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RESEARCHING THE EXEMPT ORGANIZATION

The primary source of information on tax exempt organizations is the IRS Form 990, the annual tax/information return. Although tax exempt organizations have been required to make their annual returns public for many years, obtaining copies from the organization or from the IRS was a time-consuming task. Many tax exempt organizations were simply unaware of the disclosure requirements. In 1996, Congress enacted the Taxpayer Bill of Rights 2, which expanded the disclosure requirements for tax exempt organizations and increased penalties. The IRS issued regulations implementing these expanded requirements which were effective June 8, 1999. The IRS promises stricter enforcement of these new requirements.



Is my organization tax-exempt?

Organizations described in §501(c)(3) of the Internal Revenue Code are eligible for tax exempt status. These groups include religious organizations, social welfare organizations, child care organizations, and more. The IRS publishes a list of tax exempt organizations with the catchy title, *Cumulative List of Organizations Described in Section 170(c) of the Internal Revenue Code of 1986*. This is also known as *Publication 78*. You can search this same list on the IRS website:

[IRS Exempt Organization Search](#)

The book and website provide only the name, city and state of the organization. Look for the legal name of your organization. If it is a subordinate body of a larger organization, only the larger one will be listed.

Another source on the internet, helpful in determining tax exempt status, is GuideStar.

[GuideStar](#)

<http://www.guidestar.org/>

This website offers a searchable database of approximately 669,000 tax exempt organizations. Full reports, not available for every organization in the database, give a description of the organization, the IRS employer identification number (EIN), financial information from the 990 filing, and the board of directors. GuideStar derives its information from the 990 forms and from information submitted directly to GuideStar by the tax exempt organizations.

What's In a Form 990?

A form 990 must be filed by every tax exempt organization annually by the 15th day of the 5th month after the organization's accounting period ends. For example, if an organization's fiscal year ends in December, the 990 form is due on May 15th. It's a six page form containing over 900 different items of information. A form 990 can be used to find out where an organization gets its money and how it uses it, how well it pays its top employees and whether its financial situation is declining, improving or stable. Some of the information contained in the form includes:

- revenue, expenses, and changes in net assets or fund balances--including contributions, gifts, grants and similar amounts received;
- program service revenue including government fees and contracts;
- special events and activities;
- program services, management and general and fundraising expenses;

- net assets or fund balances, beginning and end of year;
- total compensation of officers and directors and the compensation of the 5 most highly compensated employees.

What's In the New Regulations?

The new regulations implement changes in the law enacted in 1996 and amended in 1999. Access to information under the old regulations was difficult. The new law provides for easier access, wider dissemination and increased penalties for noncompliance. The new regulations cover not only the 990 forms, but also Forms 1023 and 1024 (Application for Recognition of Exemption).

- Tax exempt organizations are required to provide copies of their three most recent 990 forms and their Form 1023/24 to anyone requesting them in person or in writing, including via e-mail or fax.
- Organizations must fulfill requests for copies without charge, other than a reasonable fee for reproduction and postage. A reasonable fee for copying is defined as the amount the IRS itself charges for copies, currently \$1.00 for the first page and \$0.15 for each additional page.
- A 990 form is defined as including all forms, schedules, attachments, and supporting documents filed with the IRS, including compensation information. The Form 1023/24 includes any supporting documents filed by or on behalf of the organization and any letter or document issued by the IRS in connection with the application.
- Organizations are not required to disclose donor lists.

The regulations are specific about places and times for public inspection. Inspection must be allowed at an organization's "principal, regional and district offices" during regular business hours." A request for copies made in person must be fulfilled the same day. A request in writing must be answered within 30 days. Monetary penalties have increased. Failure to comply with a request for a 990 form subjects an organization to a \$20/day penalty, up to a maximum of \$10,000 for any one return. Failure to comply with a request for a 1023/24 form incurs a penalty of \$20/day with no maximum. A "willful" violation of the law results in an additional \$5,000 penalty with respect to each return or application.

The new regulations provide an incentive for organizations to make their information available on the internet. If an organization posts its information on the internet, it does not have to provide copies of the forms. It still must make the forms available for public inspection however. The web documents must be available in a format that reproduces the image of the paper document and they must be available free of charge.

For more details on tax exempt organizations and public disclosure of 990s, see the following sections of the Internal Revenue Service website:

[IRS: Charities and Non-Profits](#)

[Types of Tax-Exempt Organizations](#)

[Frequently Asked Questions About Tax-Exempt Organizations](#)

[Form 990](#)

<http://www.irs.gov/pub/irs-pdf/f990.pdf>

[Form 1023 and Instructions](#)

<http://www.irs.gov/pub/irs-pdf/k1023.pdf> (form)

<http://www.irs.gov/pub/irs-pdf/i1023.pdf> (instructions)

[Form 1024 and Instructions](#)

<http://www.irs.gov/pub/irs-pdf/k1024.pdf>

[Exempt Organization Public Disclosure Requirements FAQs](#)

[Internal Revenue Bulletin No. 1999-17](#)

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<http://www.irs.gov/pub/irs-irbs/irb99-17.pdf>

Final regulations under section 6104(d) of the Code relate to public disclosure requirements applicable to tax exempt organizations.

Where else can I get information about my organization?

The internet provides many sources of information on tax exempt organizations.

[Give.org](#)

<http://www.give.org/>

Give.org, the website for the Better Business Bureau Wise Giving Alliance, collects and distributes information on hundreds of nonprofit organizations that solicit nationally or have national or international program services. It routinely asks such organizations for information about their programs, governance, fund raising practices, and finances when the charities have been the subject of inquiries. Reports provide program, financial, and governance information and rate organizations on their compliance with the CBBB Standards for Charitable Solicitation.

[National Center for Charitable Statistics](#)

<http://nccs.urban.org>

The National Center for Charitable Statistics (NCCS), part of the Urban Institute, is the national repository of data on the nonprofit sector in the United States. Its mission is to develop and disseminate high quality data on nonprofit organizations and their activities for use in research on the relationships between the nonprofit sector, government, the commercial sector, and the broader civil society. NCCS collects and maintains aggregate state data on the nonprofit sector as well as an organization database. The NCCS maintains a good list of links to internet sites on nonprofits.

Does my state maintain information on charities?

[State Charity Regulatory Divisions](#)

<http://www.afscme.org/wrkplace/charity.htm>

Many state agencies responsible for regulating charitable solicitations maintain copies of the 990 forms, or the state equivalent. This is a list of these state offices, with addresses, phone numbers, and links to web sites, where available. Some states, like Minnesota, have made searchable databases of this information available on their websites.

Consider your state open records law.

Almost every state has an "open records" law. These laws are similar to the federal Freedom of Information Act, but many of them require more disclosure than the federal law. In some states, the definition of a covered "agency" extends to organizations with government contracts. If your tax exempt organization (or a for-profit contractor) is operating with public funding, you may be able to obtain extensive information about the contract by using the "open records" laws. [Tapping Officials' Secrets](#) is an excellent source of information on state laws. The Reporters Committee on Freedom of the Press has made this publication available on their website at <http://www.rcfp.org/tapping/index.cgi>.