

To: Band Booster Membership
From: Band Booster Executive Committee
Date: 1/18/11
Re: Becoming Tax Exempt

Macomb Band Boosters is exploring the possibility of becoming a Not for Profit entity as well as becoming tax exempt. On Tuesday, January 11, 2011 Jeff DeJoode from March, McMillan and DeJoode came to the monthly booster meeting for a Q & A discussion of these issues.

Not For Profit (NFP)

Pros

- Increased independence
- Could broaden opportunities for fund raising

Cons

- Will require an annual report to be done every year
- As a separate entity, we will not be covered by any of the insurance of the district for off site activities. Will need to look into our own insurance coverage for this.
- In Illinois – volunteers and officers are immune from negligence liability. Willful and wanton liability is not immune.
- Would require that we file a 990 income tax form. This may be very easy (post card) depending on the volume of our receipts and we may even be able to file electronically.
- Costs
 - \$200/to file
 - \$100/year to renew
 - Cost of insurance?

Tax Exempt

We already have the forms to complete this process. Jeff recommended we incorporate as an NFP and then pursue this. He felt this process was something the executive committee could complete. Cost to submit application for this is \$850 (for organizations with gross receipts of \$25,000). This is a one-time fee.

Additional Discussion

Jeff offered his services, without charge, to file our application to incorporate as an NFP and get us an EIN number. With this, we could open our own bank account. (Currently we are a subsidiary of the Macomb Educational Foundation.) Incorporation generally goes very quickly, becoming tax exempt could take a few months.

An annual audit would be a good idea, but is not required.

Plan

Inform the membership that vote will occur at the February Booster Meeting (2//11). Members are encouraged to attend the meeting for additional discussion prior to the vote.