

FOR DISTRICT 5960 CLUB TREASURERS
Frequently asked questions . . . (updated June 6, 2018)

BUDGET PLANNING: *What is the amount of dues paid out to Rotary International and District 5960 on behalf of each member per year?*

2018-19 DUES PAID TO ROTARY INTERNATIONAL IN CHICAGO

ROTARY INTERNATIONAL DUES, INSURANCE (billed semi-annually-now online billing):

July/2018

Per capita	\$32.00
Council On Legislation	\$1.50
<i>The Rotarian</i> magazine	\$6.00
GL Insurance fees (U.S. clubs)	*\$5.50 (WI) *\$3.36 (MN)
D&O/EPL Assessments	*\$.43
Total	\$45.43(WI) / \$43.16 (MN)

*Insurance rates are adjusted annually. The current rates are listed in the table above. The new rates are usually available at the end of May.

Jan/2019

Per capita	\$32.00
<i>The Rotarian</i> magazine	\$6.00
Total	\$38.00

Questions on your invoice contact: Gloria Spanitz, gloria.spanitz@rotary.org or 847-866-3484

Outstanding club dues

As of 1 January 2015, clubs that have not paid their Rotary dues within four months of the date on the invoice will be terminated. Clubs will then have five months to fulfill the following reinstatement requirements:

- Pay all outstanding financial obligations at the time of termination
- Pay all membership dues that continue to accrue thereafter
- Pay a \$30 per member reinstatement fee
- Complete and submit a reinstatement application and provide an updated membership list along with a list of current officers and their contact information

After 150 days from the termination date, clubs are permanently terminated and cannot be reinstated. The club loses its name, history, and charter.

ROTARY DISTRICT 5960 ANNUAL DUES FOR 2018-19

Total annual District dues per member: \$55.00 (billed annually each July)

\$138.40 (Wisconsin) approximate total in annual per member payments to both Rotary International (Chicago) and Rotary District 5960. Prorated dues will also be charged for new members.

\$136.16 (Minnesota) approximate total in annual per member payments to both Rotary International (Chicago) and Rotary District 5960. Prorated dues will also be charged for new members.

IN ADDITION - DISTRICT TRAINING FEE:

The amount is added annually to the District 5960 club dues invoices, so please add this to your club's budget. But, what exactly is this fee?

The district supports several annual training events, such as the Rotary Midyear Rally, One Rotary Summit, PETS Orientation Seminar and Mid-Term meetings and Membership/Public Relations/Foundation Seminar, Assemblies, District Team Training, Webinars, etc. For each of these events we must estimate how many will attend, reserve space, food and materials for an unknown number, take attendance and then bill the clubs after the event for those who were in attendance.

In preparing the budget the Finance Committee decided to project those costs and assess the clubs for attendance of their members in advance on the following formula:

- Club size: 0-25 members @ \$125.00 per year
- Club size: 26-60 members @ \$225.00 per year
- Club size: 61 or more members @ \$325.00 per year

How do we all benefit?

1. No more after the fact hassles over who was there and who wasn't
2. Reduces club treasurer time and District Administrator time needed to process the multiple invoices and checks
3. Gives Event chairs a known budget from which to work
4. Pays for the Webinar training
5. Encourages all clubs to send members to training, they've been paid for already.
6. Increases the fellowship in the district as more members meet their peers from other clubs

IN ADDITION – PRORATED DUES FOR BOTH RI AND DISTRICT:

Rot Int'l Prorated per capita dues in prorated amounts shall be payable by each club for each member who has been elected to membership in the club subsequent to the July or January semiannual period. The monthly prorated per capita dues are included with your Rotary Invoice and are due to Rotary International in Chicago.

District Prorated District 5960 sends semi-annual billing of new members and payment (\$55.00 for July to Dec, \$27.50 for Jan to June).

For Rotarians and clubs that remit payments and contributions to the US:

Pay **ROTARY INTERNATIONAL** dues online at MY Rotary or mail online invoice with payment to:

Rotary International
14255 Collections Center Drive
Chicago, IL 60693

Send **DISTRICT** membership dues to District 5960 Office:

Rotary District 5960
2233 Hamline Ave No, Suite 620
Roseville MN 55113

QUESTIONS?? Please call Office Administrator Kathy Hughitt at 651/636-9054 or 800/636-9054 or kathy.hughitt@rotary5960.org

How do I get a Certificate of Insurance or add Additional Insured to our club liability policy with Rotary International?

Insurance is now provided through Rotary International and paid with your July semi-annual report form. In addition, Director's and Officer's liability insurance is also provided through Rotary International and paid with your January semi-annual billing. Insurance related questions available at the www.rotary.org or www.insight.ajg.com website (just type liability insurance in the search box). More information can be found under the Resource Tab on the District Website.

Is it important to have a budget?

YES. Without a budget, it is very easy for a Rotary Club to get in trouble financially. A budget organizes your assets and liabilities, keeps you on track and ensures that expenses will be paid, such as dues to both Rotary International and Rotary District 5960. Clubs who overestimate members can also run out of money quickly!

When does the club pay dues to RI and District 5960?

Rotary International emails invoice statements to both the club Treasurer and President in July and January.

Rotary International bills pro-rated dues for new members with each Semi-Annual Invoice

District 5960 sends annual dues statement in July to Treasurer.

District 5960 sends pro-rated dues statements in January and June to Treasurer following the end of each half year period.

Why is it important to register on time for District Mid-Term, Assemblies, PETS and Conference?

Meal counts to the hotel and restaurant. District has a financial commitment to the venue and minimums that must be met.

Also need to know numbers for room setup and materials.

Why is it important to include a copy of registration form and/or invoice?

Include copy of registration form or invoice when you pay bills so recipient knows what check is for. Always keep copy of invoices in case your club ever gets audited or to track down payments later. Be sure Treasurer is sending check to correct level (some club checks intended for District are sent to Rotary International and RI WILL cash them). Look at address on invoice to make sure.

Do clubs need to file tax forms with IRS?

All clubs qualify for tax-exempt status under Rotary International's exemption. Clubs are 501©4 status. The group exemption number is 0573. You may want to confirm with RI that your club is listed on their U.S. Form 990 as part of the group. Every club and district in the US is required to have its own Employer Identification Number (EIN).

NEW! All clubs, including those with gross receipts of \$50,000 or less, are required to file Form 990 (or 990N or 990EZ) by November 15 each year. This is required annually. Gross receipts include ANY income, meals, fundraising, etc. Failure to meet the annual filing requirement for three consecutive years will result in revocation of the tax-exempt status of the club or district in question. Clubs have been penalized at great cost (penalty \$1,358.50) if the filing is LATE. To learn more about this requirement, and to obtain the necessary e-postcard form, visit the US Treasury website at: www.irs.gov/eo, or call 877/829-5500. Check with an accountant for exact filing requirements.

Clubs are **NOT** 501©3, payments to clubs are not tax deductible (except possibly as a business deduction). Only contributions direct to The Rotary Foundation are tax deductible. Some clubs have their own foundations. Look at Donor Advised Funds through TRF as a possible vehicle for fundraisers. See international handout "USA, Puerto Rico and US Virgin Islands Rotary Club and Districts and the IRS."

FOR CLUBS IN THE USA - EMPLOYER IDENTIFICATION NUMBER (EIN): This number is assigned to US clubs by the Internal Revenue Service and appears on the cover page of the semiannual report form for US clubs. RI annually provides to the IRS a list of clubs and their EIN's to verify the clubs that come under RI's group exemption. Clubs and districts are exempt from paying federal income tax under section 501(c)(4) of the Internal Revenue Code. This IRS status *does not mean* that contributions to your club are tax deductible. In order to obtain a tax-exempt status of 501(c) 3 of the IRS code, a club must establish its own charitable fund. Clubs should seek legal advice and guidance to establish their own charitable fund.

FOR CLUBS IN THE USA - INSURANCE: As stated in 71.080.1 of the *Rotary Code of Policies*, each club shall maintain liability insurance for its activities as appropriate for its geographic region. Each club in the U.S. and its territories and possessions must participate in Rotary International's mandatory insurance program for general liability for its members and Director's and Officer's liability for its boards. For more information on the program, please go to www.rotary.org and type "liability insurance" in the search box or refer questions to insurance@rotary.org

ROTARY AND IRS STATUS

Rotary International and its "subordinate units," i.e. districts and local clubs, are nonprofit entities under the revenue code, paragraph 501(c)(4), and as you can see from the letters Jingle forwarded that has been determined and affirmed by the IRS. That simply means that our income is not taxable. That does not mean that payments to us are tax-deductible as charitable contributions. That distinction is unique to 501(c)(3) organizations (schools, churches and charitable organizations like United Way, American Red Cross, Boy Scouts, et al.). Rotary Club member dues and other income might, dependent on the specific situation, be deductible as a business expense for the payer/donor, as say a promotional activity.

In summary, "nonprofits" are not always charitable and a "donation" to a nonprofit is not always tax-deductible. Also, participating in fund-raisers for 501(c)(3) nonprofits is not always tax-deductible; examples are buying cookies from the Girl Scouts or Christmas wreathes from the Boy Scouts or buying donated items or services at a charity auction. You are receiving value and can only claim the difference as a deductible contribution to the 501(c)(3) charity.

We need to be careful in the use of our language, lest we imply we are something we are not.

That said, we are still a philanthropic organization, that is, we (Rotary International and its local Rotary Clubs) do good things with donations and monies obtained in various "fund-raisers" like raffles, rose sales and the like. Therefore, there should be no reason to not solicit PayPal payments as long as it is clear 1) how the funds are to be used, 2) who is soliciting them, and 3) that any payments/donations are not tax deductible as charitable contributions. That may mean using the "payment" button rather than the "donation" button, a small distinction to be sure.

Richard Ramsay, CPA
Rotary International District 5960 Treasurer

TOLL-FREE TRF CONTACT CENTER

The Rotary Foundation now has a toll-free contact center. Call **1-866-976-8279** or E- mail: foundation@rotary.org to check on your donations and recognition points, deadlines for grants and applications, contact names for your applications, and more. The TRF Contact Center is open M-F, 8 a.m. – 5 p.m., Central Standard Time