

Just Checking: Nonprofit Compliance

Compiled by Valerie F. Leonard
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A number of nonprofit organizations have, or will soon come to the end of their fiscal year. Be sure to

- File Annual Reports to the Secretary of State. ALL Not-for-Profit Corporations must file an annual report of officers and directors with the Secretary of State. The due date depends upon when the corporation was formed. The annual report is due before the first day of the corporation's anniversary month each year. The anniversary month is the month in which the corporation was formed. For example, if the date of incorporation was Sept. 15, the anniversary month is September and each annual report is due before the first day of September each year. Forms will be sent to the registered agent approximately 60 days before the due date. **Failure to file an annual report may result in involuntary dissolution of the corporation.** http://www.cyberdriveillinois.com/publications/pdf_publications/c16524.pdf
- Conduct annual financial audit
- Comply with all grant requirements and conduct a separate grant audit if required
- File (state) Form AG-990-IL (within 5 ½ months of the fiscal year end) Filing Fee: \$15.00 Penalty for late filing: \$100 (**for every late return**)
- File (federal) Form 990 (within 5 ½ months of the fiscal year end) If Form 990 is filed after the due date (including any extensions), and the organization doesn't have [reasonable cause](#) for filing late, the Internal Revenue Service will impose a penalty of \$20 per day for each day the return is late. (**For every return that is filed late**) The maximum penalty is \$10,000 or 5% of the organization's gross receipts, whichever is less. The penalty increases to \$100 per day up to a maximum of \$50,000 (**For every return that is filed late**) for organizations whose gross receipts exceed \$1,000,000. (Currently, only organizations with revenues above \$25,000 need to file. Beginning 2008, all nonprofits will need to file Form 990. <http://www.irs.gov/charities/article/0..id=139225.00.html>)
- Ensure information regarding the registered agent is current and accurate. Complete Form BCA-5.10/5.20 if there are any changes. http://www.cyberdriveillinois.com/publications/pdf_publications/c2896.pdf

Consult your accountant, tax advisor and/or attorney for further information.

Sources:

[State of Illinois Attorney General's Office](#)
[Illinois Secretary of State](#)
[Internal Revenue Service](#)

Valerie F. Leonard, Community Development Consultant, *In the Loop*, "Just Checking" October 4, 2006

It is strongly advised that you consult an attorney and accountant who are well-versed in matters of nonprofit organizations and taxes before you start a nonprofit.

About the Author

Valerie F. Leonard is a Chicago-based community development consultant, with a mission to strengthen the capacity of organizations to make a positive impact on the communities they serve through technical assistance, specialized workshops, resource and organizational development and project management. For further information, you may call Ms. Leonard at 773-521-3137, visit www.valeriefleonard.com or e-mail her at consulting@valeriefleonard.com.