



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 to 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 a simplified SS-4 form. You can access and submit this Form at EIN-taxfiling.com.
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.
6. **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

7. **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.
8. Financial information on your club:
 - a. An income and expense or profit and loss statement for the previous year.
 - b. A copy of a budget for the coming year.
 - c. 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

**The Brown Thumb Garden Club
Budget**

July 1, 2020 - June 30, 2021

Income:

Dues	\$ 1,000	\$ 1,050
Plant Sale	2,725	3,000
Garden Tour	805	10
Interest from bank accounts and CDs	12	--
Cash gift	50	1,000
Annual luncheon	900	\$ 5,060
Total income	\$ 5,490	

Expenses:

Meetings room rental/speakers fees	\$ 3,000	\$ 3,000
Annual luncheon	827	900
Yearbooks	372	375
Plant sale expense	57	100
Fees & dues	240	250
Garden tour expense	110	
260		
Admin (postage, Sunshine, etc.)	155	175
Total expenses	\$ 4,761	\$ 5,060

To maintain tax-exempt status under the GCFM umbrella, a club must submit an annual Renewal Form and financial report with any address or contact changes by October 15th 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 it is over \$50,000. *Gross income* includes dues; revenue from sales and fundraising; 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. All filings must be submitted electronically.

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

**Please Mail the GCFM 501(c)(3) Application and Club Financial Reports to:
GCFM Office 400 Fifth Ave, Suite 110, Waltham MA 02451 Attn: Second Vice President,
Susie MacPherson**

For questions: email Susie MacPherson at Rmacpham@me.com

501(C)(3) APPLICATION and CHECKLIST

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 _____

Check For \$25.00 To GCFM Yes _____ No _____

Revised: 10/5/2024-MD