

Rotary and Form 990  
Return of Organization Exempt from Income Tax

**Before you file**

Each Rotary club is a subordinate organization under Rotary International. RI has its own EIN (employer identification number) but individual clubs must have their own EIN. If your club does not have its own EIN, it must be applied for. See instructions on **How to Apply for an EIN**

**Who must file?**

Although Rotary International files a Form 990 of its own, it does not include the individual clubs (also known as ‘subordinate organizations’) on its Form 990. Therefore, all U. S. based Rotary clubs must file some version of Form 990. Which one is filed depends on the club’s normal annual gross receipts and total assets as of the end its accounting year.

**Which Form?**

**Form 990** this form is filed by clubs with normal annual gross receipts greater than or equal to \$200,000 **or** total assets greater than or equal to \$500,000.

**Form 990EZ** this form is filed by clubs with normal annual gross receipts of greater than \$50,000 but less than \$200,000.

**Form 990N** this form is filed by clubs with normal annual gross receipts of \$50,000 or less.

**Definitions**

Gross Receipts – amounts that have been pledged or given to the club by donors during the accounting year

Normal Annual Gross Receipts – gross receipts are considered to be \$50,000 or less under 3 conditions:

1. the club has been in existence for 1 year or less and has received or been pledged \$75,000 or less during its first year;  
OR
2. the club has been in existence for 1 to 3 years and has averaged \$60,000 or less in each of its first two years;  
OR
3. the club has been in existence for at least 3 years and has averaged \$50,000 or less for the immediately preceding 3 years, including the current year.

## Examples:

1. The Rotary Club of Big Small Town was organized on September 5, 2012. It received \$70,000 in cash and other items including a bell and club banners costing \$1,000 (a total of \$71,000) from its members and from other clubs. Because Rotary Club of Big Small Town has been in existence for less than 1 year and the amount it received during its first year of existence is less than \$75,000, its normal annual gross receipts are considered to be less than \$50,000.
2. The Paradise Evening Rotary Club was organized on June 11, 2011. It had gross receipts of \$73,000 in 2011, \$20,000 in 2012, and \$35,000 so far in 2013. In the first two years of its existence, Paradise Evening averaged \$46,500 a year  $[(\$73,000 + \$20,000)/2]$ . Since this average per year is less than \$60,000, Paradise Evening's normal annual gross receipts are considered to be less than \$50,000.
3. Big Old City Noon Rotary Club was organized sometime in the deep dark middle ages of the last century. Its gross receipts for the last 3 years were \$4,000 for 2010, \$45,000 for 2011, and \$100,000 for 2012. Big Old City Noon's normal annual gross receipts for 2012 are considered to be \$49,667  $[(\$4,000 + \$45,000 + \$100,000)/3]$ .
4. Suppose Big Old City Noon Rotary, above, received an international grant of \$75,000 in 2013. Annual gross receipts for 2013 would be \$73,333  $[(\$45,000, \$100,000 + \$75,000)/3]$ . For 2013, Big Old City Noon would not be able to file a Form 990N because its normal annual gross receipts are considered to be more than \$50,000. Rather it would be required to file a 990EZ.

## How to File

**Form 990N** must be filed electronically.

To file:

Go to [www.irs.gov](http://www.irs.gov)

In the Search box (top right) type **Form 990N** and click on the magnifying glass

In the 'Top Recommendations' box click on **Form 990-N (e-Postcard)**

In 'How to File' box (center of page) double click on **this link**

Click on **Leave IRS site**

Follow the steps on the screen

If you have trouble going through the IRS website, go to <http://epostcard.form990.org>

Note: the Login ID is assigned by the filing site, however, it is the club's EIN followed by two additional digits. For the first person who files the 990N, those digits are 01. If the person who files changes at any time, the last two digits change by one number, i.e., from 01 to 02. The password is chosen by the person who files the first 990N. It is important that both the Login ID and the password are known by more than one of the officers of the club and that the information is passed on to the new officers.

### Information necessary for 990N

1. the organization's legal name – Rotary International;
2. any other names used by organization – that is, the club name, such as d/b/a: Kearney Dawn Rotary Club;
3. the club's mailing address;

4. the club's website if there is one;
5. the club's EIN;
6. the name of the club's principal officer – i.e., the president;
7. the organization's annual tax year – Rotary's is the calendar year;
8. the club's annual gross receipts (remember, for Form 990N, this must be \$50,000 or less);
9. is the club still a going concern?

Form 990N is **not** considered to be filed if:

1. The IRS receives a paper Form 990N but not an electronic version
2. If the electronic Form 990N is incomplete

Form 990N is complete if:

1. All applicable line items are complete;
2. Each question is answered unless the instruction direct not to;
3. Entries are made on all lines that require an amount (with a 0 if necessary);
4. Explanations are provided as instructed

## **Failure to File Form 990N**

### **Filing Late**

The club will get notification from the IRS if its 990N is not filed on time but there is no penalty for a late return. If you get notification, file a 990N.

### **Failure to File for 3 years**

If a club does not file Form 990N for three consecutive years it will lose its tax exempt status as of the filing date of the third year. So, if you get notification, file a 990N immediately!

### **Reinstatement of Tax Exempt Status after Automatic Revocation**

A club's tax exempt status may be regained by filing Form 1024, Application for Recognition of Exemption under Section 501(a). In this situation, filing Form 1024 is a reapplication for tax exempt status. Form 1024 requires detailed descriptions of the club's activities, a balance sheet for the current year, and income statements for the last three years, among other things. In addition, Form 8718, User Fee for Exempt Organization Determination Letter Request, must be filed with the fee paid at filing. The fee for an application of recognition of exemption is currently \$850 although the fee may be reduced in certain circumstances.

**Forms 990**      may be filed either electronically or by paper  
**and 990EZ**