**Tax-Exempt Committee Guidelines**

**Tax-Exempt Committee – United States**

1. **Purpose of Committee**

Assure that the blanket tax exemption held by the Association of Desk and Derrick Clubs is kept in compliance with the IRS regulations. Committee works one year in arrears; for example, the 2015 Committee compiles tax exempt information for 2014. ADDC, through this Committee, must keep documentation on the income of each club and region fund in order to qualify for tax exempt status. Each year ADDC, through this Committee, must file by September 30, a report stating all clubs and regions funds are in compliance.

The Association is tax exempt under Code Sec 501 (c)(6) as a Business League and does not qualify for state sales and use tax exemption.

U.S. Clubs under the blanket exemption must file ADDC Form TAXE 1 with the Committee before May 15. Those clubs receiving an IRS Form 990 must file with the IRS before May 15 and forward a copy to this Committee. Any club with income over $50,000 must file Form 990.

The U.S. Chairman is responsible for the clubs and region funds located in the United States.

* Assist Clubs in retaining tax exempt status.
* Be available for questions regarding tax exempt status. Research answers or consult someone knowledgeable if necessary.
* Assist new Clubs in obtaining tax exempt status.
* Notify Clubs of tax report deadlines. Remind Clubs to report any problems or changes in status.
* Maintain permanent file documenting each Club’s exempt status and identification number.
1. **Group Exemption Procedures (IRS)**

Reprinted from IRS Publication 557 (Revised October 2013)

GROUP EXEMPTION LETTER

“A group exemption letter is a ruling or determination letter issued to a central organization recognizing on a group basis the exemption under section 501(c) of subordinate organizations on whose behalf the central organization has applied for recognition of exemption.

A central organization is an organization that has one or more subordinates under its general supervision or control.

A subordinate organization is a chapter, local, post, or unit of a central organization. A central organization may be a subordinate itself, such as a state organization that has subordinate units and is itself affiliated with a national (central) organization.

A subordinate organization may or may not be incorporated, but it must have an organizing document. A subordinate that is organized and operated in a foreign country cannot be included in a group exemption letter. A subordinate described in section 501(c)(3) cannot be included in a group exemption letter if it is a private foundation described in section 509(a).

If your organization is a subordinate controlled by a central organization (for example, a church, a veterans' organization, or a fraternal organization), you should check with the central organization to see if it has been issued a group exemption letter that covers your organization. If it has, you do not have to file a separate application unless your organization no longer wants to be included in the group exemption letter.

If the group exemption letter does not cover your organization, ask your central organization about being included in the next annual group ruling update that it submits to the IRS.”

1. **Committee Members – Duties and Responsibilities**

The Tax-Exempt Committee consists of a Chairman and Co-Chairman. The Chairman is located in the United States and the Co-Chairman is located in Canada.

Be able to devote time and effort required for the work of the Committee.

Have a thorough understanding of meeting established deadlines.

Understand the importance of attending Convention. If unable to attend, designate the Co-Chairman to serve as backup. If Co-Chairman is unable to attend, notify the President of the Association as soon as possible.

In October, after being appointed, the Committee Chairman and Co-Chairman receive a letter from the ADDC President and from the Board Contact. Included in the Board Contact’s letter are copies of the following reports:

* Total Budget Worksheet
* ADDC Expense Form
* Form ADO 38 (Committee Representative Notification to ADO)
* List of Committee Regional Volunteers (for the year you are Chairman)
* Sample Board Report with instructions

Budget – Total Budget Worksheet

Submit annual budget estimate according to guidelines and required dates provided by ADDC President.

Budgets and attachments should be sent directly to the ADDC President and Treasurer. Committee Chairmen should also include copies to their Board Contact. ADO is not to be used to distribute the budget report.

ADDC Expense Report

Statement of expenditures of Chairman and Co-Chairman should be submitted to Board Contact for approval.

Submit expenses/requests for advances to Board Contact for approval.

Form ADO 38 (Committee Representative Notification to ADO)

If applicable, prepare a roster including names, addresses and phone numbers, and send a copy to the ADDC President, Secretary, Board Contact and ADO.

List of Committee Regional Volunteers (for the year you are Chairman)

This is a list of volunteers across the Association if needed for this Committee.

Sample Board Report with Instructions

Two Board Reports are submitted each year. There is a Budget & Planning Report and a Pre-Convention Report. These reports are submitted to the ADO for distribution to Board Members according to required dates provided by the ADDC President.

1. **Deadline Dates and Procedures**

Letters to All Club Presidents

A letter should be sent to the current Presidents (list of Presidents will be provided by ADO office) informing them of deadline of May 15 of current year. This letter can be forwarded to ADO to be included in the monthly mailing.

In this letter, the Club is notified that they must file ADDC Form TAXE 1 if their income is **under** $50,000 or file IRS Form 990 if their gross income is **over** $50,000.

Notification for ADDC Official Publication

This notification is published in the ADDC official publication.Submit this notification to the Editor of said publication in January of current year.

Budget and Planning Meeting Reports

Submit the Budget & Planning Meeting Report to ADO according to required dates provided by the ADDC President.

If deadline date is not met, mail report as follows:

 2 copies to President

 2 copies to Secretary

 1 copy to Executive Assistant

 1 copy to remaining Board Members

Regional Meeting Reports

Submit the Regional Meeting Reports to the respective Region Directors according to the required dates provided by the Region Director or by the schedule of the Regional Meeting dates provided by ADO.

Pre-Convention Board Report

Submit the Pre-Convention Board Report to ADO according to required dates provided by the ADDC President.

If deadline date is not met, mail report as follows:

 2 copies to President

 2 copies to Secretary

 1 copy to Executive Assistant

 1 copy to remaining Board Members

Convention Verbal Report

A written copy of the Convention verbal report should be submitted to the President and a copy to your Board Contact by required date provided by the ADDC President.

IRS Report

The ADO will forward the IRS Report to the Chairman of the Tax-Exempt Committee to update the club information, contact person, address changes, deletions, or additions, etc.

Upon completion of this report, forward the original to the IRS as per instructions in the letter certified mail, retaining a copy for the permanent files.

1. **Maintain Permanent File**

Maintain a complete current Committee file.

Purge the oldest file dated eight (8) years from current year, keeping the IRS Report on file.

 Example: 2015 – 8 = 2007. Purge the 2007 file.

Transmit files to successor forty-five (45) days after Convention by best feasible means of shipping. Retain only those files necessary to complete a special review or any unfinished items. Forward the retained files as soon as possible.

**Tax Exempt Committee – Canada**

The Co-Chairman, from a Canadian Club, is responsible for the clubs and region funds located in Canada.

The Canadian Clubs do not file with the IRS but are required to file with the Province in which they are located, where applicable. Each club is responsible for their own filing.

* Assist Clubs in retaining tax exempt status.
* Be available for questions regarding tax exempt status. Research answers or consult someone knowledgeable if necessary.
* Assist new Clubs in obtaining tax exempt status.
* Notify Clubs of tax report deadlines. Remind Clubs to report any problems or changes in status.
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Be able to devote time and effort required for the work of the Committee.

Have a thorough understanding of meeting established deadlines.

Understand the importance of attending Convention. If the Chairman is unable to attend, the Co-Chairman is designated to serve as back-up. If Co-Chairman is unable to attend, notify the President of the Association as soon as possible.

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Form ADO 38 (Committee Representative Notification to ADO)

If applicable, prepare a roster including names, addresses and phone numbers, and send a copy to the ADDC President, Secretary, Board Contact and ADO.

List of Committee Regional Volunteers (for the year you are Co-Chairman)

This is a list of volunteers across the Association if needed for this Committee.

Sample Board Report with Instructions

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1. **Canadian Procedures**

Non-Profit Organizations (NOP’s) in Canada are exempt from income tax and should be set up at inception to meet the exemption criteria.

NPO’s have the following:

1. Members instead of Owners.
2. Organization’s objectives may serve the common good rather than to benefit individuals.
3. NPO’s have no residual economic interest or profit motive.

NPO’s ordinarily will prepare the following information every year before the last day of the month following their anniversary month, where applicable by Province, and copies mailed to the Corporate Registry in your Province:

1. Society Annual Return
2. Notice of Address or Notice of Change of Address (Form 3)
3. Two (2) copies of respective Club’s audited financial statement
4. Two (2) copies of respective Club Bylaws (if amendments have occurred during the year)

Failure to comply with these requirements called for by the Corporate Registry will result in your Club being dissolved.

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