

# Dublin City School District Support Organizations Informational Meeting



Provided by:  
Dublin City Schools:  
Treasurer Office

November 12, 2015 – Jerome HS Library  
November 17, 2015 – Scioto HS Library

# AGENDA

## BOOSTER / PTO GROUP TRAINING MEETINGS

November 12, 2015

Jerome Library

November 17, 2015

Scioto Library

- I. Sign-In
- II. Introduction
  - Jeremy Buskirk      Assistant Treasurer
  - Ajay Phadke      Fiscal Coordinator
  - Val Shemas      Accounts Receivable
- III. Review Board of Education Policy 9211
- IV. Club Formation
- V. Annual Filing Requirements
- VI. Insurance, Best Practices, Additional Resources
- VII. Questions
- VIII. Adjournment

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## Booster & PTO Group Informational Meeting

Jeremy Buskirk

Ajay Phadke

Valerie Shemas



## Agenda

- Board Policy & District Relationship
- Booster Club & PTO Formation
- Annual Filing Requirements
- Insurance Coverage
- Receipt & Expenditure Procedures
- Additional Resources
- Frequently Asked Questions



## Board Policy & District Relationship

- District Support Organizations: Policy 9211
- Gifts, Grants & Bequests: Policy 7230
  - Available on the District's website
  - [www.dublinschools.net](http://www.dublinschools.net) → Board of Education/Policies
- Separate legal entities



## Step 1 – Secretary of State: Initial Formation

- Articles of Incorporation & file with S.O.S.
- Initial Filing, Form 532B
- Statement of Continued Existence (every 5 years), Form 522
- <http://www.sos.state.oh.us/sos/upload/business/filingformsfeeschedule.aspx?page=251#domNon>



## Step 2 – Obtain Unique EIN #: IRS

- Must obtain own Employer Identification #, separate from the District's EIN
  - Allows you to open separate bank account
- [http://www.irs.gov/uac/Form-SS-4,-Application-for-Employer-Identification-Number-\(EIN\)](http://www.irs.gov/uac/Form-SS-4,-Application-for-Employer-Identification-Number-(EIN))
- Application for Employer Identification Number, Form SS-4



## Step 3 – Apply for Tax Exempt Status

- 501 (C)(3) Charitable Organizations
- Benefits Include
  - Exempt from federal income tax
  - Eligible to receive tax-deductible charitable contributions
- [http://www.irs.gov/uac/Form-1023,-Application-for-Recognition-of-Exemption-Under-Section-501\(c\)\(3\)-of-the-Internal-Revenue-Code](http://www.irs.gov/uac/Form-1023,-Application-for-Recognition-of-Exemption-Under-Section-501(c)(3)-of-the-Internal-Revenue-Code)
- SAVE your **Letter of Determination**



## Step 4 – Ohio Attorney General

- Register with the Ohio Attorney General – new requirement as of 2012
- Every organization should obtain username
  - Receive filing reminders, list name on approved database
- <http://www.ohioattorneygeneral.gov/Business-and-Non-Profits/Charity/Charitable-Registration>



## Step 5 – District Registration

- Contact Principal / AD Prior to beginning process
- Submit copies of:
  - Approved bylaws
  - Articles of incorporation / EIN #
  - List of officers
  - Letter of Determination
  - Statement of Continued Existence



## Annual Filing Requirements – IRS

- Form 990, due on the 15<sup>th</sup> day of the 5<sup>th</sup> month following fiscal year end – Nov 15<sup>th</sup> for June 30<sup>th</sup> year end
- 3 year failure = automatic revoke tax exempt status

Status	Form to File	Instructions
Gross receipts normally ≤ \$50,000 <b>Note:</b> Organizations <a href="#">eligible</a> to file the e-Postcard <a href="#">may choose to file a full return</a>	990-N	n/a
Gross receipts < \$200,000, and Total assets < \$500,000	990-EZ or 990	<a href="#">Instructions</a>
Gross receipts ≥ \$200,000, or Total assets ≥ \$500,000	990	<a href="#">Instructions</a>
Private foundation - regardless of financial status	990-PF	<a href="#">Instructions</a>



## Annual Filing – Attorney General

- New exemption thresholds for 2012
  - Annual gross receipts AND assets < \$25,000
  - Previously was “or” so many more will now have to file
  - Online registration system will tell you exactly
- Refer to [Ohio Attorney General Charitable Registration Tool Tips](#)





## Insurance Coverage

- General Liability Insurance
  - District extended coverage for those listed as Board Approved Support Organizations
  - Offered at no cost to groups
- Surety Bond / Dishonesty Bond Insurance
  - Separate legal entities, therefore not covered under the District's Surety Bond
  - District facilitates this through Booster Crime Policy – 3 year period
  - \$10,000 for \$200, \$25,000 for \$300
  - Paid to District who pays one check to Travelers



## Suggested Receipt Procedures

- Develop internal controls, try to limit cash
- Review budgeted receipts to actual, present at board meetings
- Have 2 persons verify bank reconciliations
- Charitable Contributions: Substantiation & Disclosure Requirements
  - Written acknowledgement > \$250 (IRS Pub 1771)
  - Quid Pro Quo (IRS Publication 9021)



## Suggested Expenditure Procedures

- Internal Controls
  - Dual Signatures
  - Limit use of debit cards for emergencies
  - Reconcile bank accounts monthly, provide at board meetings
  - Have 2 persons bank access to double check
  - Consider performing internal audit or yearly review if cost effective
  - Purchase surety bond



## Helpful Sites

- PTO Today
  - <http://www.ptotoday.com/>
- IRS Help
  - Call (877) 829-5500
  - <http://www.irs.gov/>
- Parent Booster USA
  - <http://www.parentbooster.org/Default.aspx?pagelId=527086>
- National Center for Charitable Statistics
  - <http://nccs.urban.org/>
- Ohio Ethic Commission
  - <http://www.ethics.ohio.gov/>
- Ohio Attorney General
  - Call (614) 466-3181
  - <http://www.ohioattorneygeneral.gov/>
- Non Profit Law
  - <http://www.nonprofitlaw.com/>



## Frequently Asked Questions

1. When is it acceptable to compensate school district employees and/or volunteers?

- A. It is **NEVER** appropriate
- B. As long as it is at the end of the season
- C. If it is a gift rather than money
- D. If the coach gets us into the post season
- E. If it is the coach's last season
- F. If it is equitable to all district employees



## FAQ - Compensation (Cont.)

Paragraph 6 of Policy 9211

- School district employees and Board-approved school volunteers may not be directly compensated in any manner by District Support Organizations
- Ohio Ethics Advisory Opinion 2008-01



## FAQ – Insurance

2. What are two forms of insurance mentioned by Policy 9211?

- A. Liability Insurance
- B. Life Insurance
- C. Dishonesty Bonding
- D. A & B

☒ E. A & C



## FAQ – Annual Filing to District

3. Per board policy what must be turned in to the district before October 31<sup>st</sup>?

- A. Copy of the group's 990 form/Financials
- B. Current list of officers and contact information
- C. List of proposed fund-raising activities
- D. Copy of most recent charter documents (if changed within last year)

☒ E. All of the above



## FAQ – EIN #'s

4. Can a Booster Group use the Districts EIN #?

- A. Yes
- ☒ B. Never
- C. It Depends

Support Organizations are legally separate entities and should not use the District's EIN



## FAQ - Tax Exempt Status

5. All Support Organizations are Tax Exempt?

- A. True
- ☒ B. False

Getting an EIN # from the IRS is only the first step in becoming tax exempt. Need to file with IRS to become 501(C)(3)



## FAQ – Fundraising

6. Can we have a fundraising incentive to benefit individuals?

- ABSOLUTELY NOT – expenditures must be for the entire group, not to that individual
- Cannot Inure to Benefit of Individual – risk Tax Exempt Status
- Participation must be independent of their participation on the team



## Thank You

- We appreciate all your groups do to support our sports and buildings. We would not be the Excellent District we are without your support.



## Dublin Contacts

- Jeremy Buskirk: 760-4380
- Ajay Phadke: 760-4301
- Val Shemas: 760-4306



## Questions



## Dublin City School District Bylaws & Policies

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### **9211 - DISTRICT SUPPORT ORGANIZATIONS**

The Board of Education recognizes and appreciates the efforts of all organizations whose objectives are to enhance the educational, extra-curricular, and athletic experiences of District students.

District support organizations are defined as any non-profit entity, group, or other organization formed and operating for the purpose of supporting District programs.

All support organizations shall have equal access to District facilities used in fund-raising activities (i.e. concessions areas, advertising, etc.). Guidelines will determine use of District facilities, including, but not limited to, buildings, property, athletic facilities, buses, name, trademarks, copyrights, etc. Each organization shall abide by the policies and guidelines established for the use of District facilities and grounds.

Representatives and members of approved support organizations shall in all circumstances be treated by District employees as interested friends of the schools and as supporters of public education in the District.

Staff members are encouraged to join such organization(s) in their related area(s) of specialization or interest, but shall not hold the position of treasurer or handle funds belonging to the organization.

School employees and Board-approved school volunteers may not be directly compensated in any manner by District support organizations.

Any new support organization desiring to use the name, logo, or good offices of the District must first obtain the approval of the Superintendent as a prerequisite to organizing.

The Board shall offer the opportunity for any authorized school support organization to receive coverage under the District's liability insurance program to protect the entity against legal claims resulting from damage or injury resulting from any act or omission of any school-support entity. The entity shall pay for such coverage upon written notification from the Treasurer.

At cost to the support organization, the District will purchase an employee dishonesty bond for officers of the organization to protect the funds in the event of a covered loss.

District support organizations are encouraged to obtain 501(c)(3) status so that community members may properly take tax deductions for donations to the organization.

In accordance with Board policy, all District-Support Organizations are to abide by the following guidelines:

- A. Each District-Support Organization shall:
  - 1. clearly communicate in their fund-raising activities that they do not represent the school District but do support a particular District activity;
  - 2. understand that student participation on athletic teams or in co-curricular activities is completely independent of any fund-raising activities;



Parents, students and interested parties participation in fundraising activities cannot be used in any way to adversely impact student participation.

3. appoint a District administrator or faculty member to be included on the organization's advisory board. Any student involvement in the conduct of the organization's activities is subject to the approval of the Superintendent;
4. expend funds in ways that are consistent with the stated purpose of the organization. At least seventy percent (70%) of all collected funds are spent on student activities directly related to the express purpose of their bylaws;
5. not make purchases represented as District expenditures and shall not use identification numbers of the District such as tax I.D. numbers, purchase order numbers, sales tax exemption forms, or any other District tax status designations;
6. make donations in accordance with Board Policy [7230](#) (Gifts, Grants, and Requests) and any accompanying guidelines. Donations shall become the property of the Board and used in a manner determined by the Board, in accordance with its policies and administrative guidelines.

B. Bylaws of the organization must clearly state:

1. the purpose of the organization, which must be to benefit the students of the District in an activity the support group is promoting;
2. the name of the Support Organization;
3. the procedure for the election of officers and the length of terms;
4. that there will be at least a president, secretary and treasurer of the organization elected.

C. Annually, but no later October 31<sup>st</sup> of each year, each District-Support Organization shall provide the Superintendent or his/her designee:

1. a copy of its most recent Form 990, Form 990 EZ, Form 990-N (e-Postcard) along with basic financial information, or the Attorney General's Annual Financial Report of Charitable Organizations;
2. a list of current officers and contact information;

3. a list of proposed fund-raising activities for the ensuing school year;
  4. a copy of their most recent charter documents (if they have been changed);
- D. On or before December 1<sup>st</sup>, the Superintendent shall approve and notify each District-Support Organization that meets all the above criteria. Any District Support Organization which fails to comply with all requirements as stated herein shall have their Board support rescinded.
- E. Each organization should abide by the following minimum good accounting and internal control practices;
1. Monies collected by or remitted to the Treasurer shall be deposited no later than weekly.
  2. The organization shall have a written guideline indicating which officers are authorized to draw checks and that a monthly accounting to the Treasurer is required for any officer drawing checks for the organization.
  3. The organization shall prepare a monthly financial statement that is in balance with the bank. A copy of the reconciled bank statement and the financial report indicating that the organization is in balance must be provided to the officers of the organization on a monthly basis.

R.C. 3313.203  
Revised 7/12/99  
Revised 10/17/00  
Revised 6/10/02  
Revised 10/26/04  
Revised 5/26/09  
Revised 6/9/14

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## Dublin City School District Bylaws & Policies

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### **7230 - GIFTS, GRANTS, AND BEQUESTS**

The Board of Education appreciates public interest in and good will toward the schools manifested through gifts, grants, and bequests. The Board reserves the right, however, to specify the manner in which gifts are made; to define the type of gift, grant, or bequest which it considers appropriate; and to reject those which it deems inappropriate or unsuitable. All gifts, grants, or bequests shall be brought to the Board for acceptance and acknowledgement. If accepted, the Board will attempt to carry out the wishes of the donor.

Gifts, grants, and bequests shall become the property of the Board and will be subject to use by the District as determined by the policies and administrative guidelines applying to all properties, equipment, materials, and funds owned by the Board.

Any equipment proposed to be purchased by a parent organization for use in the school or at a District-related event shall be submitted to the Board, prior to purchase, so it can determine if the District would incur any liability by its use.

The Board reserves the right to not accept such liability and thus deny the use of the equipment by students or District employees.

R.C. 9.20, 9.26, 3313.36, 3313.37

# OHIO ETHICS COMMISSION

Ann Marie Tracey, *Chair*  
Ben Rose, *Vice Chair*



David E. Freel, *Executive Director*

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## **INFORMATION SHEET: ADVISORY OPINION NO. 2008-01** **SCHOOL OFFICIAL OR EMPLOYEE RECEIVING** **SUPPLEMENTAL COMPENSATION FOR COACHING**

### **What is the question addressed in the opinion?**

Does the Ethics Law prohibit a school employee, who is compensated by the board of education to serve as a coach or provide support for a school-related activity, from receiving compensation for the same services from any other source, including a booster group or other school support organization?

### **What is the answer in the opinion?**

Yes. The Ethics Law and related statutes prohibit a school district employee from receiving compensation from any other source in exchange for the performance of the duties that the district board of education has authorized the employee to perform.

The law does not prohibit a booster group, school support organization, or other source that supports activities of a school district, from making a voluntary gift to the district. The district can use the donation in whatever way it chooses, within the limitations in the Ethics Law discussed in this opinion.

### **To whom does this opinion apply?**

This opinion applies to any school district, educational service center (ESC), or community school official or employee who is paid by the district, ESC, or community school to provide coaching or other support to school-related activities.

### **When will the conclusions of the opinion become effective?**

The opinion became effective, with changes requested, upon acceptance by the Commission.

### **For More Information, Please Contact:**

David E. Freel, Executive Director, **or**  
Jennifer A. Hardin, Chief Advisory Attorney  
(614) 466-7090

**THIS SHEET IS PROVIDED FOR INFORMATION PURPOSES.**  
**IT IS NOT AN ETHICS COMMISSION ADVISORY OPINION.**  
**ADVISORY OPINION NO. 2008-01 IS ATTACHED.**

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## PTO Treasurer's Information

1. Need to have an EIN# separate and distinct from that of the Dublin City Schools.  
(31-     ). Apply for an EIN by using IRS Form SS-4 (printed and online) or calling (800) 829-4933.
  - a. Online at <https://sa1.www4.irs.gov/modiein/individual/index.jsp>
2. Need to have been granted exempt status from paying taxes on earnings. Apply for tax-exempt status by completing IRS Form 1023.
  - Once you have been approved, the IRS will send you a determination letter stating that you are exempt.
3. Annual Filing requirements:

### Federal:

2010 Tax Year (Filed in 2011 and later)	Form to File
Gross receipts normally < \$50,000	990-N
Gross receipts > \$50,000 and < \$200,000, and Total Assets < \$500,000	990-EZ or 990
Gross receipts > \$200,000, or Total assets > \$500,000	990

### Example:

Gross receipts are considered to be \$50,000 or less if the organization:

- Has been in existence for 1 year or less and received, or donors have pledged to give, \$75,000 or less during its first taxable year;
- Has been in existence between 1 and 3 years and averaged \$60,000 or less in gross receipts during each of its first two tax years; and
- Is at least 3 years old and averaged \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made).

Forms and information:

- Call (877) 829-5500   OR
- Online at:

<http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/Life-Cycle-of-a-Public-Charity>

### State:

- Attorney General of the State of Ohio – Charitable Law Section (614) 466-3181
- All boosters and PTO's handling more than \$25,000 in gross receipts or holding more than \$25,000 in assets to provide annual reports, including financial records
  - Must Register Group **AND**
  - File annually IRS form 990 **OR** the Annual Report of Charitable Organization form

### 4. Substantiation of Receipt of Donations

- Charitable contribution in excess of \$250 must be acknowledged in writing.
- Quid Pro Quo contribution in excess of \$75 must be acknowledged in writing.

## **Annual Electronic Filing Requirement – Small Exempt Organizations(Form 990N/e-Postcard)**

Most small tax-exempt organizations whose annual gross receipts are normally \$50,000 or less (\$25,000 for tax years ending after December 31, 2007 and before December 31, 2010) are required to electronically submit Form 990-N, also known as the e-Postcard, unless they choose to file a complete Form 990 or Form 990-EZ instead.

If you do not file your e-Postcard on time, the IRS will send you a reminder notice. There is no penalty assessment for late filing the e-Postcard, but an organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

### **Due Date of the e-Postcard**

The e-Postcard is due every year by the 15th day of the 5th month after the close of your tax year. For example, if your tax year ended on December 31, the e-Postcard is due May 15 of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the due date is the next business day. You cannot file the e-Postcard until after your tax year ends.

### **How To File**

Click here to file the e-Postcard. If you have trouble accessing the system using that link, you may be able to access the filing site directly by typing or pasting the following address into your Internet browser: <http://epostcard.form990.org>. When you access the system, you will leave the IRS site and file the e-Postcard with the IRS through our trusted partner, Urban Institute. The form must be completed and filed electronically. There is no paper form.

### **Information You Will Need To File the e-Postcard**

The e-Postcard is easy to complete. All you need is eight items of basic information about your organization.

1. Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN)).
2. Tax year
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization's annual gross receipts are normally \$25,000 or less (\$50,000 for tax years ending on or after December 31, 2010)
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

### **Who Must File**

Most small tax-exempt organizations with gross receipts that are normally \$50,000 or less (\$25,000 for tax years ending on or after December 31, 2007 and before December 31, 2010) must file the e-Postcard. Exceptions to this requirement include:

- \* Organizations that are included in a group return,
- \* Churches, their integrated auxiliaries, and conventions or associations of churches, and
- \* Organizations required to file a different return



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## Exempt Organizations Select Check

990-N (*e-Postcard*) filer Information

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**Tax Period:**

2011 (08/01/2011 - 07/31/2012)

**Employer Identification Number (EIN):**

31-123456

**Legal Name:**

Dublin School Support Organization

**Mailing Address:**

2222 Charity Road

Dublin, OH 43016

United States

**Doing Business As:**

**Gross receipts not greater than:**

\$25,000

**Organization has terminated:**

No

**Principal Officer's Name and Address:**

Joe Support

123 Support Lane

Dublin, OH 43016

United States

**Website URL:**

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**Related 990-N (*ePostcard*) Filings:**

## IRS 990 E-postcard Filing Error

PBUSA is aware of two (2) common problems that may cause our members to received an error message when they attempt to file IRS Form 990 e-postcard:

1. The IRS has your organization's fiscal year listed incorrectly; or,
2. The IRS has not added your organization to its master file of tax-exempt organizations.

If the IRS does not have your organization's correct fiscal year on file, or has not yet added your organization to its master file, you will receive an error message when attempting to file IRS Form 990 e-postcard.

To resolve this problem you may:

Send a letter (see sample below) along with a copy of the error message that you received (see sample letter and IRS address below). In the letter include your organization's:

--name  
--address  
--EIN (employer identification number)  
--fiscal year (i.e. July 1-June 30)  
-- name of a principal officer

Also confirm in the letter that your organization attempted to timely file IRS Form 990 e-postcard online, and that your organization had annual gross receipts of less than \$25,000.

Keep a copy of your letter and the error message, and attempt to file the IRS Form 990 e-postcard again in 6 months.

### SAMPLE IRS LETTER TO REPORT FORM 990 E-POSTCARD FILING ERROR

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0027

Dear Sir or Madam:

We received the attached error message when we attempted to file IRS Form 990 e-Postcard. We attempted to timely file our IRS Form 990 e-Postcard between the 1<sup>st</sup> day of the 1<sup>st</sup> month and the 15<sup>th</sup> day of the 5<sup>th</sup> month following the end of our fiscal year. Our organization had \$25,000 or less in gross receipts during the fiscal year for which we were attempting to file IRS Form 990 e-postcard. Our organization is tax-exempt a member of Parent Booster USA, Inc., Group letter ruling #5271.

Provided here is the additional information regarding our organization that we understand is requested on IRS Form 990 e-postcard:

Name of organization: \_\_\_\_\_

Address of organization: \_\_\_\_\_  
NUMBER STREET

CITY STATE

ZIP

EIN of organization: \_\_\_\_\_

Fiscal year of organization: \_\_\_\_\_ to \_\_\_\_\_

Name of principal officer of organization: \_\_\_\_\_

Kind regards,

Printed name

Date

ATTACH COPY OF WEB PAGE SHOWING ERROR RECEIVED



# Quid Pro Quo Contributions

What is a Quid Pro Quo Contribution?

A payment that is given both as a contribution and as a payment for goods or services provided by the donee organization.

What qualifies as a Quid Pro Quo contribution?

Certificates, Sweatshirts, other sales

What disclosure requirements are necessary?

A written statement to each donor.

**Note:**

For more detailed information on Quid Pro Quo and other charitable contributions see pages 20 and 21 of this handout.

# Substantiating Charitable Contributions

Many charitable organizations described in section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible contributions in accordance with section 170. Most eligible organizations are listed in Exempt Organizations Select Check (Pub 78 database).

A charitable organization must provide a written disclosure statement to donors of a quid pro quo contribution in excess of \$75. A *quid pro quo contribution* is a payment made to a charity by a donor partly as a contribution and partly for goods or services provided to the donor by the charity. For example, if a donor gives a charity \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution portion of the payment is \$60. Even though the part of the payment available for deduction does not exceed \$75, a disclosure statement must be filed because the donor's payment (quid pro quo contribution) exceeds \$75. The required written disclosure statement must:

1. Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by the charity, and
2. Provide the donor with a good faith estimate of the value of the goods or services that the donor received.

The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when the associated contribution is actually received.

No disclosure statement is required when:

1. The goods or services given to a donor meet the standards for *insubstantial value* set out in Revenue Procedure 90-12, 1990-1 C.B. 471, and Revenue Procedure 92-49, 1992-1 C.B. 987 (as updated);
2. There is no donative element involved in a particular transaction with a charity (for example, there is generally no donative element involved in a visitor's purchase from a museum gift shop); or
3. There is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to the donor by an organization organized exclusively for religious purposes, and must be of a type that generally is not sold in a commercial transaction outside the donative context.

A penalty is imposed on a charity that does not make the required disclosure in connection with a quid pro quo contribution of more than \$75. The penalty is \$10 per contribution, not to exceed \$5,000 per fund-raising event or mailing. The charity can avoid the penalty if it can show that the failure was due to reasonable cause.

Under a new recordkeeping rule effective for all cash, check, electronic funds transfers, credit card charges, or other monetary contributions of any amount made in taxable years beginning after August 17, 2006, the donor must obtain and keep a bank record or a written communication from the donee as a record of the contribution. Written records prepared by the donor (such as check registers or personal notations) are no longer sufficient to support charitable contributions. *Bank records* for this recordkeeping requirement include bank or credit union statements, canceled checks, or credit card statements. They must show the date paid or posted, the name of the charity, and the amount of the payment. Taxpayers who claim charitable contributions made by payroll deduction can satisfy the recordkeeping requirement if the donor has (1) a pay stub, W-2, or other document furnished by the employer that states the amount withheld for payment to charity, and (2) a pledge card or other document prepared by or at the direction of the charity that shows the name of a donee. An organization described in section 170(c), or a Principal Combined Fund Organization for purposes of the Combined Federal Campaign, will be treated as a donee organization for purposes of the new recordkeeping provision.

A donor claiming a deduction of \$250 or more is also required to obtain and keep a contemporaneous written acknowledgment for a charitable contribution. To be contemporaneous the written acknowledgment must generally be obtained by the donor no later than the date the donor files the return for the year the contribution is made. The written acknowledgment must state whether the donee provides any goods or services in consideration for the contribution. If the donee provides goods or services to the donor in exchange for the contribution (a quid pro quo contribution), the written acknowledgment must include a good faith estimate of the value of the goods or services. The donee is not required to record or report this information to the IRS on behalf of a donor. The donor is responsible for requesting and obtaining the written acknowledgement from the donee. Although there is no prescribed format for the written acknowledgment, it must provide sufficient information to substantiate the amount of the contribution. For more information, see Publication 1771.

The contemporaneous written acknowledgment may be contained in the same document as the written communication from the donee used to satisfy the new cash recordkeeping requirement, as long as it contains all information required by both the recordkeeping requirement and the contemporaneous written acknowledgment requirement.

For claimed contributions over \$5,000, generally a qualified appraisal prepared by a qualified appraiser must be obtained. For appraisals prepared in connection with returns or submissions filed after August 17, 2006, see Notice 2006-96.

Household items and clothing contributed to charity after August 17, 2006 must be in at least good used condition to be deductible. This requirement does not apply to contributions of food, paintings, antiques, other art objects, jewelry and gems, or collections, and does not apply to a contribution of an item for which a deduction of more than \$500 is claimed if the taxpayer obtains a qualified appraisal of the item.

<http://www.irs.gov/Charities-&-Non-Profits/Substantiating-Charitable-Contributions>

## GIFTS RECEIPT

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Thank-you for your generous contribution in support of our organization. The following is provided for you records.

Project

\_\_\_\_\_

Explanation of goods/services

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Amount of Gift

\_\_\_\_\_

Less: Estimated FMV Value

\_\_\_\_\_

Net Amount of Charitable  
Contribution Deduction

\_\_\_\_\_

=====

**KEEP FOR YOUR TAX RECORDS**



# MIKE DeWINE

★ OHIO ATTORNEY GENERAL ★

Charitable Law Section  
Office 614.466.3181  
Fax 614.466.9788

150 East Gay Street, 23<sup>rd</sup> Floor  
Columbus, Ohio 43215-3130  
[www.OhioAttorneyGeneral.gov](http://www.OhioAttorneyGeneral.gov)

## OHIO CHARITABLE TRUST ACT INFORMATION SHEET

(Sections 109.23-.33, Ohio Revised Code)

### REGISTRATION

The term "trust" is broadly defined to include any 501(c)(3) tax exempt organization or any 501(c)(4) charitable healthcare organization. Every charitable trust established or active in Ohio is required to register with the Attorney General's Charitable Law Section. Exemptions from registration are described in Attorney General Rules 109:1-1-02(B)(1)-(8) and can be found on the Charitable Law website. The Charitable Trust Registration Form (CFR-1) is to be filed, along with a copy of the instrument creating the organization, a copy of the Internal Revenue Service determination letter of exempt status, and an annual report for each of the three most recent years. Any subsequent amendments to these instruments must also be filed with the Attorney General.

### ANNUAL REPORT

Each organization subject to registration shall also file an annual report with the Attorney General for each calendar or fiscal year in which it has gross receipts of more than \$25,000 or gross assets of more than \$25,000. The report shall be either the Annual Report of Charitable Organization form if the organization does not file a 990, complete copies of all annual federal returns required to be filed by the organization with the Internal Revenue Service and all attachments, (excluding the donor list), or the Verification of Filing with the Internal Revenue Service form, as required by Attorney General Rule 109:1-1-04(A)(1)-(3). All annual reports are required to be filed with the Attorney General on or before the fifteenth day of the fifth month following the close of the organization's taxable year, or by the due date of any federal extension.

### FILING FEES

The following fees are due with the annual financial report:

<u>Assets</u>	<u>Fees</u>
Less than \$25,000	\$ -0-
\$25,000 but less than \$100,000	\$ 50
\$100,000 but less than \$500,000	\$100
\$500,000 or more	\$200
Late fee	\$200

The term "assets" refers to the total current value of the trust's assets which are irrevocably devoted to charitable purposes at the end of the taxable year. Please note that any charitable trust that fails to pay this fee at the time required shall pay an additional fee of two hundred dollars. Any fee owed is not due until the federal due date. We honor all federal extensions. Checks are to be made payable to "*Treasurer, State of Ohio*."

Always refer to your EIN when corresponding with this Office. Send all registration forms, annual financial reports, and fees, and direct all questions and correspondence to:

Ohio Attorney General  
Charitable Law Section  
150 East Gay Street, 23<sup>rd</sup> Floor  
Columbus, Ohio 43215-3130  
(614) 466-3181

(revised 4/11)

## 109:1-1-02 Registration and exemptions.

(A) Registration. Unless exempted under section 109.26 of the Revised Code or under paragraph (B) of this rule, all charitable trusts are required to register with the attorney general within six months after the creation of the charitable trust or within six months after occurrence of an event by reason of which such charitable trust is required to register, whichever is first.

(B) Exemptions. The following charitable trusts are exempt from registration with the attorney general:

(1) Any governmental unit. For purposes of this paragraph, "governmental unit" means a political subdivision, agency, department, county, parish, municipal corporation, or other unit of the government of the United States, a state, or a foreign country. "Governmental unit" includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

**(2) Any parent-teacher association, fraternity, alumni, booster or social club that for any taxable year has gross receipts of less than twenty-five thousand dollars and at the end of which has gross assets of less than twenty-five thousand dollars and which is organized and operated in conjunction with and for the benefit of students of primary and secondary schools and educational institutions.**

(3) Organizations which are organized and operated exclusively for religious purposes. These include churches, conventions and associations of churches, or integrated auxiliaries of a church.

(4) Educational institutions which normally maintain a regular faculty and curriculum and normally have a regular body of pupils or students in attendance at the place where its educational activities are carried on.

(5) Charitable trusts in which all charitable interests are contingent, revocable, or subject to an unlimited power of invasion for purposes other than charitable purposes.

(6) Charitable trusts which are not located in Ohio. For purposes of this paragraph, a charitable trust is located in Ohio and must register if not otherwise exempt if it is incorporated or otherwise organized in Ohio, filed a return or other document with the internal revenue service indicating that the charitable trust is located in Ohio, conducts program services in Ohio or has assets in Ohio. For the purpose of this paragraph, "assets" includes cash, inventory, equipment, real estate, securities, investments, financial accounts and any other property.

(C) Registration. All charitable trusts required to register shall register through the attorney general's website at: [www.ohioattorneygeneral.gov/charitableregistration](http://www.ohioattorneygeneral.gov/charitableregistration).

(D) All charitable trusts required to register shall provide the following documents to the attorney general:

(1) A copy of the will, pertinent part of the trust instrument, deed, indenture or articles of incorporation, bylaws, and constitution and any subsequent amendments of these instruments that created or funded the charitable trust, and pursuant to which it is administered; and

(2) A copy of the internal revenue service determination letter of exempt status, if available from the internal revenue service.

Effective: 08/10/2012

R.C. 119.032 review dates: 07/31/2017

Promulgated Under: 119.03

Statutory Authority: 109.27

Rule Amplifies: 109.26

## 109:1-1-04 Annual report.

(A) Any charitable trust which is required to register with the attorney general pursuant to rule 109:1-1-02 of the Administrative Code, must file an annual report for any taxable year in which such trust has gross receipts of more than twenty-five thousand dollars or gross assets of more than twenty-five thousand dollars. The report shall be one of the following:

(1) All charitable trusts required to file an annual report with the attorney general but exempt from filing financial information with the internal revenue service, shall file a form prescribed by the attorney general which shall contain a summary of the income, expenses, assets, liabilities, and net worth for the taxable year, and which may contain other information consistent with information contained in federal returns or purposes defined in paragraphs (B)(1) and (B)(2) of rule 109:1-1-01 of the Administrative Code. The report shall be signed or verified by a trustee or officer of the organization submitting the form.

(2) All charitable trusts required to file an annual report with the attorney general and also required to file forms 990, 990-PF, 990-EZ, or 990-N with the internal revenue service, shall file a form prescribed by the attorney general certifying that the organization has filed such forms with the internal revenue service, signed or verified by a trustee or officer of the organization.

(3) All other charitable trusts required to file an annual report with the attorney general shall file complete copies of all annual federal returns required to be filed by the organization with the internal revenue service for the taxable year, together with all schedules, attachments, and reports due with such federal return or returns, excepting lists of donors which are not public record under federal law. Such annual federal returns shall not be deemed to include copies of employment tax returns or wage reports.

(B) The annual report shall be filed on or before the fifteenth day of the fifth month following the close of the trust's taxable year. Annual federal returns shall be filed with the attorney general at the same time as required by the internal revenue service, taking into account any applicable extension of the federal filing date.

(C) The following fees shall accompany the annual report:

Assets	Fees
Less than \$25,000	\$-0-
\$25,000 but less than \$100,000	\$50
\$100,000 but less than \$500,000	\$100
\$500,000 or more	\$200
Late fee	\$200

The term "assets" refers to the total current value of the trust's assets which are irrevocably devoted to charitable purposes at the end of the taxable year for which the annual report is being filed. The current value of the assets shall reflect the most recent valuation consistent with generally accepted accounting principles. Filing fees must be paid by check or by other electronic form of payment acceptable to the attorney general, payable to the treasurer, state of Ohio.

Effective: 12/02/2010

R.C. 119.032 review dates: 03/20/2015

Promulgated Under: 119.03

Statutory Authority: 109.27

Rule Amplifies: 109.31

Prior Effective Dates: 5/3/1976, 5/30/1997, 5/13/2004, 11/27/2006, 6/18/2010



**STATE OF OHIO**  
Office of the Attorney General

**Annual Financial Report of Charitable Organization**

This form is to be completed by an organization which does not file an annual federal information return with the Internal Revenue Service.

Name of Organization	State registration number
Address	Employer identification number (EIN)
City, State, ZIP Code	E-mail address
	Exempt under IRC Section 501(c)

This report is for the year ended (Month/Day/Year): \_\_\_\_\_

Fair market value of assets at year end: \_\_\_\_\_

**Part 1 Statement of Support, Revenue, Expenses, and Changes in Net Assets or Fund Balances**

**Support and Revenue**

- 1 Contributions, gifts, grants, and similar amounts received \_\_\_\_\_
- 2 Government contributions and grants received \_\_\_\_\_
- 3 Program service revenue \_\_\_\_\_
- 4 Membership dues and assessments \_\_\_\_\_
- 5 Net gain or (loss) from the sale of assets other than inventory \_\_\_\_\_
- 6 Interest \_\_\_\_\_
- 7 Dividends \_\_\_\_\_
- 8 Other investment income \_\_\_\_\_
- 9 Other revenue \_\_\_\_\_
- 10 **Total revenue** (add lines 1 through 9)

**Expenses**

- 11 Program services (from Part 2, line 28, column B) \_\_\_\_\_
- 12 Management and general (from Part 2, line 28, column C) \_\_\_\_\_
- 13 Fundraising (from Part 2, line 28, column D) \_\_\_\_\_
- 14 **Total expenses** (add lines 11 through 13)

**Net Assets/Fund Balances**

- 15 Excess or (deficit) for the year (subtract line 14 from line 10) \_\_\_\_\_
- 16 Net assets or fund balances at beginning of year (from Part 3, line 29, column A) \_\_\_\_\_
- 17 Other changes in net assets or fund balances (attach explanation) \_\_\_\_\_
- 18 **Net assets or fund balances at end of year** (add lines 15 through 17)



**Part 2 Statement of Functional Expenses**

Expenses	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
1 Grants and allocations				
2 Specific assistance to individuals				
3 Benefits paid to or for members				
4 Compensation of officers, directors, etc.				
5 Other salaries and wages				
6 Pension plan contributions				
7 Other employee benefits				
8 Payroll taxes				
9 Professional fundraising fees				
10 Accounting fees				
11 Legal fees				
12 Supplies				
13 Telephone				
14 Postage and shipping				
15 Occupancy				
16 Equipment rental and maintenance				
17 Printing and publications				
18 Travel				
19 Conferences, conventions, meetings				
20 Interest				
21 Depreciation, depletion, etc.				
22 Other expenses (itemize):				
23 .....				
24 .....				
25 .....				
26 .....				
27 .....				
28 <b>Total functional expenses</b> (add lines 1 through 27) (carry columns (B)- (D) totals to Part 1, lines 11-13)				

### Part 3 Balance Sheet

	(A) Beginning of year	(B) End of year
<b>Assets</b>		
1 Cash - non-interest-bearing		
2 Savings and temporary cash investments		
3 Accounts receivable		
4 Pledges receivable		
5 Grants receivable		
6 Other notes and loans receivable		
7 Inventories for sale or use		
8 Prepaid expenses and deferred charges		
9 Investments - securities		
10 Investments - land, building and equipment		
11 Investments - other		
12 Land, buildings and equipment		
13 Other assets (attach schedule)		
14 <b>Total assets</b> (add lines 1 through 13) (must equal line 30 below)		
<b>Liabilities</b>		
15 Accounts payable and accrued expenses		
16 Grants payable		
17 Deferred revenue		
18 Loans from officers, directors, trustees, and key employees		
19 Tax-exempt bond liabilities		
20 Mortgages and other notes payable		
21 Other liabilities (attach schedule)		
22 <b>Total liabilities</b> (add lines 15 through 21)		
<b>Net Assets or Fund Balances</b>		
23 Unrestricted funds		
24 Temporarily restricted funds		
25 Permanently restricted funds		
26 Capital stock, trust principal, or current funds		
27 Paid-in or capital surplus, or land, bldg., and equipment fund		
28 Retained earnings, accumulated income, endowment, or other funds		
29 <b>Total net assets or fund balances</b> (add lines 23 through 28)		
30 <b>Total liabilities and net assets/fund balances</b> (add lines 22 and 29) (must equal line 14 above)		

**Part 4 Solicitation of Contributions****Yes** **No**

1 a. Did the organization solicit contributions from the general public?

☐ ☐

b. Please indicate the amount of contributions received from persons in Ohio.

\$ \_\_\_\_\_

c. For National Organizations or soliciting organizations not located in the State of Ohio, please indicate the amount of distributions to Ohio recipients.

\$ \_\_\_\_\_

2 Did the organization use the services of a fund-raising counsel, professional solicitor, commercial co-venturer or other charitable organization to solicit contributions?

☐ ☐

If "Yes", complete the following information including the amount of funds received from each. Attach additional pages, if necessary.

NameAddressFunds received

_____	_____
_____	_____
_____	_____

**Part 5 General Information**☐ ☐

1 Were any changes made in the governing documents of the organization?

If "Yes", attach a copy of the new document.

\_\_\_\_\_

2 Were any changes made to the information contained on the organization's registration statement on file with the Attorney General?

If "Yes", attach a schedule of the changes.

☐ ☐\_\_\_\_\_

3 Provide the following information for the location where the organization's books and records are maintained.

NameAddressTelephone No.

_____	_____	_____
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**Part 6 Certification by Organization**

I certify that I have examined this financial report, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer \_\_\_\_\_

Date \_\_\_\_\_

Printed name \_\_\_\_\_

Title \_\_\_\_\_

Telephone No. \_\_\_\_\_

Direct correspondence to the following address (include the organization's state registration number):

Ohio Attorney General  
Charitable Law Section  
150 East Gay Street - 23rd Floor  
Columbus, Ohio 43215-3130  
(614)466-3180

(revised 6/06 f:\charitable\charitable forms\AFR.xls)



## Instructions for preparing Ohio's Annual Financial Report of Charitable Organization

The filing of an annual financial report by a registered charitable organization is a requirement pursuant to both the Ohio Charitable Trust Act and the Ohio Charitable Organizations Act.

### Who Must File

If the organization is registered pursuant to the Ohio Charitable Trust Act (Sections 109.23-33, Ohio Revised Code), and has gross receipts of more than \$5,000 or gross assets of more than \$15,000, it must file an annual financial report with the Attorney General. A completed Annual Financial Report of Charitable Organization form satisfies this requirement. In lieu of this form, the organization may file a complete copy of its annual federal return that is required to be filed with the Internal Revenue Service (such as a Form 990).

The Ohio Charitable Organizations Act (Chapter 1716, Ohio Revised Code) requires every charitable organization that intends to solicit contributions in Ohio (with certain statutory exceptions) to register annually with the Attorney General. A completed Annual Financial Report of Charitable Organization form is required to be included as part of the registration statement filed by the organization. In lieu of this form, the organization may file a complete copy of its annual federal return that is required to be filed with the Internal Revenue Service (such as a Form 990).

### Completing the Annual Financial Report

The following instructions are provided to assist in completing the Annual Financial Report.

#### State registration number

Enter the State of Ohio registration number assigned to the organization by the Attorney General's Charitable Law Section.

#### Employer identification number (EIN)

Enter the Federal employer identification number (EIN) assigned to the organization by the Internal Revenue Service.

#### Exempt under IRC Section 501(c)

If the organization is exempt under Internal Revenue Code Section 501(c), enter the section number that identifies the type of exempt status granted the organization. *Example:* Enter a "3" if the organization was granted 501(c)(3) status as a charitable, religious, educational, scientific, etc., organization. Enter a "4" if the organization was granted 501(c)(4) status as a civic league or social welfare organization.

#### This report is for the year ended (Month/Day/Year)

Enter the last day of the organization's fiscal year accounting period for which this Annual Financial Report is being completed.

#### Fair market value of assets at year end

Enter the amount of the fair market value of the organization's assets that are irrevocably devoted to charitable purposes at the end of the fiscal year and that reflects the most recent valuation consistent with generally accepted accounting principles. The annual filing fee charged pursuant to the Charitable Trust Act is based on this amount.

### Part 1 – Statement of Support, Revenue, Expenses, and Changes in Net Assets or Fund Balances

#### Support and Revenue

##### Line 1 – Contributions, gifts, grants, and similar amounts received

Enter amounts received as voluntary contributions of direct and indirect public support. Direct public support includes amounts received from the public in response to solicitation campaigns; amounts received exceeding the retail value of any items provided to the donor; and non-governmental grants received that encourage the organization to carry on its exempt purpose. Indirect public support includes amounts received from affiliates, other related organizations and federated fundraising agencies (for example, United Way).

##### Line 2 – Government contributions and grants received

Enter the total amount of grants and other payments received from governmental units.

##### Line 3 – Program service revenue

Enter amounts the organization received for providing the services it was created to offer. This includes income from services that primarily form the basis for the organization's tax exemption, interest from program-related investments, and rental income from an exempt function.

##### Line 4 – Membership dues and assessments

Enter amounts received from members and affiliates for which they will receive membership benefits in return. To the extent that membership dues exceed the value of the

benefits, the excess amounts received are considered contributions and should be included on line 1.

**Line 5 – Net gain or (loss) from the sale of assets other than inventory**

Enter the net gain or loss from the sale of investments such as securities, real estate, royalty interests, or partnership interests. The net gain or loss is determined by subtracting the cost from the gross sales price. If the cost is more than the gross sales price, report the loss in parentheses.

**Line 6 – Interest**

Enter the amount of interest income from savings and temporary cash investments.

**Line 7 – Dividends**

Enter the amount of dividends from securities, stocks and bonds.

**Line 8 – Other investment income**

Enter the amount of investment income not reported as interest and dividend income.

**Line 9 – Other revenue**

Enter amounts from other sources, such as interest on loans to officers or other related individuals, and revenue from bingo or other gambling activities.

**Line 10 – Total revenue**

Add lines 1 through 9 and enter the total here.

**Expenses**

Complete Part 2, Statement of Functional Expenses, on page 2, and then enter on lines 11 through 13 the appropriate amounts from the totals for columns (B), (C), and (D) reported on line 28 of Part 2.

**Line 11 – Program services**

Enter the total amount expended for the activities, programs, and purposes for which the organization was created to conduct, and that forms the basis of the organization's exempt status.

**Line 12 – Management and general**

Enter the total amount expended for the administrative costs of running the organization.

**Line 13 – Fundraising**

Enter the total amount expended for soliciting contributions, gifts or grants, including the costs of direct mail and telephone solicitation campaigns and amounts paid to professional solicitors.

**Line 14 – Total expenses**

Add lines 11 through 13 and enter the total here.

**Net Assets/Fund Balances**

**Line 15 – Excess or (deficit) for the year**

Subtract line 14 from line 10 and enter the total here. If line 14 is more than line 10, report the loss in parentheses.

**Line 16 – Net assets or fund balances at beginning of year**

Complete Part 3, Balance Sheet, on page 3, and then enter the amount from Part 3, column (A) line 29.

**Line 17 – Other changes in net assets or fund balances**

Enter the amount of any changes in net assets or fund balances between the beginning and end of the year that are not accounted for by the amount on line 15. Attach a schedule explaining any amounts reported here.

**Line 18 – Net assets or fund balances at end of year**

Add lines 15, 16, and 17, and enter the total here. This total figure must equal the amount reported in Part 3, column (B) line 29.

**Part 2 – Statement of Functional Expenses**

Report, in the appropriate column, expenses that are directly attributable to a particular functional category. Allocate total expenses (column A) into the three functional categories: program services (column B); management and general (column C); and fundraising (column D).

**Line 1 – Grants and allocations**

Enter the amount of awards and grants to individuals and organizations selected by the filing organization (i.e. scholarships, fellowships, research grants, etc.).

**Line 2 – Specific assistance to individuals**

Enter the amount of payments to, or for the benefit of particular clients or patients.

**Line 3 – Benefits paid to or for members**

Enter the amount of benefits paid to or on behalf of members, such as death, sickness, hospitalization, disability, or unemployment compensation benefits. Do not include employee benefits, to be included on line 6 or 7 below.

**Line 4 – Compensation of officers, directors, etc.**

Enter the total compensation paid to officers, directors, trustees, and key employees.

**Line 5 – Other salaries and wages**

Enter the total amount of employees' salaries not reported on line 4 above.

**Line 6 – Pension plan contributions**

Enter the employer's share of contributions paid to pension plans.

**Line 7 – Other employee benefits**

Enter the organization's contributions to employee benefit programs (such as health, insurance, and welfare programs) that are not part of pension plans. Also, include expenses for employee events such as a picnic or holiday party.

**Line 8 – Payroll taxes**

Enter the amount of federal, state, and local payroll taxes imposed on the organization as an employer.

**Line 9 – Professional fundraising fees**

Enter the fees paid to outside fundraisers for solicitation campaigns they conducted, or for consultation services connected with a solicitation of contributions by the organization itself.

**Line 10 – Accounting fees**

Enter the total accounting and auditing fees charged by outside firms and individuals that are not employees of the organization.

**Line 11 – Legal fees**

Enter the total legal fees charged by outside firms and individuals that are not employees of the organization. Do not include any penalties, fines, or judgments imposed against the organization.

**Line 12 – Supplies**

Enter the total amount paid for office, classroom, medical, and other supplies used.

**Line 13 – Telephone**

Enter the total telephone, telegram, and similar expenses.

**Line 14 – Postage and shipping**

Enter the total cost of shipping materials, such as postage, parcel delivery, trucking, and other delivery expenses.

**Line 15 – Occupancy**

Enter the total expenses for the use of office space (i.e. rent, heat, light, power, utilities, outside janitorial, property insurance, mortgage interest, real estate taxes, etc.). Do not include telephone expenses reported on line 13 above.

**Line 16 – Equipment rental and maintenance**

Enter the cost of renting and maintaining office equipment and other equipment. Do not include automobile and truck expenses reported on lines 14 and 18.

**Line 17 – Printing and publications**

Enter expenses related to printing, publishing, and/or purchasing newsletters, flyers, films, and other informational material. Do not include salaries and postage.

**Line 18 – Travel**

Enter the total travel expenses, such as fares, mileage allowances, automobile expenses, meals, and lodging.

**Line 19 – Conferences, conventions, meetings**

Enter the total expenses incurred in conducting and/or attending meetings, including registration fees and fees for speakers (but not travel expenses reported on line 18).

**Line 20 – Interest**

Enter the total interest expense for the year. Do not include mortgage interest included as occupancy expense on line 15 above.

**Line 21 – Depreciation, depletion, etc.**

If the organization records depreciation, depletion, and similar expenses, enter the total for the year. Also, include depreciation of leasehold improvements.

**Lines 22 through 27 – Other expenses**

Show the type and amount of each significant expense for which a separate line is not provided. Include any miscellaneous totals, investment counseling expenses, penalties, and fines.

**Line 28 – Total functional expenses**

Add lines 1 through 27 in columns (A) through (D) and enter the totals in the appropriate columns.

**Part 3 – Balance Sheet**

Report the beginning and end of year balances for all assets, liabilities and net assets or fund balances.

**Assets****Line 1 – Cash – non-interest-bearing**

Enter the total of non-interest-bearing checking accounts, deposits in transit, change funds, petty cash funds, or any other non-interest-bearing account.

**Line 2 – Savings and temporary cash investments**

Enter the total of interest-bearing accounts, including money market funds, certificates of deposit, U.S. Treasury bills, and other governmental obligations that mature in less than 1 year.

**Line 3 – Accounts receivable**

Enter the total of accounts receivable reduced by the allowance for doubtful accounts.

**Line 4 – Pledges receivable**

Enter the total pledges receivable. Do not include the amount of pledges estimated to be uncollectible.

**Line 5 – Grants receivable**

Enter the total grants receivable from governmental agencies, foundations, and other organizations.

**Line 6 – Other notes and loans receivable**

Enter the total of notes and loans receivable not acquired as investments. Include loans for normal activities, such as by a credit union to its members or scholarship loans by a section 501(c)(3) organization. Include all receivables due from officers, directors, trustees and other related parties.

**Line 7 – Inventories for sale or use**

Enter the amount of materials, goods, and supplies purchased or manufactured for future sale or use.

**Line 8 – Prepaid expenses and deferred charges**

Enter the amount of prepaid expenses incurred for a future accounting period.

**Line 9 – Investments – securities**

Enter the book value of securities held as investments.

**Line 10 – Investments – land, building and equipment**

Enter the book value (cost less accumulated depreciation) of land, buildings, and equipment held for investments.

**Line 11 – Investments – other**

Enter the amount of all other investment holdings. Do not include program-related investments (the income from which is reported as program service revenue), to be reported on line 13 below.

**Line 12 – Land, buildings and equipment**

Enter the book value (cost less accumulated depreciation) of land, buildings, and equipment used by the organization in conducting its exempt activities and not held for investment.

**Line 13 – Other assets**

Attach a separate schedule listing the book value of each category of assets not reported on the previous lines. Include program-related investments, or investments made to accomplish the exempt purpose.

**Line 14 – Total assets**

Add lines 1 through 13 and enter the totals in the appropriate columns. The amounts on line 14 must equal the amounts on line 30 for both the beginning and end of the year.

**Liabilities****Line 15 – Accounts payable and accrued expenses**

Enter the total of accounts payable and accrued expenses, such as salaries payable, accrued payroll taxes and interest payable.

**Line 16 – Grants payable**

Enter the unpaid portion of grants and awards that the organization has made a commitment to pay, whether or not the commitments have been communicated to the grantees.

**Line 17 – Deferred revenue**

Include revenue received, but not yet earned.

**Line 18 – Loans from officers, directors, trustees, and key employees**

Enter the unpaid balance of loans received from officers, directors, trustees, and key employees.

**Line 19 – Tax-exempt bond liabilities**

Enter the amount of tax exempt bonds issued by the organization on behalf of a state or local government, or by a state or local government on behalf of the organization.

**Line 20 – Mortgages and other notes payable**

Enter the amount of mortgages and other notes payable.

**Line 21 – Other liabilities**

Attach a separate schedule listing the amount of each liability not reported on the previous lines.

**Line 22 – Total liabilities**

Add lines 15 through 21 and enter the totals in the appropriate columns.

**Net Assets or Fund Balances****Line 23 – Unrestricted funds**

Enter the balance per financial records of net assets without donor-imposed restrictions.

**Line 24 – Temporarily restricted funds**

Enter the balance per financial records of the temporarily restricted class of net assets. The donors' restrictions may include time restrictions or purpose restrictions.

**Line 25 – Permanently restricted funds**

Enter the balance per financial records of permanently restricted net assets, such as land or works of art, donated with stipulations that they be used for a specific purpose, be preserved, and not be sold, or assets donated with stipulations that they be invested to provide a permanent source of income.

**Line 26 – Capital stock, trust principal, or current funds**

For trusts, enter the amount of trust principal or corpus account. For corporations, enter the balance per financial records for capital stock accounts.

**Line 27 – Paid-in or capital surplus, or land, bldg., and equipment fund**

Enter the balance per financial records for all paid-in capital in excess of par or stated value for all stock issued. Enter the fund balance for the land, building, and equipment fund.

**Line 28 – Retained earnings, accumulated income, endowment, or other funds**

For trusts, enter the balance per financial records of the accumulated income or similar account. For corporations, enter the balance in the retained earnings account minus the cost of any corporate treasury stock. For fund accounting, enter the fund balances for the permanent and term endowment funds plus balances of any funds not included on lines 26 and 27 above.

**Line 29 – Total net assets or fund balances**

Add lines 23 through 28 and enter the totals in the appropriate columns.

**Line 30 – Total liabilities and net assets/fund balances**

Add lines 22 and 29 and enter the totals in the appropriate columns. This amount must equal the amount for total assets reported on line 14 for both the beginning and end of the year.

#### **Part 4 – Solicitation of Contributions**

Part 4 should only be completed by all soliciting organizations.

##### **Line 1a – Did the organization solicit contributions from the general public**

Indicate "yes" if this is a charitable organization that solicited contributions in this state by any means or had contributions solicited in this state on its behalf. If "yes", complete questions 1b and 1c. If "no", proceed to Part 5.

##### **Line 1b – Please indicate the amount of contributions received from person in Ohio**

This question should only be completed by organizations outside the state of Ohio. Indicate the amount of solicited contributions received from persons in Ohio.

##### **Line 1c – Amount of Distributions to Ohio Receipts**

This question should only be completed by organizations outside the state of Ohio. Indicate the amount of the solicited contributions from 1b that were distributed to Ohio recipients.

##### **Line 2 – Use of an Organization to Solicit Contributions**

Indicate if the charitable organization contracted with a fund-raising counsel, professional solicitor, commercial co-venturer or other charitable organization to solicit contributions on its behalf. If "yes", indicate the name of the fund-raising counsel, professional solicitor, commercial co-venturer or other charitable organization and indicate the amount of funds received.

#### **Part 5 – General Information**

##### **Line 1 – Changes to the Governing Documents**

Indicate if there were changes to the organization's governing documents during the preceding fiscal year. If "yes", a copy must be provided to the Ohio Attorney General's Office.

##### **Line 2 – Changes to the Original Registration Statement filed with the Ohio Attorney General's Office**

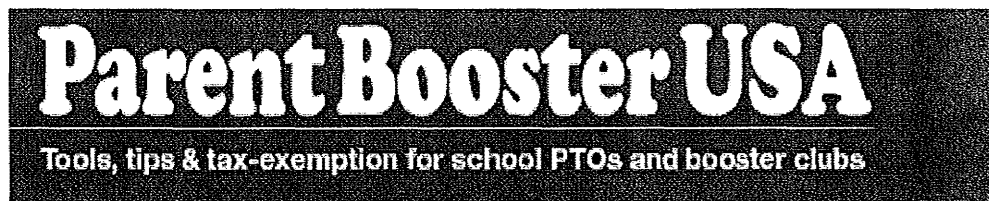
Indicate if there were changes to the organization that would affect the original Registration Statement that is on file with the Ohio Attorney General's Office. If "yes", a schedule of the changes must be provided to the Ohio Attorney General's Office.

##### **Line 3 – Certification by Organization**

An individual within the organization should review and examine the Annual Financial Report and accompanying documents and provide a signature to confirm the validity of the report.

(revised 5/06 finInst.doc)





## BOOSTER CLUB START-UP, OPERATIONS, AND RECOMMENDED FINANCIAL PRACTICES GUIDE\*

### STEP #1: ORGANIZE PROPERLY

#### It's as easy as A, B, C

##### A: Incorporate

PBUSA strongly recommends that booster clubs incorporate. Incorporation structures the booster club as an independent, legal entity that can make contracts for goods and services, purchase insurance and the like. If a booster club is not incorporated, the parents and volunteers who make up the booster club may be personally liable for the actions of the booster club.

To incorporate:

1. Obtain, complete and file your state's articles of incorporation form. Most states provide a form online at the state *Secretary of State* website.
2. Make sure to include the IRS required language for 501(c)(3) organizations. *See Appendix A for the required IRS special language and sample articles of incorporation.*
3. If desired, Parent Booster USA, for an additional fee, can assist your organization to incorporate.

##### B: Draft bylaws

A booster club's bylaws provide the rules for how your organization operates, including how often meetings are held, how voting is conducted and the like. PBUSA provides sample bylaws based on common state nonprofit laws and IRS guidelines for nonprofit, tax-exempt organizations. These sample bylaws may be used to draft bylaws, or review your existing bylaws to see how they compare. Note, however, that state laws for nonprofit organizations vary somewhat. You may want to have an attorney licensed in your state also review your bylaws. *Appendix B includes PBUSA's sample bylaws.*

##### C: Follow IRS rules: obtain an EIN and 501(c) tax-exempt status

1. **Obtain an EIN:** IRS rules, and banks, require that organizations have their own tax identification number, called an employer identification number or EIN. An EIN is similar to how a social security number identifies an individual to the IRS. School booster clubs should obtain their own EIN. Booster clubs should not use the school's EIN. EINs may be obtained online at [www.irs.gov](http://www.irs.gov). Alternatively, for a nominal fee, PBUSA will assist booster clubs to obtain an EIN.

\*THIS GUIDE PROVIDES GENERAL INFORMATION FOR ORGANIZING AND OPERATING SCHOOL SUPPORT ORGANIZATIONS. WHILE PBUSA HAS CONSULTED WITH AN ATTORNEY AND CERTIFIED PROFESSIONAL ACCOUNTANTS TO PREPARE THIS GUIDE, IT IS POSSIBLE THAT INFORMATION MAY HAVE CHANGED AFTER THE GUIDE WAS WRITTEN AND PUBLISHED, AND/OR ERRORS OR OMISSIONS MAY OCCUR. PBUSA WELCOMES YOUR SUGGESTIONS. THIS GUIDE IS NOT INTENDED TO PROVIDE PROFESSIONAL LEGAL OR FINANCIAL ADVICE. IF PROFESSIONAL LEGAL OR FINANCIAL ADVICE IS NEEDED OR DESIRED, YOU ARE ADVISED TO SEEK THE ASSISTANCE OF A PROFESSIONAL LICENSED IN YOUR STATE. YOU ASSUME ALL LIABILITY FOR YOUR VOLUNTARY USE OF THIS GUIDE. PBUSA ASSUMES NO RESPONSIBILITY FOR CONSEQUENCES RESULTING FROM YOUR USE OF THE INFORMATION PROVIDED.

2. **Obtain recognition of tax-exemption:** The IRS requires any individual or organization that brings in \$5000 or more in income each year to file the appropriate tax return. Any booster club that raises \$5000 or more should obtain 501(c)(3) tax-status to enable the organization to file the appropriate IRS Form 990 tax return and be exempt from paying federal income tax on income received. Without tax-exemption, organizations may be required to file a corporate tax return and pay tax on income earned. Tax-exemption also allows booster clubs to receive tax-deductible donations, and apply for grants.

Organizations may apply directly to the IRS on Form 1023 to obtain tax-exempt status. However, many organizations find filing Form 1023 complex, time-consuming and expensive. **Alternatively, booster clubs may obtain immediate tax-exemption without applying to the IRS by joining from PBUSA.** The IRS, under a group letter ruling, has authorized PBUSA to provide oversight of, and provide immediate 501(c)(3) tax-exemption to, qualified school booster clubs. You can join PBUSA today online at [www.parentbooster.org](http://www.parentbooster.org) and be a 501(c)(3) tax-exempt organization by tomorrow.

## **STEP #2: OPERATE PROPERLY**

### **Take care of the money...**

#### **A: Adopt financial policies**

Taking care of the booster clubs money is serious business. Appropriate financial policies protect the organization, donors, the treasurer and others handling funds. *Appendix C provides sample financial policies. Appendix D provides guidelines to conduct an annual internal financial review.*

#### **B. Follow IRS fundraising rules**

The IRS has specific rules for conducting fundraising. Booster clubs should ensure, at a minimum that:

1. **All funds raised are used for the tax-exempt purpose of the organization**, generally to support the school, students and community for which the club is organized.
2. **Donors should be advised of the deductibility of any contributions made.** If a donor receives anything of value in return for their contribution, the value of the item received must be stated and deducted from the amount the donor may deduct as a charitable contribution. Example A: If tickets to a dinner dance cost \$50 and the value of the meal and dance is \$25, the tickets should state that \$25 of the ticket price is deductible as a charitable contribution. Example B: If a parent purchases something at an auction, generally none of the price paid is deductible as a charitable contribution unless it can be shown that the amount paid was more than the fair market value of the item purchased. For example, if parents bid on a week a vacation house owned by another parent, purchasing the week stay for \$1000, none of the amount paid is a charitable contribution unless the fair market value can be shown to be less than \$1000, such as by showing written documentation that the parents normally only charge \$750/week for the vacation house.
3. **Do not use individual fundraising accounts (IFAs) without a legal review.** The IRS has strict rules on any activity that benefits the individual members of a group. The IRS generally finds IFAs to violate its rules. IFAs are activities in which parents/students engage in cooperative fundraising activities, providing "credit" to the individual "accounts" of those who participate in the fundraising activity(ies). Only in very limited circumstances are IFAs considered legal fundraising activities of booster clubs. Parent Booster USA can provide assistance in obtaining a legal review of an organization's IFA policy. *Appendix E includes PBUSA's IFA policies. Appendix F includes an article published by the IRS about IFAs.*

## APPENDIX A: REQUIRED IRS LANGUAGE and SAMPLE ARTICLES OF INCORPORATION

### Required IRS language

The following required IRS language should be included in your booster club articles of incorporation. If your booster club is not incorporated, this language should be included in your organization's Constitution and/or bylaws.

**PURPOSE CLAUSE:** *The corporation is organized and will be operated exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. (All references to sections in these Articles refer to the Internal Revenue Code of 1986 as amended or to comparable sections of subsequent internal revenue laws.) Specifically, the corporation is organized to [INSERT YOUR BOOSTER CLUB MISSION STATEMENT.] In pursuance of these purposes the Corporation shall do all things necessary, proper and consistent with maintaining tax exempt status under section 501(c)(3).*

**DISSOLUTION CLAUSE:** *The internal affairs of the corporation shall be regulated by its Board of Directors as described in the Bylaws. Upon dissolution of the corporation, its assets shall be disposed of exclusively for the purposes of the corporation or distributed to such organizations organized and operated exclusively for charitable purposes which shall, at the time, qualify as exempt organizations under section 501(c)(3), or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not disposed of shall be disposed of by the appropriate court the county in which the principal office of the organization is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.*

**PRIVATE BENEFIT CLAUSE:** *No part of the net earnings of the corporation shall inure to the benefit of or be distributed to any director, employee or other individual, partnership, estate, trust or corporation having a personal or private interest in the corporation. Compensation for services actually rendered and reimbursement for expenses actually incurred in attending to the affairs of this corporation shall be limited to reasonable amounts. No substantial amount of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation and this corporation shall not intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles or of any Bylaws adopted thereunder, this corporation shall not take any action not permitted by the laws which then apply to this corporation.*



## Get Legal. Stay Legal.™

### Booster Club Financial Policy Checklist

*This checklist should be reviewed and completed each time a new treasurer takes office*

- ☐ **Annual budget** - develop and approve annual budget (see *Sample Booster Club Budget Worksheet* completed in Excel).
- ☐ **EIN** - Review employer Identification Number sometimes referred to as a tax identification number.
  - o Booster club should have its own number; Check EIN against school's EIN to make sure that booster club is not using the school's EIN on bank accounts or other documents.
  - o If needed, obtain an EIN from the Internal Revenue Service (IRS) online at [www.irs.gov](http://www.irs.gov).
- ☐ **Bank account signature authority** - check with bank to determine who is listed as authorized account signers. Update as necessary based on current officers, and authority provided in bylaws, minutes or current vote.
- ☐ **Checks** - ensure that checks are sequentially numbered. If two signatures are required, make sure that this requirement is imprinted on the checks above the signature line.
- ☐ **Cash receipts journal** - ensure that the booster club is using a cash receipts journal is used that provides sequentially numbered duplicate receipts (see *Parent Booster USA Booster Club Cash Receipts Journal*).
- ☐ **Cash tally sheet** - ensure that the booster club is using a cash tally sheet that requires two counters whenever cash is collected (see *Parent Booster USA Booster Club Cash Tally Sheet*).
- ☐ **Periodic financial reports** - ensure that financial reports are prepared at least monthly and provided at each meeting of the officers, directors and members. Financial reports should include (1) an updated budget worksheet, (2) a statement of receipts and disbursements, (3) a statement of current cash on hand, (4) a copy of bank statements, and (5) a copy of the cash tally sheets. (See *Parent Booster USA Booster Club Sample Financial Report*).
- ☐ **Financial review/audit** - ensure that a financial review/audit is completed each year (see *Parent Booster USA Internal Financial Review Workbook*).

# Parent Booster USA

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## CASH TALLY SHEET

A minimum of two people should count cash each day of each event. It is recommended that cash be counted at the event, or at the school. It is not recommended that cash be taken home and counted at a volunteer's home. A separate cash tally sheet should be used for each day of each event. The tally sheet should match the deposit made. Deposits should be made daily. Keep a copy of the tally sheet in the organization's records.

Event: \_\_\_\_\_

Date: \_\_\_\_\_

### Loose currency

Hundreds		X \$100.00 =	
Fifties		X \$50.00 =	
Twenties		X \$20.00 =	
Tens		X \$10.00 =	
Fives		X \$5.00 =	
Ones		X \$1.00 =	
		Subtotal	

### Loose coins

Dollar coins		X \$1.00 =	
Half Dollars		X \$.50 =	
Quarters		X \$.25 =	
Dimes		X \$.10 =	
Nickels		X \$.05 =	
Pennies		X \$.01 =	
		Subtotal	

### Checks

Check #	Amount

Total currency: \$ \_\_\_\_\_  
 Total coins: \$ \_\_\_\_\_  
 Total checks: \$ \_\_\_\_\_  
 Total deposit: \$ \_\_\_\_\_

### Persons counting cash:

PRINTED NAME

SIGNATURE

PRINTED NAME

SIGNATURE



## Booster Club Budget Worksheet

For the period ending: [DATE]

*It works well to create the annual budget in Excel or another spreadsheet software.*

INCOME	Description of event/expense	Budget	Actual
Fundraiser 1			
Fundraiser 2			
Fundraiser 3			
Fundraiser 4			
Dues			
Other			
Other			
<b>TOTAL INCOME</b>		\$0	
<b>EXPENSES</b>			
Project 1			
Project 2			
Project 3			
Project 4			
Supplies			
Other			
Other			
<b>TOTAL EXPENSES</b>		\$0	

### Instructions:

1. In column 2, for income items name/describe each fundraiser or source of income. For expense items, name each expense category.
2. Vote and approve budget annually
3. Update "actual" column before each meeting
4. Include updated budget worksheet with statement of receipts and disbursements, bank statements, and cash tally sheets as a financial report at each meeting.



## Sample Statement of Receipts and Disbursements

Cash on Hand

Month ending September 30, 2010

OPENING BANK BALANCE			\$5000
RECEIPTS			
Fall Festival	\$20,000		
Gift wrap sale	\$4219		
Total Cash Receipts		\$24,219	
DISBURSEMENTS			
Teacher appreciation lunch	\$2215		
Library grant	\$5000		
Total Disbursements		\$7,215	
Excess of Receipts over Disbursements			\$17,004
CASH ON HAND, September 30, 2010			\$22,004

*This statement of receipts and disbursements, along with (1) Monthly bank statements and (2) Cash tally sheets, should be provided at least monthly to the membership as a financial report. It works well to create the statement of receipts and disbursements in Excel or another spreadsheet software. Alternatively, accounting software, such as QuickBooks, may be used which may automatically generate these types of reports.*



## INTERNAL AUDIT GUIDELINES AND WORKSHEETS

### STEP #1: Gather the following financial documents

- ☐ Copies of all written financial policies
- ☐ Copies of treasurer's reports for the year (or other period) to be reviewed
- ☐ List of all bank and investment accounts, including names of persons authorized to sign on each account
- ☐ Copies of all bank and other financial statements for the period to be reviewed
- ☐ Copies of all bank and investment account reconciliations for the period to be reviewed
- ☐ Cash tally sheets
- ☐ Cash receipts journal
- ☐ Invoices, receipts and other documents
- ☐ Documentation of any restrictions on the use of any particular funds or donor gifts
- ☐ IRS documents including most recent Form 990, IRS letter recognizing tax-exempt status, and IRS letter assigning an EIN (employer identification number) to the organization.

### STEP #2: Review financial documents

#### EIN Review

Booster club EIN (employer identification number issued by the Internal Revenue Service): \_\_\_\_\_

School EIN: \_\_\_\_\_

*If the booster club is an independent organization, separate from and not a committee or other organization controlled by the school, the booster club should have its own EIN.*

#### Bank account review

1. The booster club EIN is used in connection with all booster club bank accounts

YES NO

*If the answer is "no", bank accounts should be corrected by including the booster club EIN and not the school EIN.*

2. Individuals/positions listed in bylaws or organization as authorized signatories on bank accounts:

Individuals listed in bank records as authorized signatories on bank accounts:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Individuals specifically authorized by name or position should be listed on bank records. Update authorized signatories as necessary.*

3. Individual(s) who conduct monthly bank reconciliation: \_\_\_\_\_

4. Individual(s) who review monthly bank statements: \_\_\_\_\_

*At least one individual who does not sign checks or reconcile the bank account should review the monthly bank statements. This is to provide separation of financial controls. If monthly bank statements are provided with the monthly financial reports as recommended by PBUSA, this secondary review is handled.*