

JANUARY 29, 2013

## New Year's Resolutions? Reporting Organizational Changes to the IRS

For many organizations, January 1 marked the beginning of a new fiscal year and an opportunity to institute programmatic and structural changes. Such changes might include an expansion of the Board of Directors, a winding down of current programs or the introduction of new programs, a revision to the Bylaws, or larger shifts in an organization's mission and activities.

In the past, when an exempt organization amended its Articles of Incorporation or Bylaws, or otherwise significantly altered its exempt activities, in addition to reporting the changes on the Form 990 annual information return, it had the option of sending a notice to the IRS requesting an updated determination letter signifying the IRS's approval of the described changes. Starting several years ago, the IRS ceased sending updated determination letters in most circumstances.

The IRS now makes it clear that while the Service will continue to issue updated determination letters to reflect changes to an organization's name or address, it will no longer issue updated determination letters to approve or disapprove the effect of changes in activities on exempt status, except under [specified circumstances](#).

### Reporting changes on the Form 990

All exempt organizations are still required to report changes on the Form 990 in two principal places: Part III asks whether any significant changes were made to how the organization conducts its program services. Part VI asks whether the organization made any significant changes to its governing documents. The [Instructions to Part VI on the Form 990](#) include a list of examples of "significant changes" to an organization's governing documents, which include changes to:

- › The organization's exempt purposes or mission;
- › The organization's name;
- › The number, composition, qualifications, authority, or duties of the governing body's voting members;
- › The number, composition, qualifications, authority, or duties of the organization's officers or key employees;
- › The role of the stockholders or membership in governance;
- › The distribution of assets upon dissolution;
- › The provisions to amend the organizing or enabling document or Bylaws;

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Nonprofit Law Matters looks at legal issues in the nonprofit and tax-exempt organizations world. Written by the attorneys and paralegals of Adler & Colvin, it provides updates and analysis regarding philanthropy, charity, and other exempt organization issues.

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- › The quorum, voting rights, or voting approval requirements of the governing bodymembers or the organization's stockholders or membership;
- › The policies or procedures contained within the organizing documents or Bylaws regarding compensation of officers, directors, trustees, or key employees, conflicts of interest, whistleblowers, or document retention and destruction; and
- › The composition or procedures contained within the organizing document or Bylaws of an audit committee.

### Reporting changes for 990-N filers

In 2011, the IRS further clarified the procedure for reporting changes for filers of the [Form 990-N](#), or "e-postcard," for organizations whose annual gross receipts are normally \$50,000 or less. Due to the short form of the 990-N, there is no place for the filing organization to report significant changes. To remedy this discrepancy, the Service issued a [public letter](#) stating that an organization filing the 990-N "should still report any changes to its name or structural and operational changes in writing to the Exempt Organizations Determination office" in Cincinnati.

### Reporting changes to state regulators

Nonprofit organizations should keep in mind that many states have their own requirements for reporting changes. These requirements vary per state agency and may also depend on the kind of change reported. We recommend that organizations anticipating significant changes seek counsel on the kind of state requirements that may be involved.

### Recap

To sum up, if any significant changes are made to an organization's exempt activities, or to its Articles, Bylaws, name, or mailing address, it should still always report such changes on the Form 990. Updated determination letters may be requested from the IRS after a change of name or address. For organizations filing a Form 990-N, the changes must be reported in writing to the IRS. Additional notices may be required at the state level as well.