

What's New with Registration And Reporting Requirements

Presented by-

The Secretary of State and

The Department of Revenue

What Every Nonprofit Board Member Should Know

- New Online Renewal / Nonprofit Corporations
- Registration with the Charities Program
- New Tiered Financial Reporting Requirements
- New Requirements with the State Department of Revenue

Filing Non-Profit Corporations

- **NEW! Online filing and renewal available at www.sos.wa.gov/corps**
Online filing available 24 hrs 7 days per week
- **Paper forms are also available at www.sos.wa.gov/corps**
- **Corporation records are public information**
- **File Articles of Incorporation with:**
The Office of The Secretary of State
 - Filing Fee - \$30.00 (Expedite Service Additional \$20)

INITIAL FILING REQUIREMENTS

- Name – Cannot include a for-profit corporate ending
- Term of Existence – Can be perpetual or you can give a specific number of years
- Purpose – Explain what the non-profit will be doing
- Dissolution – In the event of dissolution what will happen to the net assets.

INITIAL FILING REQUIREMENTS

- Registered Agent – Must have a registered agent with a physical address in WA State (18 years/older)
- Name and address of Board of Directors
(Business or Home address is acceptable)
- Name, address and signature of each Incorporator
- Check IRS requirements for 501(c)3 status
www.IRS.gov

Secretary of State forms meet the minimum requirements by law and must be completed in their entirety. Any omissions may cause the filing to be delayed. (Online or paper)

ANNUAL REPORT REMINDERS

(paper reports)

- Registered agent, and all registered agent address changes **MUST** be filed with the Secretary of State
(Change of address at the U.S. Post Office is not Sufficient)
- Annual Renewal notification is mailed to the Nonprofit organization two months prior to its due date
- Due date is the anniversary month the initial corporation was filed
- Must be completed in its entirety, even if no changes have been made
- Statement of Change will be no-cost, if approved by legislature

NEW !!! ONLINE ANNUAL REPORTING

- File your Annual Report in minutes
- Pre-populates critical information
- Takes you through the required steps
- Does not let you proceed with incomplete information
- Allows you to print a receipt for your records
- Accepts Visa, MasterCard, American Express

GETTING STARTED ONLINE

The screenshot shows a Windows Internet Explorer browser window. The title bar reads "Corporations - New Online Forms - Windows Internet Explorer". The address bar contains the URL "http://testwebcorp/NonProfit/Login.aspx". The browser's menu bar includes "File", "Edit", "View", "Favorites", "Tools", and "Help". The toolbar features a search box with "Google" entered, and icons for search, home, back, forward, stop, refresh, print, and zoom. The Favorites bar shows "Washington Secretary of Sta..." and "Corporations - New Onlin...". The main content area displays the Washington Secretary of State logo and the word "CORPORATIONS" in the top right. Below the logo is a navigation menu with "HOME", "CORPORATIONS MENU", and "SEARCH". The central content area has a heading "Registering Email Address" and a message: "Welcome to Washington Secretary of State Corporations online Filings. Please enter your email address to get started." Below this message is a text input field and a "Submit" button. The status bar at the bottom shows "Local intranet" and "100%".

UBI VERIFICATION

The screenshot shows a Windows Internet Explorer browser window with the address bar displaying `http://testwebcorp/NonProfit/Login.aspx`. The browser's address bar includes a search field with the Google logo and a search button. The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The browser's toolbar includes a search field, a search button, a plus sign, a minus sign, a star, a checkmark, a translate icon, an autofill icon, a sign in button, and a close button. The browser's status bar shows the page title "Corporations - New Online Forms" and the page URL "http://testwebcorp/NonProfit/Login.aspx".

The webpage content includes the Washington Secretary of State logo and the text "CORPORATIONS". Below this, there are navigation links for "HOME", "CORPORATIONS MENU", and "SEARCH". The main content area features a section titled "Ask a Question" with a sub-section "Verifying UBI". The text reads: "You do not have any saved applications. If you would like to start a new filing, please enter a UBI. Please enter the UBI." Below this text is a text input field containing the value "602916896" and a "Submit" button. The page also displays the following information:

Entity Name:	JOHN R. ROGERS CLASS OF 1969 - REUNIONS
Date Of Incorporation:	4/15/2009
Expiration Date:	4/30/2010

Activity in the last 120 days for this corporation - None

[Start filing AMENDED ANNUAL REPORT](#)
- Per RCW 24.03

CONTINUE THROUGH THE STEPS PRESCRIBED

Corporations - New Online Forms - Windows Internet Explorer

http://testwebcorp/NonProfit/Purpose.aspx?FSID=n+mp6aqLJg=

File Edit View Favorites Tools Help

Google Search

Washington Secretary of State

CORPORATIONS

HOME CORPORATIONS MENU SEARCH

Non Profit Amended Annual Report

FS ID:	755
Entity:	JOHN R ROGERS CLASS OF 1969 - REUNIONS
UBI:	602916896

Steps

- [Registered Agent](#)
- [Officers](#)
- [Place of Business](#)
- ▶ [Purpose](#)**
- [Signature](#)
- [Confirmation](#)

Exit Transaction

[View Shopping Cart](#)

Ask a Question

Purpose of Corporation

You can either select the purpose or enter your own.

Select Purpose --

The purpose of the Corporation in Washington is:
(500 characters only)

Save & Continue >>

Local intranet 100%

Corporations Division – Contact Information

Office of the Secretary of State

Corporations Division

PO Box 40234

Olympia, WA 98504

360-725-0377

corps@sos.wa.gov

www.sos.wa.gov

Registration with the Charities Program

Who is required to register with the Charities Program?

CHARITABLE ORGANIZATIONS:

Any entity that solicits or collects contributions from the general public to be used to support a charitable purpose

COMMERCIAL FUNDRAISERS:

Any entity that solicits or receives contributions on behalf of a charitable organization for *compensation*

CHARITABLE TRUSTS:

Any entity holding income-producing assets in excess of \$250,000 (market value) invested and allocated to support a charitable purpose in accordance with the terms and conditions of the trust instrument.

Why do I have to register twice with the Secretary of State?

- The Charitable Solicitations Act (CSA), administered by the Charities Program, is separate from and in addition to requirements of the Non-Profit Corporations Act, Title 24.03 RCW
- Charitable Solicitations Act - 19.09 RCW
- Charitable Trust Act – 11.110 RCW
- Washington Administrative Code - 434-120

Purpose of the Registration

- (1) Provide information to the donating public
 - a) to help donors make more informed giving decisions
 - b) to aid in the prevention of deceptive and dishonest practices in the name of charity
- (2) Improve transparency and accountability of organizations fundraising for charitable purposes
- (3) Educational program and partnerships to build public trust

Organizations Exempt from Registration / Charities

- ❖ Political organizations
- ❖ Churches and their integrated auxiliaries
- ❖ Charities raising less than \$25,000 a year when all activities are conducted by volunteers
- ❖ Appeals on behalf of a specific, named individual

Initial Registration Requirements

Registration is required prior to fundraising in WA

- A registration application
- All required attachments as listed on the application
- \$20 initial filing fee
- Registrations accepted by mail or in person
(online filing coming soon!)
- Expedited Service available

Financial Reporting Requirements

- CSA amended in 2007 to include tiered financial reporting requirements
- The new tiered financial reporting requirements became effective January 1, 2010

Financial Tiers

- To determine the applicable Tier – look to the organization’s *“annual gross revenue averaged over the last three fiscal years.”*
Annual Gross Revenue Is Defined as,
 - *“The total gross amounts, including cash or noncash contributions received by or on behalf of a charitable organization from all sources, without subtracting any costs or expenses.”*

Annual Gross Revenue...

- Filers should look to line(s)....

990: Part VIII, page nine: enter the sum of line items 8b, 9b, 10b and 12, column (A)

990EZ: Part I, page one: enter the sum of line items 6b, 7b and 9

990PF: Part I, column (a) page one: enter the sum of line items 1, 3, 4, 5a, 6a, 10a and 11

Three Tiers...

Annual gross revenue averaged over the last three fiscal years...

- Tier 1 = 1 million dollars or less
- Tier 2 = Over 1 million & up to 3 million dollars
- Tier 3 = Over 3 million dollars

New Organizations (less than three years) would calculate the average gross revenue by the number of years in existence.

What Does Each Tier Require?

Tier 1 – One million dollars or less

- the organization shall provide a copy of its 990 / 990EZ / 990PF in addition to the required registration material.

Tier 2 Requirements

Tier 2 – Over one million and up to three million dollars.

- The Federal IRS form 990 shall be prepared or reviewed by a CPA, or other professional, independent third-party.
- If the Federal form 990 is not completed and signed by a qualified preparer, the “Independent Review” form is required.

Tier 2 Requirements

- *Scenario One*

A member or officer of the organization prepares and signs the 990.

In this case, an independent third-party review is required.

- *Scenario Two*

An unaffiliated CPA completes and signs the 990.

In this case, an independent third-party review is not required.

What is a Review?

- There are no “glaring” addition/subtraction errors
- All applicable sections of the 990 are completed
- From a compliance standpoint – are all the questions answered properly
- All the applicable attachments and schedules are attached
- The 990 is signed

Tier 2 Requirements

Independent Report Form Final.docx - Microsoft Word

Home Insert Page Layout References Mailings Review View Developer Add-Ins

Clipboard Font Paragraph Styles Editing

Calibri (Body) 14 A A

Normal Title No Spaci... Heading 1 Heading 2

STATE OF WASHINGTON SECRETARY OF STATE

Charities Program • 801 Capitol Way South • PO Box 40234 • Olympia, WA 98504-0234
Phone: 360-725-0378 • Fax: 360-664-4250 • E-mail: charities@sos.wa.gov

Confirmation of Independent Third-Party Review
Pursuant to WAC 434-120-107(2)

Report For: *(please print legibly)*

Charitable Organization Name _____

Charitable Organization Registration Number _____

Review of IRS Form (990, 990EZ, 990PF) _____ Fiscal/Accounting Year Ending _____
(mm/dd/yyyy)

IRS Form Reviewed By:

Name _____

Company _____

Address _____ City, State, Zip _____

Phone _____ E-mail _____

Organization Confirmation:

The charitable organization named above has had its IRS form (990, 990EZ, 990PF or 990T) for the year ending
(mm/dd/yyyy) reviewed by a certified public accountant or other professional, independent third-party who normally prepares or reviews these types of federal returns in the ordinary course of their business. The review did not include any direct investigation of the accuracy of the information submitted or of the underlying data from which it was

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Tier 3 Requirements

Tier 3 – more than 3 million dollars

- The charitable organization must submit an audited financial statement prepared by an independent third-party.
- The exception – organizations with less than \$500,000 in cash contributions – the audit is waived and Tier 2 requirements apply.

Frequently Asked Question #1

Q: Will the organization be subject to the new tiered financial reporting if a December 31, 2009 renewal is filed in March 2010?

Example...

An organization is due to renew its registration by Dec 31, 2009, but has applied for and received an extension to file the 990 with the IRS. The renewal with the SOS will be filed in March 31, 2010.

Answer....

#1 – Yes, the new tiered financial reporting requirements apply to any filing received January 1, 2010 and after. The reporting requirements are based on the date of filing – not the financial period that's being reported.

Frequently Asked Question #2

Q: Is the organization required to have the 990 reviewed by *another* qualified CPA?

Example...

An organization's revenue falls into Tier 2. A CPA serves on the organization's financial committee and completes the 990 at no cost as a service to the organization.

Answer...

#2 – Yes. The regulations require an independent third-party prepare or review the Federal IRS Form.

If someone within the organization has prepared the IRS Form, an independent third-party CPA (or other professional) must review the form. The organization will also need to complete and submit the Independent Third-Party Report Form.

Frequently Asked Question #3

Q: Is the organization required to complete an audit *AND* have the 990 reviewed?

Example...

An organization's revenue falls into Tier 3. In addition to submitting an audited financial statement as required by Tier 3, will the organization also need to meet Tier 2 requirements?

Answer...

- #3 – Yes, both are required.

The tiered requirements are cumulative. The organization's 990 should be prepared or reviewed, as required in Tier 2, in addition to submitting an audit of the financial statements, as required in Tier 3.

Renewal of Registration

- Renewals required annually
- Due date determined by fiscal/accounting year
- *The Charitable Solicitations Registration/Renewal Form*
- Provide required attachments listed on renewal form
- \$10 renewal fee
- Registrations accepted by mail or in person
- Expedited Service available

Consequences of Not Registering

- Late fee (*\$50 per year*)
- Lapse of Registration (*no fundraising activities can be conducted*)
- Attorney General involvement

Legal action, legal fees and/or civil penalty

Actions posted to Charities Program website

Violating chapter is a gross misdemeanor

State Resources for Charities

❖ Nonprofit Legal Resources (WAACO)

<http://www.waaco.org/contact-waaco/nonprofit-legal-resources>

❖ Nancy Bell Evans Center on Nonprofits & Philanthropy: 1-206-221-4629

<http://tools.evans.washington.edu/research/nbec/index.php>

❖ The Nonprofit Center: 1-253-272-5844 www.npcenter.org

❖ Seattle University, Non Profit Leadership: 1-206-296-6000

www.seattleu.edu/artsci/npl/

National Resources for Charities

- **Independent Sector:** 1-202-467-6100
<http://www.independentsector.org/>
- **Internal Revenue Service:** 1-877-829-5500 www.irs.gov
- **Nonprofit Risk Management Center:** 1-202-785-3891
www.nonprofitrisk.org
- **Board Source:** 1-877-892-6273
<http://www.boardsource.org/>
- **Panel on the Non Profit Sector:** 1-202-467-6120
www.nonprofitpanel.org

Charities Program Contact Information

Office of the Secretary of State

Charities Program

PO Box 40234

Olympia, WA 98504

360-725-0378

1-800-332-4483 (toll-free in WA)

charities@sos.wa.gov

www.sos.wa.gov

Office location: 801 Capitol Way S Olympia, WA 98501