

IRS Compliance Policy

Organization: Red Mountain Community Social Club

Effective Date: April 7, 2026

Approved by: RMCSB Board

1. Governance & Organizational Structure

- Maintain governing documents: Articles of incorporation, bylaws, and conflict of interest policy must be current and consistent with IRS requirements.
- Board oversight: Ensure active, independent board members who meet regularly and document decisions.
- Conflict of interest policy: Require annual disclosures and enforce recusals when conflicts arise.

2. Operational Compliance

- Exempt purpose adherence: Activities must align with the organization's stated charitable mission.
- Private benefit prohibition: Avoid transactions that improperly benefit insiders (e.g., excessive compensation).
- Political activity restrictions: Prohibit partisan political activity; limit lobbying to an insubstantial portion of activities.

3. Financial Management

- Accurate recordkeeping: Maintain detailed books, receipts, and documentation for income and expenses.
- Annual budget approval: Board reviews and approves budgets to ensure funds are used for exempt purposes.
- Segregation of funds: Track restricted vs. unrestricted funds separately.

4. IRS Filings & Reporting

- Form 990 filing: File annually (Form 990, 990-EZ, or 990-N depending on revenue).
- Employment tax compliance: Withhold and remit payroll taxes; file Form 941 and W-2s as required.
- Public disclosure: Make Form 1023, Form 990, and exemption letter available upon request.

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5. Donor Compliance

- Acknowledgement letters: Provide written receipts for donations over \$250.
- Quid pro quo disclosures: Inform donors when goods/services are provided in exchange for contributions.
- Charitable solicitation registration: Comply with state fundraising registration laws.

6. Internal Controls

- Segregation of duties: Separate financial responsibilities (e.g., one person approves, another records).
- Regular audits/reviews: Conduct annual financial reviews or audits depending on size.
- Whistleblower policy: Protect employees and volunteers who report misconduct.

7. Ongoing Monitoring

- Annual compliance checklist: Review IRS rules, update policies, and confirm filings.
- Training for staff/board: Provide annual training on nonprofit compliance and ethics.
- Legal updates: Monitor IRS guidance and state law changes affecting nonprofits.
- Policies and procedures are reviewed and revised at the direction of the Board President as needed or to align with changes in the law or changes in organizational practices.