

**KEEPING THE GOVERNMENT HAPPY**  
Nonprofit Compliance and Reporting  
with  
Diane M Hagerty, EA

**Grass Roots Taxes**  
with Diane M Hagerty, EA

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If it were easy not to pay taxes,  
no one would.  
-Me

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**Common Compliance Issues**

1. Charitable purpose & programs
2. Board of 3 minimum, no owners
3. Document binder, by-laws, policies
4. Proper meetings and minutes
5. Proper financial records, earnings kept inside org.

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Common Compliance Issues, p.2

6. Proper Donation receipts
7. Zero Lobbying (or excellent records)
8. Insurance - Liability and Work Comp
9. City Business License – even at home.
10. Occupancy - Fire marshal, building code, utilities
11. Property Tax Assessment

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Common Compliance Issues, p.3

12. Food – Dept of Health – food handling (volunteers)
13. Alcohol – permits and training
13. Sales tax compliance (You are NOT Sales tax exempt) UPDATE!!! – Maybe you can be...
14. Payroll tax compliance. Payroll is the law!
- \*\*\*Twenty Question Test
15. Noncontributory Unemployment Option\*\*\*

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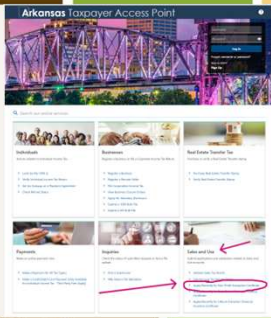
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**\*\*NEW LAW\*\***  
Sales Tax Exemption

- Arkansas Act 1007
- Effective October 1st
- Under \$200,000 annual budget
- Must provide a local community service
- No tax on purchases for org (exceptions)
- Apply on ATAP free



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**BREAKOUT ONE**

LIST THE TOP 3 COMPLIANCE ISSUES / CONCERNS.  
 ADDRESS AT NEXT BOARD MEETING WITH A DEADLINE DATE.  
 BONUS – APPLY FOR THE SALES TAX EXEMPTION.

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**Arkansas State Issues**

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**Annual Report to Secretary of State**

- Due Annually on August 1
- List of officers and contact information
- No financial data
- Takes 5 minutes

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Search for entity – select from list –  
filing number is under your name

Arkansas Secretary of State  
Chris J. Pitts

Search Incorporations, Cooperatives, Banks and Insurance Companies

Please enter at least one search term. All fields are not required.

Corporation Type: All Types

Enter Filing Number: (or Database Name)

Registered Agent (AR):

AR City:

AR State:

Filing #:

Details

Entity already exists.  
For services of previous contact the Secretary of State's office.  
LLC Member information is now confidential per Act 855 of 2007.  
For access to our corporations bulk data download service [click here](#).

Corporation Name: TAX RELIEF RESOURCES AND EDUCATION, INC.

Filing # 011000000

Filing Type AR Corporation

Head Under Act: 1987 or 1993

Status: Not Current

Principal Address: 210 S THOMPSON SPRINGDALE, AR 72704

Reg. Agent: CHANE HADGETT

Agent Address: 210 S THOMPSON AR SPRINGDALE, AR 72704

Date Filed: 02/01/2016

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State Solicitation Registration and Annual Filing

Who is Required?

- Anyone soliciting funds – even Facebook, YouTube
- Anyone with no paid workers AND less than \$50,000 in total donations can file as exempt. (check other exemptions)

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State Solicitation Registration and Annual Filing p.2

- File form CR-01  
CHARITABLE ORGANIZATION REGISTRATION FORM and  
CR-03 ANNUAL FINANCIAL REPORTING FORM
- or File Exemption EX-01 if you qualify
- File both when you begin soliciting and then every year  
by June 30<sup>th</sup> via email [charities@sos.arkansas.gov](mailto:charities@sos.arkansas.gov)

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State Solicitation Registration and Annual Filing p.3

- If you are using fundraising professionals, GET PROFESSIONAL HELP. Don't D-I-Y your compliance.
- Some types of organizations are exempt (see form)
- If you have over \$500,000 in gross receipts, Arkansas requires an audit from a CPA.

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**BREAKOUT TWO**

FIND YOUR ORGANIZATION ON BOTH STATE SITES AND CHECK YOUR COMPLIANCE.  
BONUS: FIND YOUR ORGANIZATION ON STAY EXEMPT AND GUIDESTAR.

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**Federal Issues**

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### Federal 990 Forms

- Form 990-N (e-postcard)
  - Under \$50,000 in gross receipts
  - No financial data reporting
- Form 990-EZ (4 pages)
  - Under \$200,000 in gross receipts
  - Under \$500,000 in assets
- Form 990 (12 pages)
  - \$200,000+ in gross receipts
  - ANY donor-advised funds

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### Choosing your Form

Why choose a more complex form than required?

You can show potential donors and grantors your community engagement, volunteers, achievements, funding, board members and stewardship of funds.

Everything is public information!

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### Federal 990 requirements

Due Date: 4 months and 15 days after the end of your tax year. May 15<sup>th</sup> for calendar year organizations.

Reviewed by the board. Signed by the Treasurer.

Good recordkeeping – even if you are filing the short form that doesn't require reporting it. (Schedule A)

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990 N - The E-Postcard

Two questions

1. Are your gross receipts \$50,000 or less?

2. Who is the responsible party?

File online at: IRS.GOV (free!)

search 990N or 5248 for detailed instructions

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990-EZ (medium form)

Income Categories

Contributions and Grants

Program Service Revenue

Membership Dues (Board Dues)

Fundraising

Investment Income

Other sales and UBI

Gifts in Kind

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990-EZ (medium form)p2

Expense Categories

Grants paid out

Benefits for members

Salaries and Employee Benefits

Contractors

Occupancy

Printing postage and shipping

Other → Program service expenses

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### Balance Sheet and Net Assets

"Super Hard Accounting Equation"

Money in  $-$  Money out  $=$  What's left over

- What's left over is the "Net Assets"
- Calculated two ways that must match.

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### Net Assets Two Ways

1. Statement of Activity - (Profit and Loss) - 990 EZ Part 1  
Income – Expenditures = Net Assets  
Line 21
2. Statement of Position – (Balance Sheet) - 990 EZ Part 2  
What you have – What you owe = Net Assets  
Line 27

❖ These two numbers must be the same!

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### Program Service Accomplishments

Look at 990 EZ page 2, Part 3

Expenses  $\rightarrow$  Grants  $\rightarrow$  Description

- This is where you shine!
- Brag, brag, brag
- Numbers, numbers, numbers
- Clear mission statement for your exempt purpose
- Clear programs to accomplish your mission

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## Important Questions

- Changes to organizing documents, mission statements, or programs.
- Lobbying
- Loans to and from related parties
- Unrelated business income (UBIT)
- Foreign dealings and accounts
- Lots of other questions

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## Schedule A – Support

Look at Schedule A

Assumption: Most people here will check  
Box 7 - "substantial portion" of funds from taxpayer dollars (fill out part II) or  
Box 10 - more than 33% of funding from a wide variety of supporters (fill out part III).

Part III is the same as Part II, but with more questions

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## Schedule A – Part III

- Disqualified persons – Anyone who has significant control over how the money will be used.
  - Board members
  - Close family of board members
  - Business associates of board members
  - Anyone closely involved with the board
  - "What if we say..." "What if we call it..."

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### So, what does 'Schedule A' REALLY mean, Diane?

- If you are not a public charity, you are a private foundation.
- Private foundations use a different form. (990 PF)
- If I'm a private foundation, can I still take tax-deductible donations?
- What about "unusual grants"?

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### Is charity even deductible anymore?

- Does anyone even take tax deductions anymore? They still count in Arkansas!
- NEW LAW! One Big Beautiful Bill: New deduction for charity for people who do not itemize. \$1000 per filer. (starting in 2026) 😊
- But – if you do itemize: 0.5% floor (1st half percent of your income doesn't count) 😐
- Corporation must give 1% of profit to deduct any 😊

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### Additional records for Long form 990

- Donor advised funds
- Number of volunteers
- Conflict of interest, document destruction, and whistleblower policies
- Policies and procedures for determining compensation
- Far more room for detail on program accomplishments and impact
- Expense Matrix

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FINAL BREAKOUT

Review forms and notes, ask every question you have.  
Schedule a meeting with your board.

THANK YOU!

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