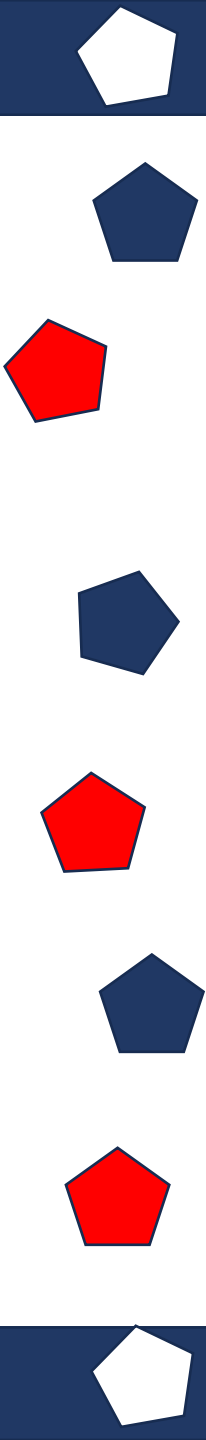




Welcome to the Workshops

10:00 AM-10:55 AM

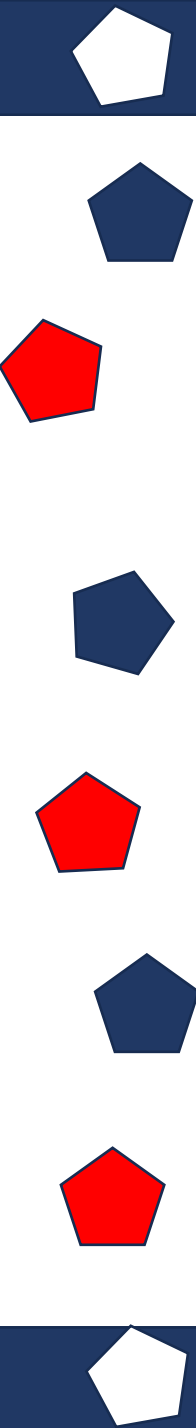
**501c3 Check Up: Is your club compliant
with all the requirements?**





Angel Hall

**Indiana Soccer
Associate Director**

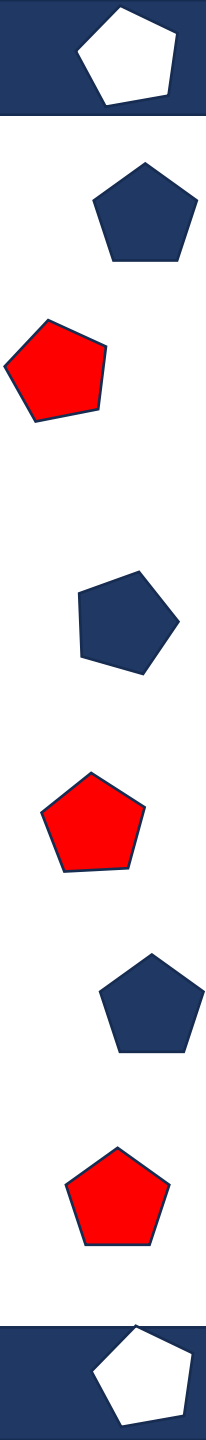




What is a 501c3?

An organization that is operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may benefit any private shareholder or individual.

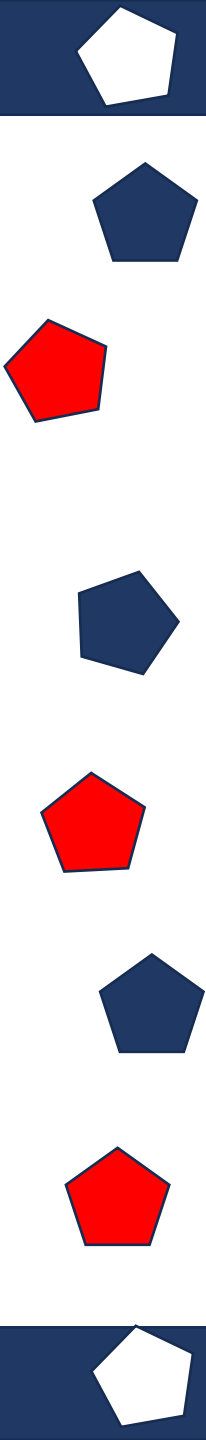
The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals.





Is 501c3 and non-profit the same thing?

No. While a nonprofit corporation is a state-level designation, the 501(c)(3) status is a federal, nationwide designation awarded by the IRS. If a group has 501(c)(3) status, then it is exempt from federal income tax, which often also means you don't need to pay state income taxes either (but you have to file with the state, too.)





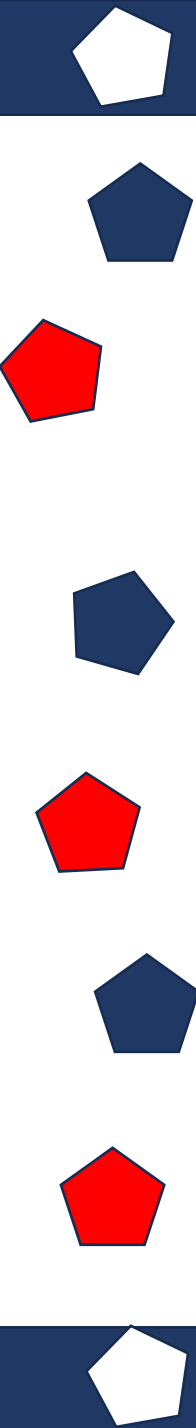
Requirements to keep IRS 501c3 Status

- Maintain a corporate board according to your bylaws.
- Keeping a purpose that fits a 501c3 designation.
- Documenting any donations received.
- Adhering to an approval process for contracts and other agreements.
- Understanding lobbying laws.
- Avoiding all political campaign activities.
- Paying taxes on unrelated business income.
- Filing annual information returns (990).



Corporate Board

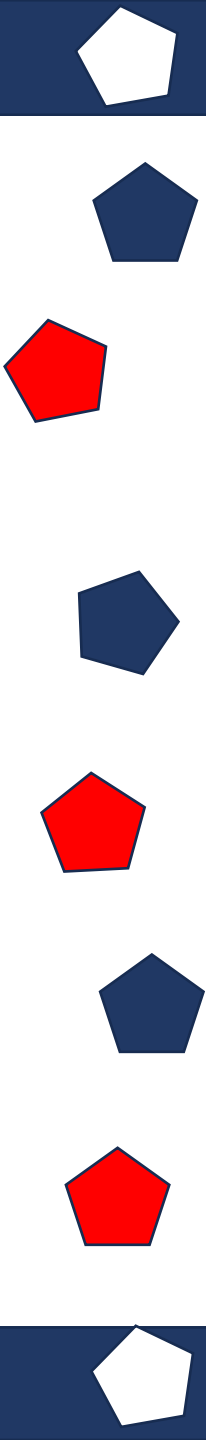
All nonprofits must elect officers and appoint a board of directors. Board members attend regular meetings to oversee the nonprofit's proper functioning, cast votes on important issues related to the organization, and generally act in the organization's best interests. The board's major actions or decisions are typically accomplished by way of a corporate resolution and are recorded in a minute book.





Documenting Donations

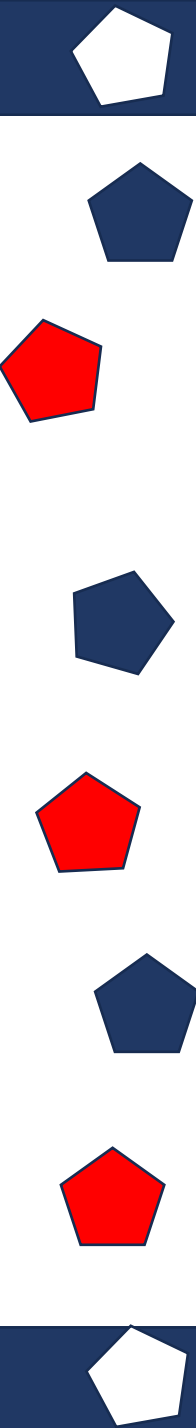
If your organization engages in fund-raising activities and solicits donations from the public, you must be prepared to provide a receipt or some form of written acknowledgment to individuals who donate more than a specific dollar amount so that the individuals may apply for a year-end tax deduction. In the event an individual provides goods or services in lieu of tendering a financial contribution, the IRS requires the nonprofit organization to estimate the fair market value of those goods or services and disclose that information on the donor's receipt.





Contracts/Agreements

All activities of your organization are intended to benefit the interests of the public (as opposed to private interests). Anytime an agreement is entered into between your organization and any individual who is in a position to exert influence over the organization, the individual's interest must first be revealed to the board of directors and then approved by the board. In all cases, the agreements must be deemed "commercially reasonable" and cannot exceed the fair market value of the typical cost of the trade or service being provided.

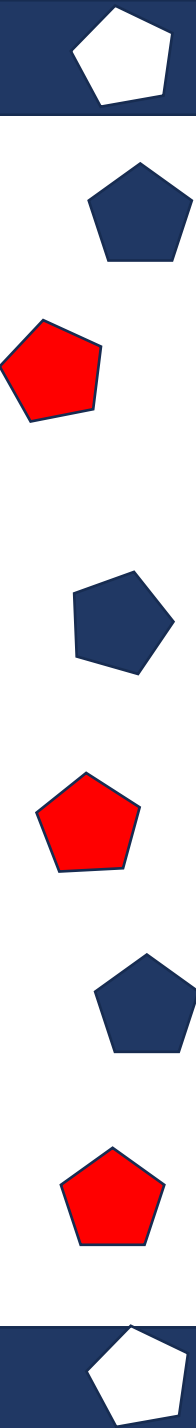




Lobbying/Politics

In general, an organization may participate in lobbying activities and follow the fairly complex set of local, state, and federal restrictions and registration requirements related to lobbying activities. However, the activities cannot make up a significant part of the nonprofit's routine activities, nor can they be in excess of a certain percentage of the nonprofit's gross receipts.

All nonprofit organizations are strictly forbidden from participating in any event or activity that favors or endorses a particular candidate for political office. This includes donations to a candidate's campaign.

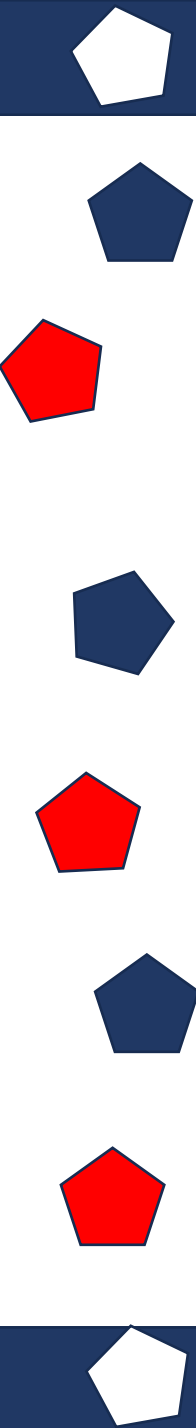




Taxes

All 501(c)(3) organizations are required to pay state and federal taxes on "unrelated business income," meaning income generated from activities that are unrelated to the nonprofit's tax-exempt purpose. Unrelated income, which exceeds a specific annual amount, represents taxable income and must be included in the nonprofit's annual tax return (Form 990-T) and paid to the IRS.

Most, but not all, 501(c)(3) organizations are required by the IRS to file an annual information return, setting forth the organization's income, expenses, and regular activities.

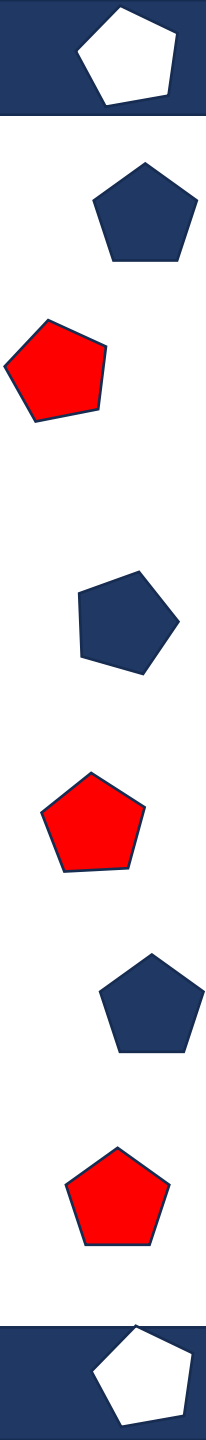




What if you fail?

If a 501c3 organization fails to follow the rules, regulations, and formalities outlined, the IRS can levy a special excise tax upon the organization.

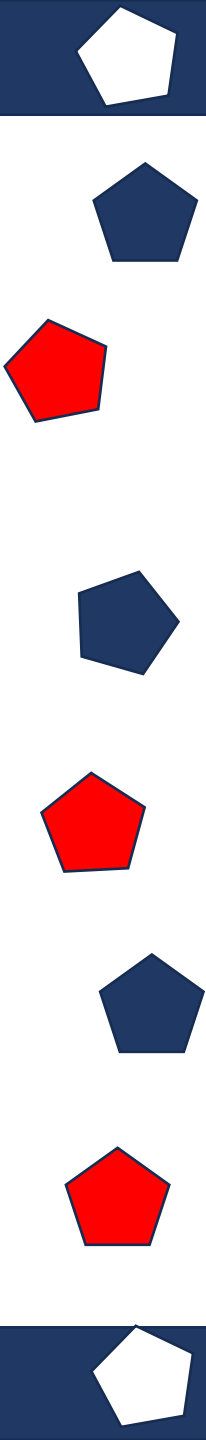
Even worse, non-compliance can cause the nonprofit to lose its nonprofit status altogether. (Administratively Dissolve the organization's 501c3 tax status.)





What else could go wrong?

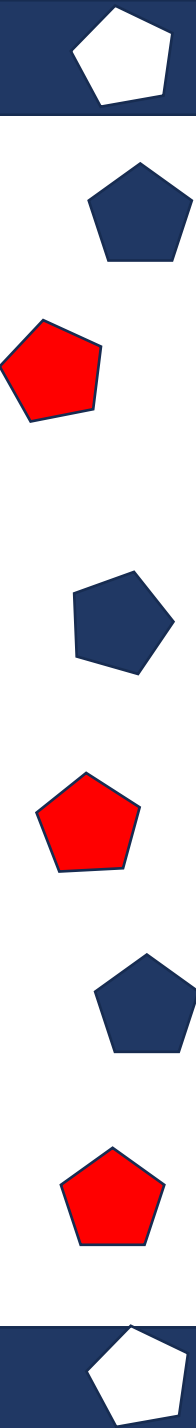
When a charitable 501c3 is no longer recognized as tax-exempt, it will be required to pay income taxes on revenue, including donations, and donors will no longer be able to deduct contributions to the organization. Additionally, private foundations may not be willing or able to make a grant to the organization.





Can you Fix it?

Yes. For your organization to be reinstated as tax-exempt, it must reapply for 501c3 status with a new Form 1023, pay the filing fee, and backfile all missing tax returns since the tax-exempt status was revoked.

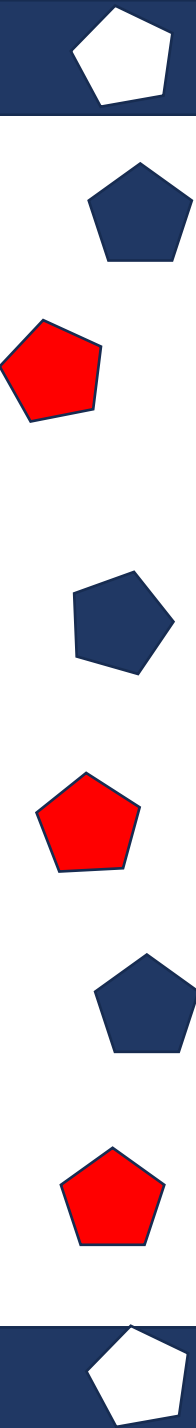




How can ISA help?

Indiana Soccer has been given a "group ruling" status by the IRS. As a member benefit, any club that does not have or has lost their 501c3 designation from the IRS may apply to be under the Indiana Soccer group ruling. The Board of Directors meets quarterly and votes on member applications to use this group ruling.

All rules and regulations apply as previously described. In addition, you must send a copy of your tax returns and list of your current board members to Indiana Soccer annually.

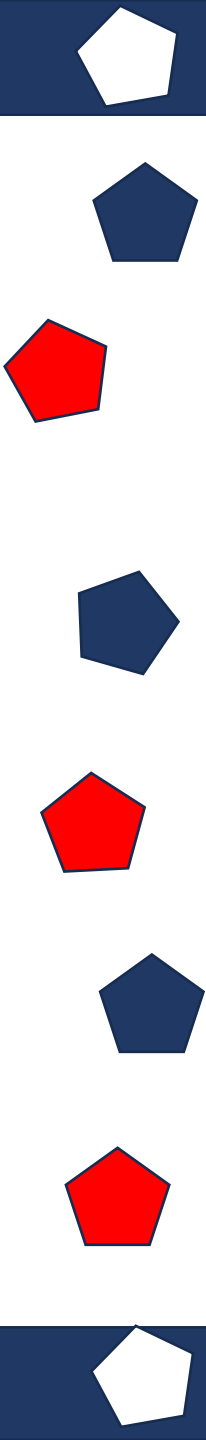




5 Star Program



The purpose of the 5 Star Program is to ensure legal compliance, and increase the capacity and quality of member clubs. The association guides Member Clubs to perform with excellence in the fundamental areas to meet the criteria established to earn “stars” in those areas.





THANK YOU

