

## **Class 4 Sections 4-7**

### **4. IRS 990 – Why is it important to file every year?**

Legally required for Non-Profits to maintain Non-Profit Status

Non-Profit status is revoked for failure to file for three consecutive years. Should revocation occur, you are responsible for filing and paying back taxes.

Assume nothing. Have your officer provide proof of filing and retain it.

The process is smooth if you file annually. Failure to file may generate an IRS notification that you failed to file, and you will be required to submit proof of filing.

IRS notifications, such as revocation of Non-Profit status and reminders are sent to the address on record. Address changes are made while filing your annual 990. Make sure you select the change of address box on the form.

### **5. What if I need an EIN?**

All Non-Profit organizations are required to have an EIN, a.k.a. TIN. Banks and investment institutions require you to provide your EIN.

The link to the IRS website detailing the (online preferred) process is

<https://www.irs.gov/businesses/small-businesses-self-employed/how-to-apply-for-an-ein>

An SS-4 is required. A pdf form is available at the website listed above. Commanderies have a group exemption number, so coordinate with the Grand Recorder of MD.

Questions concerning technical and procedural questions concerning non-profits, including your status and liability should be directed to the IRS Tax Exempt and Government Entities Customer Account Services at (877) 829-5500.

I recommend the treasurer or secretary contact IRS at the number listed above to request a letter verification of their EIN and a copy of their Letter 948 Determination Letter as banks and financial institutions are requesting confirmation of your Non-Profit status. These letters satisfy this requirement.

### **6. Should I have investment accounts?**

Investment accounts are an excellent way to generate income and grow your account.

Should not be relied upon to generate sufficient revenue to pay expenses above your dues since most investment accounts are not guaranteed to perform at a certain level.

Safer investments generally produce the lowest yields.

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Consult with several investment firms before committing to one.

Require frequent monitoring.

Investments are not FDIC insured.

Some safer investments with high returns include:

- High Dividend Stocks
- Certificates of Deposit
- Money Market funds
- U.S. Treasury Securities Treasury Inflation-Protected Securities
- Municipal Bonds
- Annuities

Again, consult with several financial advisors before committing.

Internet browsers are very easy to use. Need an answer to a question? Type it into the address bar of your web browser.

## **7. Preparing for replacement. Do I need an assistant?**

All chapters, councils and commanderies should have preparations in place for replacement. An assistant provides the opportunity for the officer to train his replacement. -

In the event of illness, disability or death, replacements must be ready, willing and able to assume the treasurer or secretary positions.

Assuming unexpected death of the treasurer

Where are your financial records?

What accounts does your organization have and what are their account numbers?

Where is the checkbook?

Where are the statements mailed? If online, what are the logins and passwords?

If at his residence, can you obtain them?

If a computer is used, does someone know the logins and passwords? Are backups done? Are computer generated financial records printed and filed?

Questions?