

Local Councils and the IRS

- Under no circumstances am I qualified to give you nor will I give you Tax Advice
- All comments given in this talk apply to Councils and Assemblies as well,
- And to the Squires Circles generally
- These items will be discussed more in depth in the Breakout session

- According to Supreme
- North Carolina had nearly 100% compliance with the Form 990 requirements that were due in 2011 for the Tax Year 2010.
- North Carolina had the highest compliance level of any State in the US. We were #1

HOWEVER,

Compliance data for the Tax years 2008 and
2009 are not available

What is the significance of not having filed for the previous years?

- We really don't know many of the answers,
- Non-Profit organizations that do not file for three years lose their non-profit status
- We know that there is no penalty for late filing of a Form 990 N (Postcard),
- At least one council was fined a substantial sum for failure to file after having filed for several years,

- If you lose your non-profit status all sales can become taxable income.
- Organizations that lose their non-profit status must collect and pay state sales tax on all items that they sell for the year(s) that they lose their status.
- Does this apply to the years 2008 & 2009,

?

Request #1

- Did your council did not file a Form 990 for 2008 or 2009; or if You simply don't know, we need to know
- Send to kwardpro@yahoo.com with a copy to statesecretary@kofcnc.org
- Include your council information and any dates of non-compliance

Given the state of the economy your Council or Assembly does not want to be in this situation of having lost your non-profit status

It is extremely important
that you continue to file
the appropriate Form 990
in the coming years

Request #2

- All councils to submit a copy of each Form 990 to the State Council for the current year and each subsequent year
- Councils send to State Advocate
- Assemblies send to District Master

What kind of Non-Profit
Organization is the
Knights of Columbus ?

We are a 501 (c) 8
Organization,
We are a
“Fraternal Beneficiary
Society”

- We must have a Fraternal Purpose, some mutual aid, or benefit(s) or insurance must be provided,
- We must operate under the Lodge System,
- We must provide for payment of life, sickness, accident or other benefits to the members,
- Most of the members must be eligible for the benefits.

Also Important

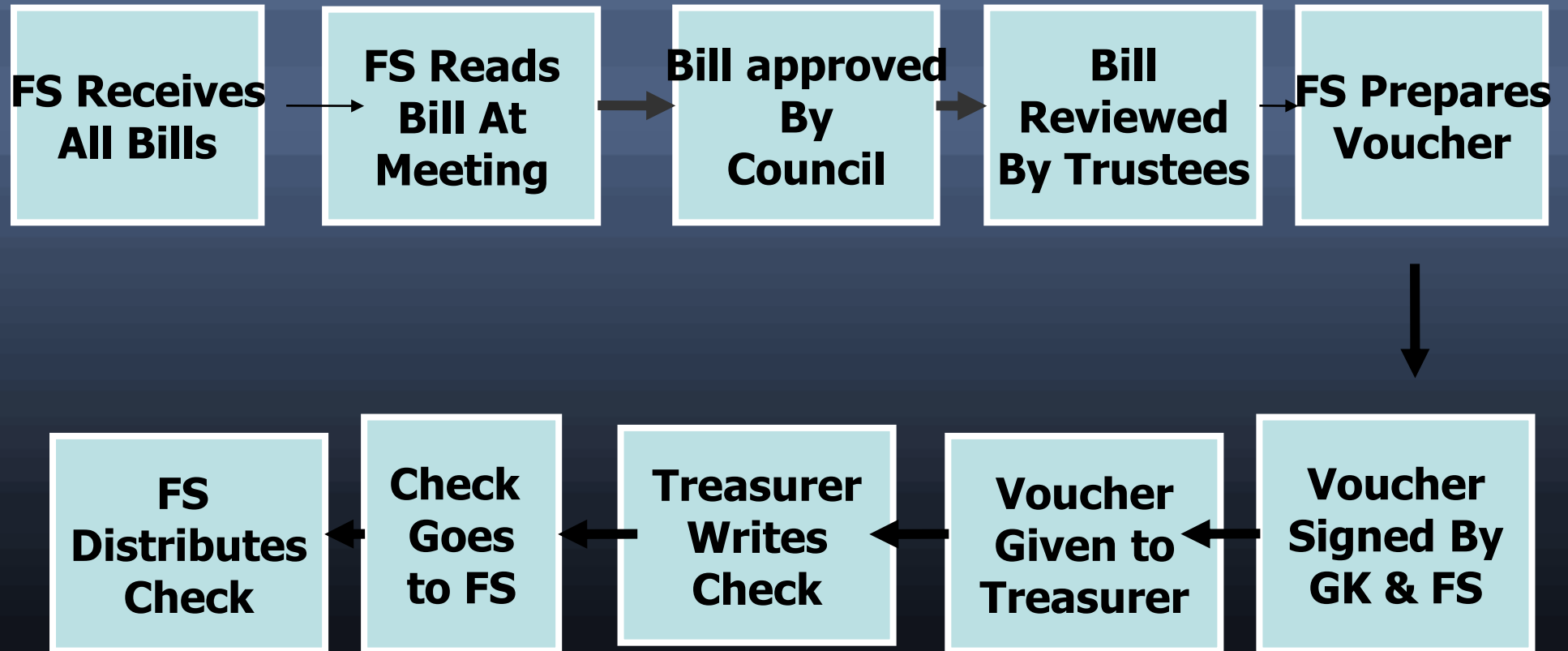
- Your Council cannot own Real property
- Dues paid by the individual member are not tax deductible
- Contributions to the K of C are generally not deductible for the donor
- Taxes have to be paid on all Unrelated Business Income,
- You are apart of the entity called the Knights of Columbus, but for tax purposes you are a separate entity.

Let's look at
some other Issues

- The job of the FS is becoming more complicated,
 - This will continue

Proper money handling
procedures must be followed

Paying Bills



- GK's and Trustees need to do a more thorough job of auditing the FS's activities
- Proper Audit Procedures must be followed

Records must be kept for at least 5 years

Records must be in a secure location

All FS's and FC's need to attend a review/update session at least every other year.

All new FS's must attend the first Training Session after their appointment.

We need on-line training available

Request #3

We are asking that all Councils and Assemblies that have not already done so, to move their permanent records to the Supreme on-line Computer Program

Squires Circles

Circles operate as subordinate organizations to their individual sponsoring Council,

- Circle financial person should operate under the supervision of the Financial Secretary of the sponsoring Council
- Financial information from the Squires Circle is to be submitted to the Financial Secretary and is included in the sponsoring Council's Form 990

What's Next

- There are more changes on the immediate horizon
- We need to offer more training and more assistance to the FS's and FC's
- Communication needs to be more frequent and more timely to the FS's and FC's about upcoming changes

Closing

- Give Questions to me or to State Secretary Jack Murray
- Give Suggestions to me or to State Secretary Jack Murray
- We need your help

Vivat Jesus