-EZ.]

- A. Regardless of size of club or district
  - 1. \$1 of cash in bank is enough to file
  - 2. \$1 of gross receipts per year is enough to file
- B. Tax classification does not matter—it applies to all
  - 1. Goes beyond 501(c)(3) clubs or districts
  - 2. Applies to 501(c)(4)s, 501(c)(7)s, and clubs or districts that do not know how they are classified

II. IRS is automatically revoking tax-exempt status for all clubs or districts that fail to file form 990-N *e-Postcard* for 3 consecutive years

- A. 14 clubs in CGCI 501(c)(3) group exemption program have suffered this in 2011
- B. IRS says other clubs or districts losing tax-exempt status will be posted on the same revocation list the 501(c)(3)s are posted on

III. Risk to clubs or districts of having nonprofit status revoked

- A. For 501(c)(3)s, donors will not be able to take charitable contribution deductions
- B. For other clubs or districts, they cannot join CGCI group exemption program
- C. Ultimately, IRS might declare revoked/nonfiling clubs or districts to be for-profit entities, so clubs/districts would pay INCOME TAXES on net income

IV. Test to see if a garden club or district is in violation of the rules

- A. Fill in the following Yes/No chart

Yes    No

For the following fiscal year end dates, did clubs e-file Form 990-N *e-Postcard*?

- Year ended 6/30/07.....
- Year ended 6/30/08.....
- Year ended 6/30/09.....
- Year ended 6/30/10.....

B. If No is checked for 3 consecutive years, the club or district has a problem!

V. Method to correct failure to file for 3 consecutive years

- A. Filing form 990-N now is NOT ENOUGH
- B. Club must fill out either of 2 IRS forms so IRS can give them tax classifications
  - 1. Form 1023--for clubs that want to be 501(c)(3)s
  - 2. Form 1024--for clubs that expect to be 501(c)(4)s or (7)s
- C. IRS indicated there is a \$100 application fee for this
- D. Club will have its own independent status
  - 1. 501(c)(3)s will not be able to rejoin CGCI group exemption program

VI. IRS nonprofit unit phone number for further questions: 1-877-829-5500