



Supplement for Tax-Exempt Applications

In reviewing applications for tax-exempt status, the IRS is seeking a three-year snapshot of the organization. It wants to know what the organization does and how it obtains and spends its funds. If the organization has not been in existence for long, it must describe what it has done in its short history and what it plans to do in the future. The IRS needs to see that the organization is public and charitable in nature in order for it to qualify as tax-exempt.

In your application, give enough detail to the IRS so that the organization seems legitimate. However, do not make the application unnecessarily long and cumbersome. A short application with many attachments is better than a long application in this regard.

An organization applying for tax-exempt status under section 501(c)(3) of the Internal Revenue Code must provide the following information:

- A two- to three-page summary covering approximately three years of time that describes the past, present, and planned activities of the organization and the percentage of the organization's resources devoted to each activity. This summary should address the following: the purpose of the activity, who performs the activity (members, staff, volunteers, etc.), who receives the benefits of the activity (the community, a certain group of people, etc.), and the timing of the activity (when was it? is it ongoing? is it planned for the future?). Be concrete and detailed – this is a very important part of the tax-exempt application.
- Two or three paragraphs on fundraising plans. Where does the organization get (or plan to get) the funds to do the activities described above?
- A financial statement showing income and expenses for the current year and the previous three years. If the organization is new, show budgets for the upcoming three years.
- Proof of the organization's system of bookkeeping or accounting.
- A list of the officers and directors of the organization, including their titles and addresses. The IRS wants to see a minimum of three unrelated directors.
- A certified copy of the articles of incorporation.
If you have not yet incorporated, your pro bono attorney can assist you with the preparation of your articles of incorporation. NOTE: State filing fees are \$125 + addl. \$20 for certified copy and \$50 expediting fee, where necessary.

- A copy of the organization's bylaws.
- An Employer Identification Number (EIN). See www.irs.gov.
If you have not yet incorporated, you will apply for an EIN after incorporating.
- A draft IRS application package (Form 1023 for 501(c)(3) applications).

NOTE: The IRS user fee for filing this application is \$300 for those organizations with less than \$10,000 in annual gross receipts and \$750 for those organizations with more than \$10,000 in annual gross receipts.

The Community Law Center's Pro Bono Project provides legal assistance with incorporation and 501(c)(3) applications. If the organization is applying for 501(c)(3) status, you must prepare and submit the above information with your Organization Information Form and nonrefundable application fee. Attorney assignments will not be made prior to the receipt of this information.