

GATS 501 (c) (3)- IRS Tax Compliance Guidelines

1. Federal tax law provides tax benefits to nonprofit organizations recognized as exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). The IRC Federal tax law provides tax benefits to nonprofit organizations recognized as an exempt federal income tax under Internal Revenue Code (IRC) Section 501(c)(3).
2. According to the IRS Publications - IRS -Guidelines-Publication 4221-PC (Rev. 3-2018), the IRS addresses activities that could jeopardize a public charity's Tax-Exempt status. It identifies general compliance requirements on recordkeeping, reporting, and disclosure for exempt organizations described in IRC Section 501(c)(3) that are classified as public charities.
3. The above requirements will be accomplished by GATS Internal audit and external audit. This has been addressed as a recommendation in the 2018 Bylaw Review and Amendments Committee (BRAC) proposal.
4. The role of internal audit is to provide independent assurance that GATS risk management, governance, and internal control processes are operating effectively. GATS Board of Directors (BOD) will ensure the Compliance with Federal and State Laws as per our 501c Regulations. GATS shall ensure compliance with any relevant laws and regulations, by performing an internal audit every year. This can also help us prepare for our external audit, as the information gathered during an internal audit will be valuable. This will help us with transparency, increased Members support, and avoid costly fines associated with non-compliance and revocation of 501 (C)(3) non-profit status which is critical to GATS. This makes internal audit an important and worthwhile activity for our organization.

With the above principles in mind, below section describes the high-level compliance Guidelines that need to be followed strictly.

(Note: This set of guidelines is not replacing any IRS, and/or Non-Profit organization laws)

- Form 1099-MISC is required to be issued, every time \$600 or more paid, during the year, to non-employees for services. Make sure to get the W9 form before the payment is paid to them in order to avoid the issues later in the year or during tax time.
- If the celebrities are from India, then payment shall be part of the Per diem reimbursement document prepared and get it signed and keep it in the records.
- Whenever GATS pays for any services to a third party for items such as rents, other services, or purchase of materials and supplies (e.g. we pay for making a banner or catering) and if the amount of such services that we obtained is \$600 or more, GATS must send a form 1099-MISC to that individual, partnership, or limited company. This form should be sent to them by January 31st following the tax year; for example if we used Mr. A or ## Banners, to make the banners three times during 2018 and if the total

for the three banners is \$1,300, we should send a 1099-Misc to Mr. A or to ## banners before Jan 31, 2019. We should have therefore obtained Mr. A's or ## Banner's w9 form including tax ID even before we entered into a contract with them to make those banners.

- Need to follow the Invoice template as per the NPO requirements. Key details to be included are, Company name with full address, Tax id (EIN), contact details with the location, Line item details breakdown with cost per line item, and total cost, including sales tax details.
- There shall not be direct payment to any individual to circumvent invoice and should be completely avoided. Any payment to a vendor for food or any other purpose should be paid directly to vendor business with an invoice from the vendor with line items in tax compliance with State and Federal laws.
- Procurements of food, sweets, and snacks from the US registered food vendors only, as per the GA State regulations.
- Conflict of interest – Private Benefit and Inurement - A public charity/non-profit organization is prohibited from allowing more than an insubstantial accrual of private benefit to individuals or organizations. This restriction is to ensure that a tax-exempt Organization serves in public interest, not a private one. If a private benefit is more than incidental, it could jeopardize the organization's tax-exempt status.
 - Any GATS Team member and School Officials in charge of the entity under GATS should not promote their own business or their family business.
 - Any GATS Team member (EC/BOD/Any committee officially formed) shall disclose any paid service to be provided to GATS or its entity organizations (including Schools), shall be informed to BOD in a timely manner.

IRS -Guidelines-Publication 4221-PC -A public charity that engages in an excess benefit transaction must report it to the IRS. Excise taxes are imposed on any person who engages in an excess benefit transaction with a public charity, and on any organization manager who knowingly approves the transaction.

As per the above Guidelines, those who are involved and the transactions will be reported to IRS / Georgia Secretary of state. As it is against the IRS and State regulations, the member or GATS official involved in such an activity risks GATS non-profit 501(c)(3) status, their GATS membership will be suspended.

Georgia Audit Requirement for NPO

Statute and Description: [Ga. Code Ann. § 43-17-5\(b\)\(4\)](#) | A charitable organization with contributions over \$1 million in either of its two preceding years must file an audited financial statement prepared by an independent CPA. A charitable organization with contributions less than \$1 million and over \$500,000 in either of its two preceding years must have its financial statement [reviewed](#) by an independent CPA.

Exceptions: [Ga. Code Ann. § 43-17-9](#)

http://www.audits.ga.gov/NALGAD/npo_legi.html

BOD passed the resolution on Nov 14 and did the update on Dec 27th