

# GCFM 501(C)(3) Umbrella Status Application

## Why this is important

- If the IRS does *not* acknowledge you as a not-for-profit organization, you must pay taxes on your club's income and file state and federal tax returns each year. By being under GCFM's tax-exempt umbrella, you will be classified as a charitable group by the federal government.
- As a 501(C)(3) organization, you can accept donations from corporations and individuals. They can in turn deduct these gifts from their income tax.
- Special note: Becoming a tax-exempt organization is *not* the same as having a sales tax exemption from Massachusetts that allows you to purchase items without paying sales tax. You need to register with the Commonwealth of Massachusetts separately for sales-tax-exempt status. Go the Mass Attorney General's website and click on 'Charities' for more information. Once this is granted, you may apply to the Department of Revenue for a sales tax exemption.

## How does a club become a 501(C) (3) under the Federation umbrella?

1. First, your club must have its own EIN (Employee Identification Number), even though you have no employees. This number is required to obtain a club checking or a savings account. To acquire an EIN, you must file an SS-4 form. You may get this form online at [irs.gov](https://irs.gov). When completed, the form can be faxed to 631-447-8960 or call 1-800-829-1040 and follow the menu for business employee identification numbers, and you can get it over the phone. I suggest you have a filled-in form in front of you when filing over the phone.
2. Your club may or may not be incorporated but cannot be a private foundation.
3. Your club must be a member of the Garden Club Federation of Massachusetts, Inc.
4. Your club's fiscal year must be the same as the Federation's (July 1 to June 30).
5. **By October 1 of the current calendar year, you must submit the following completed information to the Federation:**
  - a. A letter requesting to be included in the 501(C) (3) umbrella with the Federation, signed by a club officer.
  - b. A one-time filing fee of \$25 to cover expenses made out to "GCFM". (This is not an annual fee; you pay it only when you first apply.)
  - c. The name and contact information, including phone number and email address, of someone who can answer questions about the club's finances.
  - d. A mailing address for the club. Although it is not mandatory, we suggest a post office box so the address will remain the same each year.
  - e. A one-page description/list of club activities.
  - f. A copy of your club's bylaws with the following two IRS clauses included, word for word. These *must* already appear in the bylaws when applying.

**Dissolution Clause:** In the event of dissolution, all of the remaining assets and property of the organization shall, after payment of necessary expenses, be distributed to such organization as shall qualify under Section 501( C) (3) of the internal Revenue Code of 1986, or corresponding provisions of any subsequent Federal Tax Law or to the Federal Government, a State or Local government for public purpose, subject to the approval of a court of competent jurisdiction within the Commonwealth of Massachusetts.

**Nondiscrimination Clause:** The (*Name*) Garden Club shall not permit in their conduct of club affairs, any restriction or limitation whatsoever based upon race, color, creed, gender, and national origin or employment status.
  - g. Financial information on your club:
    - 1) An income and expense or profit and loss statement for the previous year.
    - 2) A copy of a budget for the coming year.
    - 3) If a new club to the Federation, only current finances and proposed budget.

**The Brown Thumb Garden Club**  
**Income and Expense Statement**

July 1 2019 - June 30, 2020

Income:

|                                     |            |
|-------------------------------------|------------|
| Dues                                | \$ 1,000   |
| Plant Sale                          | 2,725      |
| Garden Tour                         | 805        |
| Interest from bank accounts and CDs | 12         |
| Cash gift                           | 50         |
| Annual luncheon                     | <u>900</u> |
| Total income                        | \$ 5,490   |

Expenses:

|                                    |            |
|------------------------------------|------------|
| Meetings room rental/speakers fees | \$ 3,000   |
| Annual luncheon                    | 827        |
| Yearbooks                          | 372        |
| Plant sale expense                 | 57         |
| Fees & dues                        | 240        |
| Garden tour expense                | 110        |
| Admin (postage, Sunshine, etc.)    | <u>155</u> |
| Total expenses                     | \$ 4,761   |

**The Brown Thumb Garden Club**  
**Budget**

July1, 2020 - June 30, 2021

|                                     |              |
|-------------------------------------|--------------|
| Dues                                | \$ 1,050     |
| Plant Sale                          | 3,000        |
| Garden Tour                         | 10           |
| Interest from bank accounts and CDs | --           |
| Cash gift                           | <u>1,000</u> |
| Annual luncheon                     | \$ 5,060     |
| Meetings room rental/speakers fees  | \$ 3,000     |
| Annual luncheon                     | 900          |
| Yearbooks                           | 375          |
| Plant sale expense                  | 100          |
| Fees & dues                         | 250          |
| Garden tour expense                 | 260          |
| Admin (postage, Sunshine, etc.)     | <u>175</u>   |
| Total expenses                      | \$ 5,060     |

To maintain tax-exempt status under the GCFM umbrella, a club must submit an annual financial report with any address or contact changes by October 1 of each year AND file with the IRS.

Once you are under the umbrella, each year, you will need to file a 990N/e postcard information return with the IRS if your club's gross income is under \$50,000. You must file a 990EZ if over \$50,000. *Gross income* includes dues; revenue from sales and fund-raisers; monetary gifts given to the club; and income from CDs and other financial instruments. Income does *not* include non-financial gifts such as plants, labor, or materials.

If you *lose* your status by failing to file each year, getting back your tax-free status becomes expensive and difficult.

**Mail all COMPLETE packages and financial reports to:**

**GCFM Office: 400 Fifth Ave, Suite 110, Waltham MA 02451 Attn: Second Vice President**  
**For questions: email Ruth Ecker at [ruthkenworthyecker@verizon.net](mailto:ruthkenworthyecker@verizon.net) or call (781) 235-6104**

**501(C)(3) APPLICATION and CHECK LIST**

Club Name:

Mailing Address:

Contact Person:

Phone: \_\_\_\_\_ EMAIL: \_\_\_\_\_

EIN#

|  |            |           |
|--|------------|-----------|
| Accounting Period July 1-June 30             | Yes        | No        |
| By-Laws Attached                             | Yes        | No        |
| Discrimination Clause In By-Laws             | Page #     |           |
| Dissolution Clause In By-Laws                | Page #     |           |
| Accounting Information For Last Fiscal Year: | Yes        | No        |
| Accounting Information Current Fiscal Year:  | Yes        | No        |
| Proposed Budget for Coming Year              | Yes        | No        |
| Request Letter Attached                      | Yes        | No        |
| <b>Check For \$25.00 To GCFM</b>             | <b>Yes</b> | <b>No</b> |