



District 5080 Charitable Fund

3833 E Eloika Rd
Deer Park, WA 99006-9127
(509) 922-2693

Rotary District 5080 has created a tax-exempt organization under Internal Revenue Code §501(c)(3), which is a charitable organization that is eligible to receive tax deductible contributions from U.S. taxpayers. This is in contrast to virtually all Rotary Clubs in the US, which are tax-exempt under §501(c)(4). As such, Rotary Clubs are exempt from paying tax, but contributions received are not eligible for deduction by the donor as a charitable contribution.

In order to provide a tax deduction to donors, a number of clubs have created separate entities established as §501(c)(3) organizations. This, of course, creates a 2nd entity for the clubs to maintain administratively and that must satisfy Internal Revenue Service and state reporting requirements. If federal reporting requirements are not met for 3 consecutive years the organization automatically loses its tax exempt status and would then be treated as a taxable entity. It would have to reapply and requalify as a charitable organization. This can be a time-consuming, and sometimes expensive, process.

Your Rotary district has decided to create a charitable organization with the sole purpose of providing a vehicle for U.S. clubs within the district to be able to accept tax-deductible donations and to be able to hold fundraising events under this charitable organization umbrella.

The Rotary District 5080 Charitable Fund will function as a "bank" to hold funds for any club in the district that wishes to participate (technically a donor directed fund), and to disburse those funds at the direction of the individual Rotary Club, as long as the distributions qualify for expenditures for a §501(c)(3) organization. The District Fund is not intended to fundraise or to establish charitable activities of its own.

Participating clubs will retain control of charitable funds raised by the club and will be able to support charitable projects of its choosing without any of the administrative burden of maintaining a separate legal entity.

The funds will be pooled, but separately accounted for with regular reconciliation and reporting. As the participation grows, there is the potential to take advantage of investment opportunities that would not be available individually. If an individual club has sufficient funds to warrant utilizing investment funds or portfolios, the decision as to where to place such investments and specific investments shall be at the direction of the club officers to fullest extent possible.

The District Charitable Fund shall be governed by a board consisting of 3 officers appointed at the district level and additional directors appointed by the board up to a maximum of seven (7). The current District Governor and District Treasurer shall be ex-officio members of the charitable fund board. The additional directors shall be appointed from clubs participating in the District Charitable Fund.



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The funds of clubs choosing to participate shall not be charged any administrative or management fee from the district or at the district level. Rotary District 5080 has paid the cost of formation and filing fees incurred by the District Charitable Fund. If eventually the District Fund is to incur costs for accounting and/or tax preparation, an equitable method of allocating those costs between participating clubs shall be agreed to in advance. It is the intent and expectation that any allocated costs shall be less than what would be incurred by any club individually.

If at some future point, the District Charitable Fund is required to report as a private foundation due to participating clubs operating as endowments, any tax incurred shall be allocated only to funds qualifying as endowments. (Generally, endowments are charities receiving more than 1/3 of its income as investment income.) The tax liability for any clubs establishing endowment fund should be less than if operating as separate entities due to the inclusion of clubs accounts qualifying as Publicly Supported Charities.

In summary, the intent of the District Charitable Fund is to allow any district US Rotary Club to enjoy the benefits of utilizing a §501(c)(3) organization without incurring any of the burden of creating and maintaining its own entity. Participation is solely at the option of each individual club and each club is under no obligation to participate or continue participation with the District Charitable Fund. Each club raises its own funds and determines the purpose or activity for which to utilize its funds.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **AUG 29 2016**

ROTARY DISTRICT 5080 CHARITABLE
FUND
C/O STEVEN O ANDERSON
720 W BOONE STE 200
SPOKANE, WA 99201

Employer Identification Number:
81-3110856
DLN:
17053193331016
Contact Person:
THOMAS C KOESTER ID# 31116
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990/990-EZ/990-N Required:
Yes
Effective Date of Exemption:
June 23, 2016
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

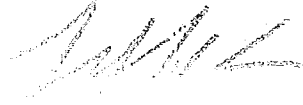
For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

ROTARY DISTRICT 5080 CHARITABLE

We sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jeffrey I. Cooper". The signature is written in a cursive style with some loops and flourishes.

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements



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Club Participation Agreement

The Rotary Club of _____ (Club), Fed Tax ID: _____ being a club in good standing with Rotary International and Rotary District 5080, hereby elects to participate in the Rotary District 5080 Charitable Fund (Fund). The club shall, as a participant in the Fund, be allowed to conduct fundraising activities and solicit donations on behalf of the Fund utilizing its status as a tax exempt charitable organization under Internal Revenue Code §501(c)(3).

All funds obtained through solicitation or fundraising under the Fund's name and/or Tax ID Number shall be promptly forwarded to the Rotary District 5080 Charitable Fund designated office. The Fund shall hold such funds as "donor directed funds" to be utilized for charitable activities to be designated by the Club. Such funds may be physically combined with other funds of the Rotary District 5080 Charitable Fund, but shall be accounted for separately at all times.

The Fund shall not exercise any discretionary control over the use of funds contributed by, or on the behalf of, the Club, other than to assure that requested disbursements meet the requirements for use as an IRC §501(c)(3) organization, including charitable expenditures, awards, grants, scholarships, or designated fundraising expenses. The Fund shall either pay such expenditures directly at the request of the Club or may reimburse the Club for fundraising expenses advanced by the Club.

The Fund's sole purpose shall be to hold Club generated funds, and then disburse those funds as requested in furtherance of the Club's charitable activities. The Fund, under no circumstance, will advance funds beyond those on hand and designated for the Club. If for any reason disbursements as requested by the club shall exceed funds held by the Fund on the Club's behalf, the Club agrees to promptly reimburse the Fund for any excess distribution.

The Fund shall provide an accounting on a quarterly basis indicating all funds received, disbursed, and on hand pertaining to the Club's activities.

The Club may cancel its participation with the Fund at any time by written notice to the Fund. On receipt of such notice, the Fund will no longer accept funds on the Club's behalf. Funds on hand at the time of cancellation will continue to be disbursed at the direction of the Club for expenditures allowable under IRC §501(c)(3). The Fund cannot disburse funds directly to the Club, other than as an allowed reimbursement, if it holds status as an IRC §501(c)(4) organization. If the Club has a related IRC §501(c)(3) entity, it may request that its funds be disbursed to that entity.

By: _____ Date: _____

President, Rotary Club of _____

Initial Authorized Signers are: _____ and _____

Rotary



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Club Funds Submission

Funds Submitted Date: _____

Club Account: _____

Contributions Submitted: \$ _____

Fundraising Amount Submitted: \$ _____

Fundraising Activity Description:

Total Amount Submitted: \$ _____

Comments:

By: _____ Date: _____

(Mark one:) President Treasurer

Phone or email: _____ (if questions)

Submit request: Mail: Rotary District 5080 Charitable Fund
3833 E Eloika Rd, Deer Park, WA 99006-9127

Fax: (509) 926-3275

Email: gary@bowetax.com

(Rev 5/21/19)

Rotary



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Club Disbursement Request

Request Date: _____
Club Account: _____

Payee: _____
Address: _____

Mail to: ___ Payee ___ Club ___ Other:
Amount: \$ _____

Requested Expenditure is for:	
___ Charitable Donation	Purpose: _____
___ Scholarship	Student Name: _____
	Student Address: _____

___ Fundraiser Expense	
	Please identify Fundraising Activity: _____
	Description of Expenditure: _____

By: _____ Date: _____
(Mark one:) ___ President ___ Treasurer
Phone or email: _____

Submit request: Mail: Rotary District 5080 Charitable Fund
3833 E Eloika Rd, Deer Park, WA 99006-9127
Fax: (509) 926-3275
Email: gary@bowetax.com

(Rev 5/21/19)

Do Your Part For Donors and protect your Organization: IRS Substantiation Rules Apply To Contributors

What is Required by the IRS?

For donors' charitable contributions to be eligible for deductions on their income tax returns, they must follow the IRS "substantiation rules." These requirements vary with the nature and amount of the donation, but clearly state that, if a taxpayer fails to meet the substantiation and recordkeeping requirements, no deduction will be allowed.

For cash gifts of under \$250, a canceled check or credit card receipt is generally sufficient substantiation. If, however, any goods or services were provided in exchange for a cash gift of \$75 or more, the charity must provide a contemporaneous written acknowledgment that includes a description and good-faith estimate of their value.

For cash gifts of \$250 or more, as well as noncash gifts, the rules generally also require a contemporaneous written acknowledgment from the charity, which must include these four elements: 1) the donor's name, 2) the amount of cash or a description of the property contributed (separately itemized if one receipt is used to acknowledge two or more contributions), 3) a statement explaining whether the charity provided any goods or services in consideration, in whole or in part, for the gift, and 4) if goods or services were provided, a description and good-faith estimate of their value.

If the only benefit the donor received was an "intangible religious benefit," this must be stated. Goods or services of "insubstantial value," such as address labels or other small incentives in a fundraising campaign, do not need to be taken into account.

The requirements for noncash donations valued over \$500 include attaching a completed Form 8283 to the donor's tax return and, if valued over \$5,000, include obtaining a qualified appraisal of the donated property. Before you accept such donations, it may be wise to confirm with the donors that they are aware of the requirements and have obtained an appraisal, if necessary.

Quid Pro Quo

A donation at the end of the year might be your supporters' holiday gift to your not-for-profit. Make sure that you reciprocate by giving them credit and verifying that their donations are properly documented.

How can this affect your donors?

Your donors will be gearing up for tax-filing season soon. It is not too late to make sure that your organization is following the IRS donation "substantiation rules" to ensure your benefactors have the proof they need to deduct financial gifts. Proper documentation is also crucial so that your donors do not have any future problems with the IRS.

Legal Precedents Exist

Case law generally supports the IRS. In the court ruling *Durden v. Commissioner*, a church had received \$25,171 in contributions from a married couple. The taxpayers had canceled checks documenting these 2007 donations, and the church sent them a written acknowledgment of receipt. But the acknowledgment did not note whether the taxpayers had received any goods or services in exchange for their contributions. The IRS requires such a statement, so it disallowed the taxpayers' deduction.

The taxpayers then obtained a second receipt from their church, stating that they had not received any goods or services in exchange for their donations. The second receipt was dated June 21, 2009, and the IRS rejected it for failing to meet the "contemporaneous" requirement, which requires the notification to be obtained at the time of the gift.

The taxpayers appealed the IRS decision. Concluding that the couple had "failed strictly or substantially to comply with the clear substantiation requirements of Section 170(f)(8)," the Tax Court upheld the IRS's disallowance of the deduction.

The content of this article is intended to provide a general guide to the subject matter. Professional advice should be sought about your specific circumstances.

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Date:

To:

Thank you very much for your contribution to Rotary District 5080 Charitable Fund to benefit the charitable projects of Rotary Club of _____.

This letter acknowledges receipt of the following contribution on _____.

Donation received:

Cash donation: _____

Non-Cash Donation of _____

Regarding this gift:

___ No goods or services were received in return for this gift.

___ Only items of insubstantial benefit were received in return for the gift.

___ Goods or services with a value of \$_____ were received in return for this gift.

Thank you again for your generosity.