



Housekeeping - IRS, SOS & FTB

Status - Non-Profit with the IRS, CA-SOS and CA-FTB

California State Grange Officers and Members:

As we move forward, some business housekeeping must begin within each community or subordinate Grange. Please review and verify the status of your Grange within California. Please contact us for guidance and assistance on these issues. We have assembled a team of Non-Profit & Corporate professionals to assist you:

1. IRS – United States Internal Revenue Service
 - a. Non Profit Status current - Group “1160”
 - i. As of 7/2014, only 55% of Granges were in Good Standing, 40% were Suspended or Revoked, and 5% had their own determination letter from the IRS.
 1. If you are one of the 55% of Granges CURRENTLY LISTED in the Group 1160 as an active participant, DO NOT request inclusion until notice of being “unlisted” occurs. This protects your current exemption. Changes are reported to the IRS at least 90 days before the end of the tax year. Check by filing in January or February to see if a 990-N is accepted. Otherwise request inclusion on the new Group “6066” record.
 2. If your Grange was SUSPENDED or REVOKED after 2010 and has never requested reinstatement, you must file Form 1120 (and pay any tax due) from the period of revocation to the date the new Group Exemption was granted (retroactive to August 9, 2012). October 15, 2014
 3. If you hold your own Determination – DO NOTHING with Group “1160.”
 - b. Non-Profit NEW or Transfer Filing - Group “6066” Group Exemption 501(c)(5)
 - i. Your Grange must request inclusion in this group in writing by giving authorization for inclusion and providing the EIN and address information into this group.

ii. Your Grange should also state its previous tax status to the National Grange when requesting inclusion (compliant, revoked, new, etc.). If “reinstated,” you should have your own individual exemption letter.

Whether or not included, each subordinate Grange MUST file a 990-N, 990-EZ, or 990 on its own each year. The Group Number will be listed on your return.

1. California Secretary of State – SOS

2. California Franchise State Tax Board – FTB What causes suspension and its effects on tax-exempt status? a. There are three primary ways an organization may become suspended:

3. Failure to file your Statement of Information with the Secretary of State's (SOS) office.

4. Failure to pay an amount due.

5. Failure to file any past due tax returns with the Franchise Tax Board (FTB).

When FTB or SOS suspends an organization, it cannot legally transact business, defend or initiate an action in court, protest assessments, or file a claim for refund of paid amounts. Your organization also loses the right to use the entity's name.

Your organization will remain suspended by SOS until all reviver requirements are met.

b. Tax-exempt status revocation Once either FTB or SOS suspends an organization, their tax-exempt status may be revoked. Once the tax-exempt status is revoked, FTB 3500 (Exemption Application) must be filed again to re-apply for tax-exempt status.

c. FTB suspended only If the tax-exempt status was not revoked, complete FTB 3557E (Application for Certificate of Reviver) and send it to the Exempt Organizations Unit mailing address. We will send you information of what is required for your Grange to comply with our requirements. Once your Grange is in compliance, we will send a letter that indicates the Grange is now in good standing to FTB.

d. SOS suspended only To revive the organization, file a current Statement of Information with SOS. Once the organization is in good standing, SOS will send the entity a letter of proposed relief from suspension or forfeiture.

e. Both FTB and SOS suspended

The entity should first follow the instructions for “SOS suspended only.” Once SOS provides a letter of proposed relief from suspension or forfeiture, and if the tax-exempt status was not revoked, complete and send FTB 3557E (Application for Certificate of Reviver) to the Exempt Organizations Unit mailing address. The State of California will send you information about what is required for your Grange to comply. Once your Grange is in compliance, the State of California will send a letter that indicates your organization is now in good standing with FTB.

This housekeeping can affect not only your Grange but you personally if you are or have been an Officer. The California SOS and FTB deficiencies are also being reviewed by the CA State Department of Food and Agriculture as we speak and may affect the ability of a Fair Team to participate in fairs under the California Department of Food and Agricultural governance. Your Board is committed to work with every Grange in California to perfect any of these deficiencies that may exists. Time is of the essence.

Questions: Ed Kowski - EKowski@CAStateGrange.org or Chairwomen, Corporate and non-profit Commettee Inger Bevans - IBevans@IBevans@CAStateGrange.org