



ASK *the experts*

Must You Inform IRS of Bylaw Changes?

If you make small changes in your bylaws, do you need to let the IRS know?

Q:

Recently our organization made some changes in our bylaws. We expanded our board and revised information about our membership meetings. We did not change our purpose or territory. Do we need to inform the IRS or our state regulatory department when we make changes? I was told that all changes in bylaws must be submitted to the IRS (to assure them we haven't changed anything that might affect our nonprofit status). If we must do this, how should we go about it?

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to the IRS as soon as possible because such changes, if inconsistent with the organization's tax exemption, may affect the organization's tax-exempt status. In your case, notifying the IRS on your organization's next annual Form 990 should be sufficient.

If your organization is subject to registration with the Wisconsin Department of Regulation and Licensing, you are also required to file a copy of the amendment to your bylaws with the Department of Regulation and Licensing within 30 days of adoption of the amendment in accordance with Wisconsin Statutes Section 440.42(6).

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A:

An organization exempt from federal income tax, as described in Internal Revenue Code 501(c)(3), is required to report changes to its bylaws and other governing documents annually to the IRS on the organization's IRS Form 990. Material changes to a tax-exempt organization's character, purposes, or methods of operation should be reported

What Are Ideal Term Limits for the Board?

Q:

What is your recommendation regarding renewing terms for board members (term limits)? What is the ideal term for board officers?

A:

My belief is that folks should continue to serve if they are doing a good job as defined by the board as a whole. This doesn't mean they are just showing up occasionally and once were productive. It means there would be a real hole if they left.

As for board officers, that depends very much on your group and the size of

the job. There's a women's group called Hadassah that has a four-year term for president because of the size of the job. Many groups have a one or two year term for president. The one position I believe should be at least two years is the treasurer because of the time it takes to set up signatures and understand the accounting procedures. ■

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