

UNDERSTANDING REVOCATION, ITS CONSEQUENCES, AND THE PATH TO REINSTATEMENT

**AN ESSENTIAL
GUIDE TO
REINSTATING
A NONPROFIT**



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Running a nonprofit comes with a long list of responsibilities, and sometimes compliance can feel like just one more thing competing for your attention. If your organization is facing reinstatement, I want to reassure you of one thing right away—you're not alone, and this situation is more common than you may think. Many dedicated nonprofit leaders find themselves here, not because of a lack of commitment, but because the technical requirements of maintaining compliance can be complex and easy to overlook.

Losing your 501(c) status can feel overwhelming, but it's important to remember that this is a solvable situation. Reinstatement is a process—one that requires the right steps, the right documentation, and a clear understanding of IRS requirements. With the proper guidance, your organization can regain its tax-exempt status and continue moving forward with



confidence. This is not the end of your organization's journey—it's an opportunity to address what needs attention and move ahead with stronger systems in place.

At Foundation Group, we work with nonprofit leaders every day who are navigating this exact situation. And if there's one thing we've learned, it's this—most leaders didn't start their organizations because they were passionate about compliance and tax filings (and that's completely okay). You started because you care about your mission. Our role is to help ensure that the structure behind your organization supports that mission, so you can focus on the work that matters most.

As you move through the reinstatement process, I encourage you to see this as more than just a requirement to complete. It's a chance to reset, strengthen your internal processes, and build a more sustainable foundation for the future. With the right support and a clear plan, your organization can come out of this stronger, more organized, and better positioned for long-term success.



WHERE REVOCAATION BEGINS

Running a nonprofit organization often means balancing mission work with ongoing administrative responsibilities.

Between serving communities, organizing volunteers, fundraising, and leading programs, compliance tasks can quietly move into the background.

Most tax-exempt organizations are required to file an annual Form 990-series return or notice with the IRS.

Since 2007, many nonprofits have been required to submit at least a Form 990-N electronic notice each year, commonly referred to as the "postcard filing."

According to IRS Publication 4839, filing requirements generally apply regardless of revenue level unless the organization's determination letter specifically states otherwise.

If an organization fails to file required returns for three consecutive years, the IRS automatically revokes its tax-exempt status.



HOW REVOCATION HAPPENS

These filings are generally due on the 15th day of the fifth month following the close of the organization's fiscal year.

For example, organizations with a December 31 year-end typically have a filing deadline of May 15.

If an organization fails to file required returns for three consecutive years, the IRS automatically revokes its tax-exempt status.

For many nonprofit leaders, this comes as a surprise.

Some organizations assumed they were too small to file. Others experienced leadership turnover or years where compliance responsibilities simply slipped through the cracks.

Ultimately, maintaining compliance is part of the organization's governance responsibility.

The good news is that, in many cases, there is a path forward.

If an organization fails to file required returns for three consecutive years, the IRS automatically revokes its tax-exempt status.

WHAT HAPPENS WHEN A NONPROFIT IS REVOKED?

If your organization's tax-exempt status has been revoked, that information becomes publicly visible through the IRS Tax-Exempt Organization Search tool until reinstatement is approved.

Organizations that are revoked should not publicly represent themselves as active 501(c)(3) charities until exempt status has been restored.



IMPACTS OF LOSING 501(c)(3) STATUS:

- Donations are no longer **tax-deductible**.
- Your organization may **owe taxes** moving forward.
- Grants and donor support **may be delayed or lost**.
- You may face **penalties and additional fees**.
- Public trust** and organizational credibility can suffer.

Revocation is serious, but in many cases it can be corrected with the right plan and timely action.



WHAT IS REINSTATEMENT?

Reinstatement is the process of restoring your organization's tax-exempt status after it has been revoked by the IRS.

To regain exempt status, organizations generally must:

- Reapply for tax-exempt recognition
- Complete overdue Form 990 filings
- Pay the required IRS filing fees
- Provide supporting documentation where necessary

If the IRS approves the application, it issues a new determination letter confirming the organization's restored tax-exempt status.

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WHEN DOES REINSTATED STATUS TAKE EFFECT?

That depends on the type of reinstatement your organization qualifies for.

Some nonprofits may qualify for retroactive reinstatement, meaning the restored tax-exempt status applies all the way back to the date of revocation.

In other situations, exempt status becomes effective on the date the new application is submitted.

The distinction matters because it can affect donor deductibility, reporting obligations, and whether income earned during the revoked period is treated as taxable.

Understanding the correct reinstatement path is one of the most important parts of the process.



NEED ASSISTANCE?

At Foundation Group, we have helped thousands of nonprofits get reinstated, and over 50,000 receive their 501(c) tax exemption status.

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HOW FOUNDATION GROUP HELPS YOU MOVE FORWARD

It is about understanding your organization's full situation, identifying what needs to be corrected, and building a clear path back to compliance.

Here is how we help:



You do not have to navigate this process alone.

Foundation Group has helped thousands of nonprofits regain compliance and over 50,000 organizations receive 501(c) tax-exempt status. Are you ready to reclaim your tax-exempt status?

Call us at 615-258-8234 or visit us online at [501c3.Org](https://501c3.org) today to begin your journey to reinstatement.



WHAT DOCUMENTS ARE NEEDED FOR REINSTATEMENT?

One of the biggest challenges during reinstatement is gathering the records needed to complete overdue filings and IRS applications.

Organizations are often asked to provide:

- Balance sheets
- Income statements
- Donation records
- Grant information
- Expense documentation
- Bank records
- Organizational history and activity details

Gross receipts may include donations, sponsorships, grants, and in-kind donations.

In-kind donations generally must be assigned a reasonable monetary value for reporting purposes.



REBUILDING RECORDS AND FINANCIAL HISTORY

If your organization received more than \$50,000 in gross receipts during missing filing years, additional reporting requirements may apply, including Form 990-EZ or the full Form 990.

Some nonprofits already have organized financials.

Others may need to rebuild records after leadership

turnover, staffing changes, or years without formal bookkeeping procedures.

That situation is more common than many organizations realize.

Foundation Group helps nonprofits organize records, prepare overdue filings, and rebuild the documentation needed for reinstatement and future compliance.

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HOW LONG DOES REINSTATEMENT TAKE?

This is one of the first questions most organizations ask. The honest answer is: it depends on your situation.

Our process for preparing paperwork, applications, and overdue filings typically takes 15 to 20 business days once the necessary records are available.

IRS review timelines vary depending on the type of application required:

- Form 1023-EZ: typically 2 to 6 months
- Standard Form 1023: typically 6 to 9 months
- In rare cases, the process may take up to 12 months

If your organization qualifies for retroactive reinstatement, restored tax-exempt status will apply all the way back to the original revocation date.





UNDERSTANDING REINSTATEMENT TIMELINES

Past-due Forms 990 generally must be filed before organizations return to full compliance.

For retroactive reinstatement requests, the IRS typically requires overdue returns to be mailed rather than electronically filed.

Organizations seeking reinstatement are also required to submit the appropriate IRS user fee through pay.gov.

If we determine your organization had reasonable cause for missing required filings, we help build and present that case to the IRS.

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COMMON REINSTATEMENT SCENARIOS

Our nonprofit was revoked less than 15 months ago. What do we need to do?

Organizations seeking retroactive reinstatement within 15 months generally must:

- Complete Form 1023
- Provide a written reasonable cause explanation
- File overdue Forms 990
- Pay the required IRS filing fee through pay.gov



It has been more than 15 months since revocation. What changes?

Organizations may still pursue retroactive reinstatement, but additional requirements generally apply.



UNDERSTANDING RETROACTIVE REINSTATEMENT

This often includes:

- A more detailed reasonable cause explanation
- Documentation covering all missed years and subsequent years
- Additional overdue filings
- Expanded IRS review

What if we do not pursue retroactive reinstatement?

Organizations may request submission date reinstatement instead.

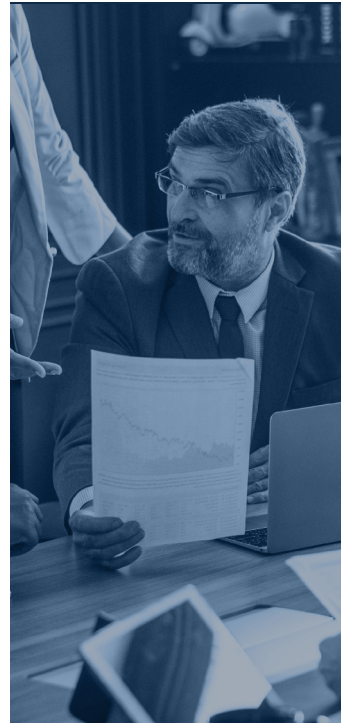
In this situation, restored exempt status generally begins on the date the application is submitted to the IRS rather than the original revocation date.

Depending on the organization type, reinstatement applications may involve Form 1023, Form 1023-EZ, Form 1024, or Form 1024-A.

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FREQUENTLY ASKED QUESTIONS

Q. Can our organization still receive donations?

A. Yes, but donations made during the revoked period may not be tax-deductible unless retroactive reinstatement is approved.

Q. Do donations made before revocation remain deductible?

A. Generally, yes. Donations made before the effective revocation date typically remain tax-deductible.

Q. Is revocation public?

A. Yes. The IRS maintains a public Automatic Revocation List showing organizations whose status has been revoked for failure to file required returns.

Q. What happens if reinstatement is denied?

A. If reinstatement is not approved, income earned during the revoked period may be treated as taxable.



Q. Can organizations lose their status even if they made very little money?

A. Yes. Filing requirements often apply regardless of revenue level unless the organization's determination letter specifically states otherwise.

Q. Are organizations still required to report activities and income during the revoked period?

Generally, yes. Activities and income during the revoked period are still reported to the IRS as part of the reinstatement process.

NEED ASSISTANCE?

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AVOIDING FUTURE REVOCATION

Reinstatement solves the immediate issue.

But long-term nonprofit health depends on creating systems that support ongoing compliance moving forward.

For many organizations, revocation becomes a turning point.

Not because the mission failed, but because the organization needed stronger operational systems behind the scenes.

That is exactly what Foundation Group helps nonprofits build.

Over the past 30 years, Foundation Group has helped more than 50,000 nonprofit organizations launch and stay compliant year after year.





BUILDING LONG-TERM COMPLIANCE SYSTEMS

Together, we help organizations stay focused on:

- Board oversight and governance
- Bookkeeping and financial reporting
- Donation records
- Filing deadlines
- State compliance requirements
- Business licenses and permits
- Grant and funder obligations

Long-term compliance becomes much more manageable when systems, records, and responsibilities are clearly organized.

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FINAL THOUGHTS

If your nonprofit has lost its tax-exempt status, it is understandable to feel overwhelmed, frustrated, or uncertain about what comes next.

But revocation does not define the future of your organization.

With the right guidance, accurate filings, and a clear plan, many nonprofits successfully regain compliance and continue serving their communities with confidence.

The important thing is taking action.

Understand your current status. Gather the right records. Ask questions. Build a plan.

And if you need support along the way, Foundation Group is here to help.



READY TO RECLAIM YOUR TAX-EXEMPT STATUS?

Foundation Group has helped countless nonprofits on this journey. Will you be next?

Call us at 615-258-8234 or visit us online at 501c3.org today to begin your journey to reinstatement.



501c3.org

Helping nonprofits start strong, stay
compliant, and keep their mission moving.