

Non-Profit Public Disclosure Requirements

Internal Revenue Code Section (*IRC Sec.*) 6104 has established the guidelines by which all tax-exempt organizations classified as “public charities” are required to make certain information available for inspection by the general public. Since all religious organizations, including churches, denominations, and associations of churches fall within this category this means your ministry is subject to the guidelines.

Though the Guidelines speak to a number of required disclosures, for most churches and ministries, the mandatory disclosure documents generally include: the organizations’ information returns as reported to the IRS (e.g. Annual Informational Return (*Form 990*) [if applicable], your application for exemption from income tax (e.g. *Form 1023* or *Form 1024*) along with copies of any papers submitted in support of the above returns or application, and/or documents issued by the IRS with respect to the application or return.

The Notice also sets the guidelines for when the information must be available and when you are required to provide copies to any public inquirer.

The *Pension Protection Act of 2006* amended section 6104(d)(1)(A)(ii) of the tax code and now requires organizations to also make available for inspection and copying, information on any unrelated business activity the organization may be required to report to the IRS by including in their disclosure binder copies of the latest three years filings (e.g. *Form 990-T*).

To meet these disclosure requirements, we suggest that you develop a binder (paper or otherwise) that contains all required disclosure information and that it be updated annually. Besides the required documents, there are several other items we suggest you include in the binder to help give the inquirer the feeling that you are being totally open.

A list of these “recommended” or “suggested” items are noted in the list below. The “required” items, however, are the bare minimum that must be available.

<u>Item</u>	<u>Status</u>	<u>Update</u>
1. Form 990 – Annual Information Return Three most current returns, Sch. A & B included, except the names and addresses of contributors & other identifying info about contributors	Required	Annually
2. Form 990-T – Annual Unrelated Business Income Return	Required	Annually
3. Form 1023 or 1024 – Application for Exemption (including all schedules, attachments, correspondence between you and the IRS, & supporting documents) <ul style="list-style-type: none"> • If filed after July 15, 1987 • If filed before July 15, 1987 	Required Recommended	Permanent Permanent
4. Federal Exemption Determination Letter	Required	Permanent
5. Application for State Exemption (including all schedules, attachments, & supporting documents)	Recommended	Permanent

6. State Exemption Determination Letter	Recommended	Permanent
7. List of Current Board of Directors	Recommended	As needed
8. Information about your mission and ministry	Recommended	As needed
9. Annual Financial Statements (but only those prepared by an independent, outside accounting firm).	Recommended	Annually
10. Copy of Published Public Notice (Form 5578)	Suggested	Annually

Kept current, this binder can serve as a very valuable resource for the organization when working with your neighbors and the local community in general. The binder should be accessible at all times and someone readily available to make copies for donors and others who may request information.

For more information on the required disclosures we recommend you contact your local CPA professional. If you're the kind of person who likes to research these types of things for yourself here are a couple of places to begin:

<https://www.irs.gov/pub/irs-tege/eotopico00.pdf>
<http://990online.com/fedlaws.html>

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This material is presented with the understanding that the author is providing basic information only, and assumes no liability whatsoever in connection with its use. Any tax advice contained in any correspondence or other communication from us is not intended or written by us to be used, and cannot be used by you or anyone else, for the purpose of avoiding penalties imposed by the Internal Revenue Code. Tax laws are constantly changing, are subject to differing interpretations, and the facts and circumstances in any particular situation may not be the same as those presented here. Therefore, we urge you to do additional research and make sure that you are fully informed and knowledgeable before using the information contained herein.