



# Friends of Tennessee Libraries *a tnfriends resource*

## **A Brief Guide to Government Forms Friends Groups Need to Know**

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**Be aware of your Fiscal Year!** The deadline for filing most of the reports you are required to file is based on your group's Fiscal (accounting) Year. It is not the same for all organizations. It does not necessarily follow the calendar year. The timeframe of your Fiscal Year should be found in your charter or bylaws.

**You are responsible for knowing when these reports are due.** You should receive a notice when these reports are due. However, if you fail to receive a notice, it does not negate the requirement to file on time. Failure to file on time can result in fines, penalties, or loss of certification. In most instances, additional paperwork will be required to be filed.

### **Internal Revenue Service:**

The IRS website offers a wide range of information for nonprofits. The easiest and most useful place to begin searching for any needed information is [www.irs.gov/charities-non-profits/charities-and-nonprofits-a-z-site-index](http://www.irs.gov/charities-non-profits/charities-and-nonprofits-a-z-site-index).

**Check your exemption status:** Exempt Organization Status allows you to see if a group does have exemption status, and is current in their filings.

**Form 990 (different types):** The Form 990 is the nonprofit's equivalent of a person's Form 1040. Just like your Income Tax form has to be filed every year, so does your group's 990. Also, just like there are different types of Form 1040 that you have to file based on your income, the same is true of 990s. The following are the different types, and the major determining factors in which your group must file.

**990-N.** Also known as the postcard form. It is used when gross receipts are normally less than or equal to \$50,000. This is what most Friends groups in Tennessee would be required to file. It is very simple, and can be completed in five minutes or less.

**990-EZ.** Gross receipts less than \$200,000 and total assets less than \$500,000. This form is not too complicated, and usually anyone competent enough to serve as Treasurer of a Friends group should be able to complete this form without too much difficulty.

**990.** Gross receipts greater than or equal to \$200,000 **or** total assets greater than or equal to \$500,000. If your group reaches this level, you should have a professional accountant completing the form for you.

**990-PF.** This form is used by private foundations no matter what their revenue or assets. Some Friends groups operate as a part of a foundation. If you are one such group, you should verify with the foundation's treasurer that these appropriate form has been filed.

**Written Acknowledgement Requirement:** Of course all donations should be acknowledged, and, if a monetary donation, a receipt written. However, **the IRS requires written acknowledgment of contributions of \$250 or more.** That written acknowledgement **must include:**

- 1) the Name of the organization,
- 2) the Amount of a cash contribution,
- 3) a Description (but not value) of non-cash contributions,
- 4) a Statement that no goods or services were provided by the organization, if that is the case and
- 5) a Description and good faith estimate of the value of goods or services, if any, that the organization provided in return for the contribution.

## Tennessee Requirements

The Tennessee Secretary of State's website has much useful information for nonprofit groups. A good starting point is [sos.tn.gov/charitable](http://sos.tn.gov/charitable). See the Charitable Organizations Helpful Links as a good resource.

**Annual Report** (Division of Business Services): Every nonprofit corporation in the state is required to file this form every year. It is due four months after the end of your Fiscal Year. If it is not filed by then, the group could face Administrative Dissolution.

**Charitable Solicitation** (Division of Charitable Solicitations and Gaming): If you are a nonprofit organization that solicits contributions, from or within Tennessee, you may need to register with The Division of Charitable Solicitations and Gaming. ([sos.tn.gov/charitable](http://sos.tn.gov/charitable))  
"Solicit" or "Solicitation" means any oral or written request, however communicated, whether directly or indirectly, for a contribution.

**Exemption for organizations that receive under \$30,000.** If an organization receives less than \$30,000, it can request an exemption from filing the complete form and the accompanying fee. The exemption must be renewed annually. If the organization receives over \$30,000, there is a longer form and a sliding scale fee.

**"Games of chance" fundraising events.** Games of chance includes raffles, reverse raffles, cake walks, and cake wheels.

Groups may only hold one game of chance fundraiser between July 1 and January 31. The group must apply by January 31 proceeding the event period.

There is a non-refundable fee based on the projected gross revenue. The fee is on a sliding fee from \$150-\$600. The application has to be approved by the State Legislature.

**Newsletter:** There is a newsletter, *Charitable Solicitations and Gaming Newsclips* <http://sos.tn.gov/node/6107>, that you can sign up for and receive as an email.

**Sales and Use Tax Exemption:** As a nonprofit organization, you are entitled to purchase goods for use by your Friends group, if you have a *Certificate of Sales and Use Tax Exemption* from the Tennessee Department of Revenue. These certificates are renewed every four years, so be sure that your Certificate is up to date. You will only receive one Certificate. You will have to make copies of it to give to those from whom you make purchases. Make sure that your original is clearly identified, so you don't accidentally give it out. In order to make a tax exempt purchase, you must give the copy of the Certificate of Exemption, and you must pay with an organizational check or a credit card that has the name of the organization on it. **Department of Revenue rules do not allow you to use cash or a personal check or credit card for a tax exempt purchase.** If you use personal funds, you would be required to pay sales tax. You can give the money to make the purchase to your Friends group (which establishes a clear Income Tax Deduction for yourself), and the group can make the sales tax exempt purchase using the guidelines above.

**Sales Tax Collection on Book Sales:** If a Friends group holds over two book sales a year, they may be subject to collecting sales tax **unless** they file for an exemption with the State of Tennessee. This exemption is good for four years. That exemption form can be found at <https://www.tn.gov/content/dam/tn/revenue/documents/forms/sales/f1323901.pdf>. This exemption is good provided that **sales do not exceed \$300,000 per calendar year** [See *Tennessee Sales and Use Tax Guide* <https://www.tn.gov/content/dam/tn/revenue/documents/taxguides/salesanduse.pdf>, p.19].

**NOTE: This material is for informational purposes only, and is not to be considered legal advice, or the full requirements or exemptions of any topic covered.**

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## FRIENDS OF TENNESSEE LIBRARIES

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Website: [www.friendstnlibraries.org](http://www.friendstnlibraries.org) | Facebook Page: <http://tinyurl.com/FOTLFacebook>

Membership Form: <http://www.friendstnlibraries.org/support-us/join/>

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