

TOP FIVE DEFICIENCIES IN ANNUAL REPORTS

1. Untimely Annual Reports.

Annual Reports are due to be filed with the Charitable Trust Unit 4 months and 15 days after the close of the organization's fiscal year (the same deadline required by the Internal Revenue Service for Forms 990, 990-EZ, 990-N, and 990-PF). If you require an extension, file Form NHCT-14 *before* the annual report is due to obtain a 6 month extension. Form NHCT-14 can be filed online or by mail and can be found on our website on the [Forms](#) page. Failure to file annual reports in a timely manner can result in loss of good standing status as well as penalties.

2. For New Hampshire nonprofit corporations, fewer than five (5) board members who are unrelated by blood or marriage.

The New Hampshire Voluntary Corporation Act, RSA 292:6-a, requires that charitable corporations formed in New Hampshire be governed by a board of directors comprised of at least five (5) people who are unrelated by blood or marriage. Some members of the board can be related by blood or marriage, but at least five (5) must be unrelated to one another.

3. For NH-based organizations, failure to disclose pecuniary benefit transactions.

For New Hampshire based organizations (except private foundations), RSA 7:19-a prohibits "pecuniary benefit transactions" unless certain conditions are met. The term "pecuniary benefit transaction" has a specific meaning under New Hampshire law, and its meaning is different than the meaning of "excessive benefit transaction" under federal law. A "pecuniary benefit transaction is defined as a transaction with a value of over \$500 in the aggregate in a fiscal year with a charitable trust or organization in which a director, officer, or trustee has a financial interest, direct or indirect. *See* RSA 7:19-a. An "indirect" financial interest arises, for example, where the transaction involves a director or officer's family member, employer, or business. Failure to disclose pecuniary benefit transactions can result in penalties and a court order ruling that such transactions are void. For more information regarding pecuniary benefit transactions, review the [Guidebook for NH Charitable Organizations](#).

4. Incomplete Form NHCT-12.

Complete *all* of the information requested on Form NHCT-12. For example, for New Hampshire organizations, failure to include in Schedule B email addresses, home addresses, and telephone numbers of board members or failure to complete Schedule C can result in rejection of the annual report. If you have any questions about the form or the documents required, visit the [instructions](#) for Form NHCT-12 found on the Charitable Trusts Unit website.

5. Failure to Submit Required Financial Reports.

All charitable organizations are required to submit to the Charitable Trusts Unit the IRS Form 990, 990-EZ, 990-PF for the applicable fiscal year. If the organization did not file a Form 990, 990-EZ, or 990-PF and either filed a Form 990-N or did not file a form with the IRS at all, the organization is required to submit a completed Schedule A financial report. In addition, New Hampshire-based organizations with revenue between \$500,000 and \$1,000,000 must submit a financial statement in accordance with Generally Accepted Accounting Principles, and New Hampshire-based organizations with revenue greater than \$1,000,000 must submit audited financial statements. Failure to submit the financials not only will result in rejection of the report, it might also could cause the organization's good standing status to be withdrawn. For more information, visit the [instructions](#) for Form NHCT-12 found on the Charitable Trusts Unit website.