

2014 Fall Board Meeting of the American Iris Society Report of General Counsel

IRS Group Exemption. For a number of years, the AIS has had a “group” tax exemption from the IRS. This means that the AIS is tax-exempt and that subordinate organizations (including AIS affiliates, cooperating societies, regions, etc.) can share in the AIS’ group exemption if they meet certain requirements. This is a great benefit to our subordinate organizations because it is an easier way for them to get tax-exempt status from the IRS. The alternative for these organizations is to apply for tax-exempt status on their own, maintain the necessary financial records and make regular tax filings. I call this “stand-alone” tax exemption – in other words, the organization has tax-exempt status separate and apart from the AIS. When such an organization fails for three consecutive years to file its returns, the IRS will revoke the tax-exempt status.

This year, the IRS has refused to place several organizations under the AIS group exemption despite our request that they do so. According to the IRS, several organizations had stand-alone tax exemption previously but were revoked for failure to file returns for three consecutive years. The IRS now will not allow them to come in under the group exemption. As a result, these organizations are facing the choice of going without tax-exempt status or filing the necessary paperwork to have their tax-exempt status revoked. This has caused a good deal of frustration and consternation and we are working through it.

Policy Manual. I continue to encourage the AIS to compile its policies into a central location so that they can be easily referenced.