



Federation of Texas A&M University Mothers' Clubs

Ron Spies '73, CPA
Vice President & Chief Financial Officer



Tax Exemption

- Group Exemption – Federation of Texas A&M University Mothers' Club
- Group Exemption Number – 7128
- Each club is required to file Form 990,990-EZ, or 990-N



Returns of Organizations Exempt From Income Tax

Due Date

- 15th day of the 5th month after accounting year end
- i.e. May 31 year end deadline: October 15th

Extension

- Form 8868
- Automatic 3 month extension
- Additional 3 month extension – not automatic



Returns of Organizations Exempt From Income Tax

Form 990-N

- Gross receipts less than \$50,000
- Must be e-filed
- -0- pages and no schedules

Form 990-EZ

- Gross receipts greater than or equal to \$50,000 but less than \$200,000, and
- Total assets less than \$500,000
- 4 pages and 8 possible schedules

Form 990

- Gross receipts greater than or equal to \$200,000, or
- Total assets greater than or equal to \$500,000
- 12 pages and 16 possible schedules



Returns of Organizations Exempt From Income Tax

Form 990-T Unrelated Business Income Tax Return

- Income from a trade or business
- Regularly carried on
- Not substantially related to charitable purpose
- \$1,000 or more
- Examples
 1. Advertising
 2. Personal services
- Sponsorships – not taxable



Returns of Organizations Exempt From Income Tax

Public Inspection

- By law must make available:
- Application for tax exemption
- Prior 3 years 990, 990-EZ and 990-T
- Without charge during normal business hours
- Instructions Form 990, Appendix D, page 75
- www.irs.gov/Forms-&-Pubs



Returns of Organizations Exempt From Income Tax

Your information is on the web

Guidestar

www.guidestar.org

“Federation of Texas A&M University Mothers Clubs”

Group Exemption Number 7128

View Parent Organizations

View Subordinate Organizations

Charitable status – Pub 78 data

<https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>

Use FEIN if possible



Returns of Organizations Exempt From Income Tax

Failure to Timely File

Penalties – may be assessed

- \$20 a day, not to exceed lesser of
- \$10,000 or
- 5% of gross receipts
- May be abated for a reasonable cause

Failing to comply

- Responsible person upon receiving notice for information from IRS
- \$10 a day up to \$5,000



Revocation of Tax Exemption

Failure to file 3 consecutive years - Automatic Revocation

May need to file income tax returns and pay tax



Reinstatement of Organization Exempt From Income Tax

Group exemption status lost – cannot be reinstated as part of the group

Must re-apply on Form 1023 or 1023-EZ as a separate nonprofit

Form 1023 – very detailed!

Form 1023-EZ – simple but have to answer 26 questions

Very important – Do not delay in re-applying



Returns of Organizations Exempt From Income Tax

www.irs.gov/Filing/Charities-&-Non-Profits

www.irs.gov/Forms-&-Pubs

<https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>

www.guidestar.org

<https://www.irs.gov/pub/irs-pdf/p4221pc.pdf>



Summary of Insurance

General Liability Coverage:

Currently no coverage through The Association's general liability policy.

Host Liquor Liability Coverage – not “selling”:

Obtain:

Certificate of Insurance and as Additional Insured.

Proof of TABC certified servers.

TABC rules and requirements.

If selling obtain a separate policy to cover the event.



Summary of Insurance

DIRECTOR & OFFICER LIABILITY:

- Director and Officer Liability policies cover Directors, Officers, Employees and Volunteers for allegations of mismanagement that result in financial damages to a third party.
- The Association does not provide this coverage. If you have any concerns in this area, we recommend that you purchase a Director and Officer Liability policy in the name of your organization.



Gifts to Volunteers

- **Outgoing President**
- **Volunteer recognition gifts of limited value are considered a “de minimus benefit” and are not taxed.**
- **“Limited value” – no definition, subjective**
- **Perception**
- **Take up a collection**
- **NO GIFT CARDS – same as cash, therefore taxable**
- **Gifts for “Services Rendered” – taxable to recipient**



The Charitable Raffle Enabling Act

- **Definition:** “the award of one or more prizes by chance at a single occasion among a single pool or group of persons who have paid or promised a thing of value for a ticket that represents a chance to win a prize.”
- **A nonprofit organization that has existed for at least three preceding years and is exempt from federal income tax under Section 501(c), Internal Revenue Code; does not distribute any of its income to its members, officers or governing body; does not devote a substantial part of its activities to attempting to influence legislation; and does not participate in any political campaign.**



Prizes Offered and Proceeds

- Anything but money.
- If the raffle organizers offer a prize which they have purchased or have given other consideration for, the value of the prize may not exceed \$50,000, or \$250,000 if the purchased prize is a residential dwelling.
- There is no value limit on prizes donated to the organization.
- Texas lottery tickets may be purchased and offered as prizes, even though the tickets' payoff may exceed \$50,000.
- The organization must have each raffle prize in its possession or ownership or must post a bond for the full amount of the value of the prize with the county clerk of the county where the raffle will be held.
- Proceeds from ticket sales must be used only for the charitable purposes of the qualified organization.



Restrictions

- **Only 2 raffles per year. Only 1 at a time.**
- **No one compensated, directly or indirectly for organizing a raffle.**
- **Not advertised statewide or through paid advertisements.**
- **Raffle ticket:**
 1. **Name of the organization.**
 2. **Address of the organization or of a named officer.**
 3. **Ticket price.**
 4. **Description of each prize over \$10.**
 5. **Date of raffle.**



Penalties and Enforcement

- **Unauthorized raffle considered gambling.**
- **Conducting - Class A misdemeanor.**
- **Participating – Class C misdemeanor.**
- **County Attorney, District Attorney, Attorney General**
- **Consult an attorney.**
- **<https://texasattorneygeneral.gov/cpd/charities-nonprofits-charitable-raffles>**
- **<http://www.statutes.legis.state.tx.us/Docs/OC/htm/OC.2002.htm>**



IRS Regulations

- **IRS Publication 3079**
- <https://www.irs.gov/pub/irs-pdf/p3079.pdf>
- **Issue W-2G to winner based on value of prize**
- **Raffle – Value \$600 and at least 300 times the wager(price of ticket)**
- **File W-2G to IRS – March 31**
- **Consult tax professional**



Charity Auctions - IRS Regulations

- <https://www.irs.gov/charities-non-profits/charitable-organizations/charity-auctions>
- **Charitable contribution – purchase price less FMV**
- **FMV must be shown in bid sheet**
- **Donors of goods for auction deduction generally limited to taxpayer's basis**
- **Sales taxable? Unless use tax free day**
- **Consult tax professional**



Contact information:

Ron Spies '73, CPA
505 George Bush Dr.
College Station, TX 77840

rspies73@aggienetwork.com

Office: 979-845-7514