Tax Attorneys for Nonprofits

When a nonprofit organization is facing an IRS audit or a state Attorney General investigation, the stakes are high, and the pressure is immediate.

We understand the unique dynamics of nonprofit leadership during a regulatory crisis. Board members, executive teams, and funders need clarity—not panic. Our attorneys offer more than legal advice; we offer calm, focused, and proactive strategy that keeps your organization moving forward.

Whether you're facing a federal audit or a state-level investigation, FPLG's nonprofit audit and investigation attorneys are here to defend your compliance, preserve your credibility, and protect your ability to serve.

At For Purpose Law Group (FPLG), we provide experienced, mission-aligned legal counsel to tax-exempt organizations navigating government inquiries, helping protect your compliance, reputation, and tax-exempt status.

Internal Revenue Service (IRS) Audit Law Firm

An IRS audit can be triggered by a number of issues: inconsistencies in Form 990 filings, unrelated business income, governance concerns, or whistleblower reports. Regardless of the cause, responding to a nonprofit IRS audit requires precision, legal insight, and a deep understanding of tax-exempt regulations.

Our team supports clients from the moment they receive an IRS audit notice—helping gather required documentation, coordinate communications, and draft strategic responses. We guide nonprofits through every stage of the audit process, working to resolve issues before they escalate and to preserve your organization's good standing.

Attorney General Investigations Law Firm

State Attorneys General are increasingly active in monitoring nonprofit governance, fundraising practices, charitable asset management, and compliance with fiduciary duties. An Attorney General investigation of a nonprofit can involve intense document requests, public scrutiny, and even potential legal action.

FPLG helps organizations prepare timely, accurate responses to investigative demands while shielding leadership and board members from unnecessary risk. We support nonprofits in demonstrating compliance, correcting issues, and—when necessary—negotiating resolutions with state regulators.

Q: What triggers an IRS audit of a nonprofit?

Most nonprofits will never face a formal IRS examination, but knowing what draws scrutiny is genuinely useful for any nonprofit leader. Common triggers include statistical anomalies in Form 990 filings, complaints from whistleblowers or members of the public, significant year-over-year changes in revenue or expenses, high executive compensation relative to organizational size, unusually high fundraising costs, political activity by 501(c)(3) organizations, and media reports of financial misconduct. Organizations that report significant unrelated business income or engage in transactions with insiders are also at elevated risk. The most effective audit prevention strategy is straightforward: maintain accurate financial records, file complete and truthful annual returns, and build governance practices that can withstand outside scrutiny.

Q: What should a nonprofit do immediately after receiving an IRS notice?

The most important thing you can do when an IRS notice arrives is contact a nonprofit attorney before you respond to anything. IRS correspondence to nonprofits ranges from routine information requests to formal examination notices — and the appropriate response depends entirely on what's being asked and why. Responding incorrectly, providing more information than necessary, or missing a response deadline can significantly worsen your organization's legal position. An experienced nonprofit attorney can assess the nature and scope of the inquiry, help gather and organize the required documentation, communicate with the IRS on your behalf, and develop a strategy that protects your exempt status. Time matters here — most IRS notices include a response deadline, and missing it can trigger escalated enforcement action.

Q: Can a nonprofit lose its tax-exempt status as a result of a regulatory inquiry?

Yes — and it happens more often than most nonprofit leaders realize. The IRS has full authority to revoke a nonprofit's tax-exempt status for violations including private inurement, substantial lobbying by a 501(c)(3), participation in political campaigns, operating outside the organization's stated exempt purpose, or failure to file annual returns for three consecutive years. State attorneys general can also take action against nonprofits that fail to properly manage charitable assets, maintain required registrations, or operate in the public interest. Revocation — whether at the federal or state level — can have devastating consequences for an organization's ability to fundraise, receive grants, and maintain public trust. If your organization is facing a regulatory inquiry of any kind, early legal intervention is almost always the most effective and least costly path forward.

Q: How is a state regulatory inquiry different from an IRS audit?

While an IRS audit focuses primarily on your organization's tax compliance and exempt status, state regulatory inquiries — typically initiated by a state attorney general's office — tend to focus on whether charitable assets are being properly managed and used for the purposes donors intended. State attorneys general have broad authority to investigate nonprofit organizations operating within their states, and their inquiries can be triggered by donor complaints, media coverage, whistleblower reports, or routine oversight of charity registration filings. The consequences of a state inquiry can include required governance reforms, mandatory repayment of misused funds, removal of board members or officers, and in serious cases, dissolution of the organization. If your nonprofit receives correspondence from a state attorney general or charity regulator, treat it with the same urgency as an IRS notice and contact a nonprofit attorney right away.

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