

What Are the Rules for Renewing Your Tax-Exempt Status? Must you renew your 501(c)(3) status each year? It depends on the definition of “renew.”

Q Are we required to renew our nonprofit (501(c)(3) status? With the state? With the IRS?

A Section 501(c)(3) status is recognized by the Internal Revenue Service for federal income tax purposes. The states are not involved. And 501(c)(3) status doesn't have to be “renewed.”

But under the new provisions of the Pension Protection Act, a small charity that's not required to file a Form 990 (because its gross receipts are below the threshold for filing) needs to file a statement that it continues to exist. Any charity required to file this report or a tax information return will lose its exempt status if it fails to do so for three consecutive years. The report is not so much a renewal as a confirmation of continued activity.

Many organizations receive an “advance ruling” that they qualify as public charities rather than private foundations when they receive their original letter of recognition of exemption. Those organizations must subsequently prove to the IRS that they have sufficiently broad sources of support to qualify as public charities

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on the basis of their first five years of income. But the question is whether they're public charities or private foundations, not whether they're 501(c)(3) exempt.

Some states require nonprofits to file periodic reports to maintain their corporate status within the state. Failing to make these reports can cause loss of corporate status. Some states require periodic renewal of charitable exemption for sales or other taxes. Check with a knowledgeable attorney in your state. **S**

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How to Publicize Your Organization on a Small Budget You don't need lots of money to spread the word about your organization's cause.

Q Our marketing budget is small, but we need to stay “top of mind” with our community to build awareness for our cause and enhance our reputation for fund development. What do we do without big money for advertising?

A Public relations is a powerful tool to raise awareness and build recognition. Review your local newspaper, looking for sections that offer free public space. For instance, the business sections of many newspapers will list board members, staff additions and promotions, and even volunteers of the month. Other sections publish editorials, letters to the editor, and community event postings for free.

Do the same review of your local radio and TV news. Again, you'll find a number of opportunities to report on your organization at no charge.

Sending one newsworthy media release each month to all media outlets (I recommend sharing good news and educational pieces) can generate stories, announcements, and even features. Be consistent and persistent in your public relations efforts, and you'll have a strong, effective communication campaign on a budget! **S**

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For more on spreading the word on a shoestring, see these articles at NonprofitWorld.org/members: “PSAs, the Olympics of Nonprofit Advertising” (Vol. 23, No. 5), “Are Nonprofits Newsworthy?” (Vol. 17, No. 3), “Nonprofit Communications on a Shoestring” (Vol. 8, No. 2), and “A Chance to Be Heard: Nonprofits and Community TV” (Vol. 13, No. 2).