



Randall Drake <financedirector@gwrra.org>

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## GWRRRA District/Chapter Financial/IRS Procedures

1 message

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**Abel Gallardo** <agallardo@gwrra.org>

Wed, Aug 17, 2022 at 1:19 PM

To: Melissa Eason <maeason@gwrra.org>

Cc: Randall Drake <financedirector@gwrra.org>, jeregood <jeregood@aol.com>

Good morning.

First I would like to thank each and every one of you for your help, support, and most importantly, your patience during the last few weeks since our announcement was made. We wanted to ensure we obtained the most accurate and consistent information as possible to avoid confusion and complications as best as possible.

I'd especially like to thank Randall Drake, Jere Goodman and Melissa Eason for assisting myself, and all of you through these recent days.

That being said, attached you will find a document that will provide you with the information necessary to assist you in your District's and/or Chapter's procedures.

If you have any questions, please feel free to reach out to myself or Melissa ([maeason@gwrra.org](mailto:maeason@gwrra.org)).

Safe travels to all!

Abel



**Memo for IRS Information.docx**

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## Attachment to email from Abel Gallardo to GWRRA DDs dated Aug 17, 2022

Hello District Directors and (some) District Treasurers!

As you know, we advised at Wing Ding 43 that GWRRA is discontinuing operations this year and that we would research actions needed for our Districts and Chapters. On July 30, 2022, you received a memorandum from our CEO, Abel Gallardo, addressing several issues. Please note that anything in this email or the attachment herein which conflicts with the July 30 information takes precedence over the July 30 information.

Since July 30, we have indeed contacted the Internal Revenue Service (IRS) and clarified specific issues related to our not-for-profit (501(c)(4)) status, use of EINs, and checking accounts. An information document is attached that provides details of our conversations with IRS agents.

Below you'll find information on the following three processes for Chapters and Districts:

- Close operations and divest itself of equipment and cash.
- Continue operations as a stand-alone organization.
- Affiliate with another motorcycling organization.

### **Closure Actions**

If a chapter or district chooses to close operations, they must liquidate all assets before year-end and file a 990N in January selecting the "Yes" box to the question "Is this organization terminating business?"

### **Continued Operations Actions**

The good news for a chapter or district wishing to continue its operations into 2023, is that it will be much easier to do so. Specifically, as noted on the attached document, a chapter or district may keep their:

- EIN with the IRS (**DO NOT TERMINATE IT**),
- not-for-profit status,
- equipment with their chapter or district; and,
- existing checking account. Unlike previous thoughts, checking accounts do NOT have to be closed nor funds liquidated.

A chapter or district should:

- seek to remove the GWRRA name from the checking account and change the name appropriate to their decision related to continued operations.

If a GWRRA officer is on any checking account and wishes to not be in the future, they should visit their bank and complete a formal request to be deleted from the account, allowing other members to continue using the account funds.

Please remember that we recommend all monies be properly accounted for per the GWRRA officer handbook and each officer's MOU.

Finally, as stated in the July 30 memo, ALL GWRRA Officers should conduct themselves professionally and remain neutral in their conversations with members, chapters, or districts. It is inappropriate for any GWRRA officer to recommend or encourage affiliation with any other motorcycle organization, or to even discuss one more positively over another. Members, chapters, and districts should make their own decision about continuing (or not) operations or affiliation with any other organization.

Attachment to email from Abel Gallardo  
to GWRRA DDs dated Aug 17, 2022

**Continued Insurance Coverage**

Any chapter or district that continues operations through December 2022, without affiliating with another organization, will continue to have insurance coverage through GWRRA. This coverage is particularly important if a chapter or district has an event, such as a rally, scheduled before year-end.

If a chapter or district affiliates with another motorcycle operation or ceases operations and closes before year-end, any sponsored event will not be covered by the GWRRA insurance.

**What to Do if You Close BEFORE Year-End**

Our Home Office has advised that if a chapter or district decides to close operations before the end of 2022, they ask you send a complete closure package to [maeason@gwrra.org](mailto:maeason@gwrra.org) or by mail to GWRRA, PO Box 42450, Phoenix, AZ 85080

# Information from the IRS

I have received information from two different IRS Agents. The first agent on July 14, 2022, was Ms. Bouchard, Agent No. 1003363598, the second agent on Aug 2, 2022, was Mr. Forbes, Agent No. 1003363425. Here is what each agent told us:

Ms. Bouchard:

- Each GWRRA unit can remain a 501(c)(4) organization using its current name and it can continue to do business. IRS cares not about the organization name associated with an Employer Identification Number (EIN), only that the 990N is filed annually.
- If a GWRRA unit keeps filing their 990N each year, they will keep their IRS status active. This would be true even if the unit did or did not affiliate with another organization.
- After filing the 2022 990N (in 2023), each GWRRA unit needs to verify with the IRS that they are no longer part of the Group Exemption Number (GEN) associated with the GWRRA. Additional details will follow.

(NOTE: the GEN is a number assigned to a parent organization such as GWRRA and links that parent to subordinates (chapter or distinct in our case) and the parent's 501(c)(4) status. The current GWRRA GEN is 7196)

Mr. Forbes, in addition to confirming what Ms. Bouchard said, conveyed the following:

- When the parent GWRRA organization terminates its GEN, that action will trigger the IRS system that all our chapter and district EINs are no longer affiliated with GWRRA.
- This in turn, will cause the IRS system to generate letters to each unit advising of the change. The letter then will offer two options for the unit to maintain its tax-exempt status:
  - o Apply on its own for the 501(c)(4) status (an involved and possibly pricey option), or
  - o Self-declare its 501(c)(4) status following IRS guidance in the letter IRS will send out.
- EINs are like Social Security Numbers are for US Citizens. Once issued, the EIN stays with the unit to which it was issued, regardless of its affiliation.
- All our units' EINs within the IRS system bear the name "GOLD WING ROAD RIDERS ASSOCIATION."
  - o If a unit continues operations on its own, changing that name is a "convoluted" process.
  - o If a unit affiliates with another organization that has its own GEN, when they notify the IRS of such affiliation, the IRS system will change the organization name on IRS records from GOLD WING ROAD RIDERS ASSOCIATION to the name of the other organization.

## What Does This Information Mean for Chapters and Districts?

At Wing Ding 43, the initial thought was that checking accounts and EINs would have to be closed and terminated respectively. However, the above information makes it much easier for our chapters and districts to continue operations into 2023 and beyond. Specifically, if a chapter or district wants to continue operations, either on their own or as part of a bigger organization, they will:

- Keep their EIN (**DO NOT TERMINATE IT**) with the IRS for as long as they continue to properly file their 990N annually.
- Maintain their not-for-profit status.

Also, the chapter or district may:

- Keep any equipment with the unit.
- Keep their existing checking account. Accounts do **NOT** have to be closed nor funds liquidated.

Finally, the chapter or district should:

- Seek to change the name of the organization on their checking account appropriate to their decision related to continued operations.