

Revision to Chapter Financial Reporting Policy

Issues of Concern:

Several concerns have surfaced around financial reporting over the last several years:

- In the last year, several chapters with individuals wishing to make contributions through corporate and consolidated giving campaigns have been unsuccessful in doing so due to issues around Employer Identification Number (EIN) problems.
- Ensuring that donors receive the appropriate letters of acknowledgement for contributions where it affects the donor's tax liabilities.
- Increased scrutiny by the Internal Revenue Service with regard to filing of 990 forms required of charitable organizations and the potential for loss of 501 (c) 3 status.
- Confusion over non-calendar tax year reporting

What is Changing?

1. In keeping with the statutory requirements of DeMolay International, a new electronic reporting tool has been developed to make it easier for the chapter to report the financial status of the chapter. It will be posted shortly on the state web page along with instructions for its use. It is in Excel format.
2. The State Finance Director will be responsible for completing all 990 reporting for the Chapters to ensure full compliance with the reporting requirement and to facilitate tracking.
3. The State Finance Director will be adjusting the tax reporting years for Chapters who have other than a calendar year reporting status.
4. The State Finance Director will be working to facilitate the listing of all chapters with the Federal Combined Charitable Campaigns, with all United Way organizations and any other charitable giving mechanisms and organizations we can partner with to enhance charitable giving opportunities for Chapters and DeMolay in Washington.

How does this benefit the Chapter?

- ✓ Keeps the Chapter compliant with IRS reporting rules
- ✓ Keeps the Chapter compliant with the DeMolay financial reporting requirements
- ✓ Ensures Chapters are eligible for corporate giving and matching programs
- ✓ Ensures Donors receive the tax treatment that they are eligible for under tax reporting rules
- ✓ Provides a uniform effort to expand charitable giving opportunities for the fraternity in Washington
- ✓ Eases the workload on Chapter Chairmen and Treasurers
- ✓ Protects the 501 (c)3 status of the organization
- ✓ Provides a single point of contact to resolve charitable giving and tax reporting issues.

When is this change effective?

This change will be effective immediately. Chapter financial reporting for the calendar year 2010 will be reported using the new tool.