**RETROACTIVE REINSTATEMENT UNDER SECTION 5 OF**

**REVENUE PROCEDURE 2014-11**

*IRS Form 1023, Schedule E, Question 1a states:*

Section 5. You are seeking retroactive reinstatement under section 5 of Revenue Procedure 2014-11. By selecting this line, you attest that you meet the specified requirements of section 5, that you have filed required annual returns, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future.

Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in at least one of the three years of revocation and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices.

The following is RHSF’s response, incomplete factual detail, to *Schedule E, Question 1a.*

Revenue Procedure 2014-11, in Section 1, lays out the steps Roosevelt High School Foundation must follow for retroactive reinstatement.

In pertinent part, Revenue Procedure 2014-11, Section 1 states:

SECTION 5. RETROACTIVE REINSTATEMENT OF TAX-EXEMPT STATUS WITHIN 15 MONTHS OF REVOCATION.

.01 An organization that is not eligible to apply under SECTION 4 of this revenue procedure may apply to have its tax-exempt status retroactively reinstated effective from the Revocation Date if it does all of the following:

(1) Completes and submits the appropriate Application to the address provided in the instructions to the Application not later than 15 months after the later of the date of the Revocation Letter or the date on which the IRS posted the organization’s name on the Revocation List . . . .

(2) Includes the appropriate user fee . . . .

(3) Includes the Reasonable Cause Statement described in SECTION 8.01 of this revenue procedure with the Application;

(4) Includes a statement with the Application confirming that it has filed the Annual Returns required in step (5) below.

(5) Files properly completed and executed paper Annual Returns for all taxable years in the consecutive three-year period for which the organization was required, and failed, to file Annual Returns.

Pursuant to Paragraph (1), RHSF submitted to the IRS a completed Form 1023.

Pursuant to Paragraph (2), RHSF included the appropriate user fee, along with submission to the IRS a completed Form 1023,

Pursuant to Paragraph (3), below is a Reasonable Cause Statement in complete compliance with Section 8.01.

Pursuant to Paragraph (4), RHSF included a statement in the Appendix to its completed IRS Form 1023, confirming that it has filed the Annual Returns. Indeed, the statement is sworn, dated, and signed by the President of the Board of Directors of RHSF.

Pursuant to Paragraph (5), RHSF filed properly completed and executed paper Annual Returns for all taxable years in the consecutive three-year period for which RHSF was required, and failed, to file Annual Returns.

**REASONABLE CAUSE STATEMENT**

Revenue Procedure 2014-11, in Section 8, provides guidance regarding a “reasonable cause statement.”

In pertinent part, Section 8 states:

SECTION 8. REASONABLE CAUSE STATEMENT .

.01 To be retroactively reinstated under SECTION 5 of this revenue procedure, an organization must establish reasonable cause with respect to its failure to file a required Annual Return or notice for at least one of the three consecutive years in which it failed to file.

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.03 To establish reasonable cause under this section of this revenue procedure, an organization must establish that it exercised ordinary business care and prudence in determining and attempting to comply with its reporting requirements under section 6033. In determining whether the organization establishes reasonable cause, the IRS will take into account all pertinent facts and circumstances.

.04 The Reasonable Cause Statement under paragraph .01 or .02 must provide all of the facts that support a claim for reasonable cause for failing to file a required Annual Return or notice for the relevant tax year or period, including a detailed description of all the facts and circumstances that led to the failure, the discovery of the failure, and the steps that have been or will be taken to avoid or mitigate future failures.

.05 The following factors would weigh in favor of finding reasonable cause (with no single factor being either necessary or determinative):

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(2) The failure to file the return or notice arose from events beyond the organization’s control (“impediment”) that made it impossible for the organization to file a return or notice for the year;

(3) The organization acted in a responsible manner by undertaking significant steps to avoid or mitigate the failure to file the required return or notice and to prevent similar failures in the future, including, but not limited to —

(a) Attempting to prevent an impediment or a failure, if it was foreseeable;

(b) Acting as promptly as possible to remove an impediment or correct the cause of the reporting failure, once the failure was discovered; and

(c) After the failure was discovered, implementing safeguards designed to ensure future compliance with the reporting requirements under section 6033; and

(4) The organization has an established history of complying with its reporting requirements (if any) under section 6033 and/or any other applicable reporting or other requirements under the Code.

RHSF, over the three years in question, and currently, is growing in both size and influence, and also is taking on more and more projects, or expanding its current projects.

RHSF is entirely volunteer led and volunteer driven. The governing body of RHSF consists of22(twenty-two) Directors on its Board of Directors, including five (5) officers (President, Incoming President, Past President, Treasurer, and Secretary). The Board of Directors and officers are all ***uncompensated volunteers***.

RHSF has no employees.

RHSF compensates but a single independent contractor who is paid on an hourly basis for work performed. (The independent contractor’s written agreement can be found in the Appendix). Note that the independent contractor helps execute day-to-day business, but she does not have any governance or decision making power.

Often, institutional knowledge has been passed along by word of mouth.

The Treasurer is the only “professional skill” position on the RHSF board.  Historically, this position has been recruited with intention to be someone with financial acumen and if at all possible, a CPA background.

The RHSF Executive Committee and Board of Directors relies on the Treasurer to advise and carry out the fiduciary duties in a fully transparent manner necessary for RHSF to be in compliance and good standing as an organization.  Historically, the end of year accounting procedures have been the sole responsibility of the Treasurer.  The Treasurer provides a year end budget to the Board for review and acceptance, and once officially accepted by the Board of Directors, the Treasurer uses the year end budget to prepare and submit the required Form 990.

These last three years, under three different Board Presidents and Executive Committee’s the RHSF operated as we have done successfully for many years prior, and trusted that the Form 990s were being submitted as required under the authorship and responsibility of our immediate past Treasurer.

Starting three years ago, there was no reason for RHSF Board of Directors to not think the Form 990s were being completed and submitted by the Treasurer as had been successfully completed within this same framework for many years prior.

With the benefit of hindsight, after the first year was missed during the past Treasurer’s three year term, the pattern was set for all three of the Treasurer’s term years. This pattern was forged through fiduciary negligence of our past Treasurer.

In June 2021, an RHSF donor’s corporate donation match was rejected due to revocation of the RHSF’s 501c3 status. This was the first inkling that Form 990s were not being filed. The then-RHSF President of the Board of Directors, Rose Green, immediately contacted the Treasurer to get an understanding of the issue. President Rose Green was directly told by the Treasurer in June 2021 that some forms just needed to be filed and everything would be okay. The Treasurer gave complete reassurance that he would take care of everything, and it would immediately be dealt with.

In early October 2021, another corporate match donation was rejected. This promoted President Rose Green to ask the Treasurer why RHSF 501c3 status was shown as lapsed when it was supposed to be taken care of and fixed back in June. At this point, the entire Executive Committee started probing for answers by calling upon the network of RHSF supporters for professional advice and assistance. During this discovery phase, RHSF learned that Form 990s had not been submitted for the full three years of the past Treasurer’s term, and that RHSF’s 501c3 status was revoked on January 1, 2021, and public notification to the public on April 15, 2021. RHSF also learned that the past Treasurer claimed to have filed three hastily filled out 990s and sent them to the IRS, but RHSF did not have, and still does not have, direct knowledge that these forms were filed. The past Treasurer simply has no credibility with RHSF.

In October 2021, RHSF made two very significant hires. The first hire was Gordon Fischer, a lawyer with more that 20 years of expertise in nonprofit law. The second hire was a highly regarded accountant, Kathleen Fieldson, and a large and highly reputable accounting firm, RSM, LLP.

Gordon Fischer actively helped RHSF complete and file Form 1023. Attorney Fischer has been and continues to advise RHSF on best practices and the best and most transparent way forward.

Kathleen Fieldson and RSM accounting firm advised RHSF that new and more thoughtfully completed IRS Form 990s for the three missing years be submitted, or resubmitted, to the IRS. Complete and fully detailed Form 990s for the past three years have now been filed with the IRS.

RHSF requests expedited relief, as since early October 2021, RHSF have been working very hard to ensure proper preparation of the three 990s and the 1023 for submittal to the IRS, and to do so just as quickly as possible.

In the meantime, wanting to hold the highest level of transparency and integrity, RHSF Board of Directors opened up an account with the Community Foundation of Greater Des Moines to act as RHSF’s fiscal agent to receive donations until our 501c3 status has been reinstated. A copy of the Agreement between RHSF and the Community Foundation is attached in the Appendix.

RHSF has enacted and immediately implementated an entire raft of new governance policies, including an express Compensation Policy, Confidentiality Policy, Conflict of Interest Policy, a Document Retention and Destruction Policy, Financial Management Policy, Fundraising Policy, Gift Acceptance Policy, and Whistleblower Protection Policy. All these policies are very important, but perhaps most crucial given current circumstances is an express Preparation and Review of IRS Form 990 Policy. All these policies are attached as supplemental information in the Appendix.