



# Finance is Fun! District Edition

Laura Stein, Director of Business and Finance

# Presentation Overview

1. 3 steps to avoid getting cross with the IRS: 1) request tax ID number, 2) establish 501c3 non profit status, 3) annual IRS filings
2. District collections: have your schools paid their NSDA invoices?



# Internal Revenue Service

## Step 1: Request tax ID number (EIN) from the IRS

1. Apply through IRS EIN Website:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>

2. Online application takes approximately 5-10 minutes to complete

3. EIN is provided upon application completion

4. No cost

5. Tax ID number does not expire – only need to do this step once!

5. Step by step instructions available from NSDA

# Internal Revenue Service

## Step 2: Establish 501c3 non profit status from the IRS

\*\*\*Requesting a tax ID number does not make your district a non profit!\*\*\*

### Establish 501c3 non profit status – why?

- Federal exemption from payment of corporate income taxes
- Individual's or company's charitable contributions to your district are tax-deductible
- Does not create exemption for state sales tax

# Internal Revenue Service

## Step 2: Establish 501c3 non profit status with the IRS

Annual gross receipts \$5,000 or less:

- District can operate as 501c3 without applying to IRS

Annual gross receipts between \$5,000 - \$50,000:

- complete IRS Form 1023-EZ online (3 pages vs 26 pages)
- \$275 filing fee

Gross receipts over \$50,000:

- Complete and mail IRS Form 1023 (26 pages)
- \$600 filing fee

IRS non-profit information site: <https://www.irs.gov/charities-non-profits>

# Internal Revenue Service

## Step 2: Establish 501c3 non profit status with the IRS

Best practice:

- File the 1023-EZ online to establish 501c3 non profit status even if annual receipts are under \$5,000.
- Provides documentation for potential donors that may request proof of 501c3 status.
- Status does not expire so long as annual 990-N return is filed

IRS non-profit information site: <https://www.irs.gov/charities-non-profits>

# Internal Revenue Service

## Step 3: Annual IRS tax filing

Annual gross receipts under \$5,000: do not need to file

Annual gross receipts \$5,000 - \$50,000:

- file 990N “e-Postcard”
- filing deadline is 15<sup>th</sup> day of the 5<sup>th</sup> month following closing of your tax year. Example: tax year ends July 31 – filing is due December 15
- Must be filed online
- Simple to file

Annual gross receipts over \$50,000:

- File Form 990
- Recommend using accounting firm to prepare

# Internal Revenue Service

## Step 3: Annual IRS tax filing

Completing the 990N e-Postcard requires the eight items listed below:

1. Taxpayer ID Number (TIN/EIN)
2. Tax year filing covers
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization's annual gross receipts are \$50,000 or less. Financial statements not required to verify.
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)



# Contact the IRS

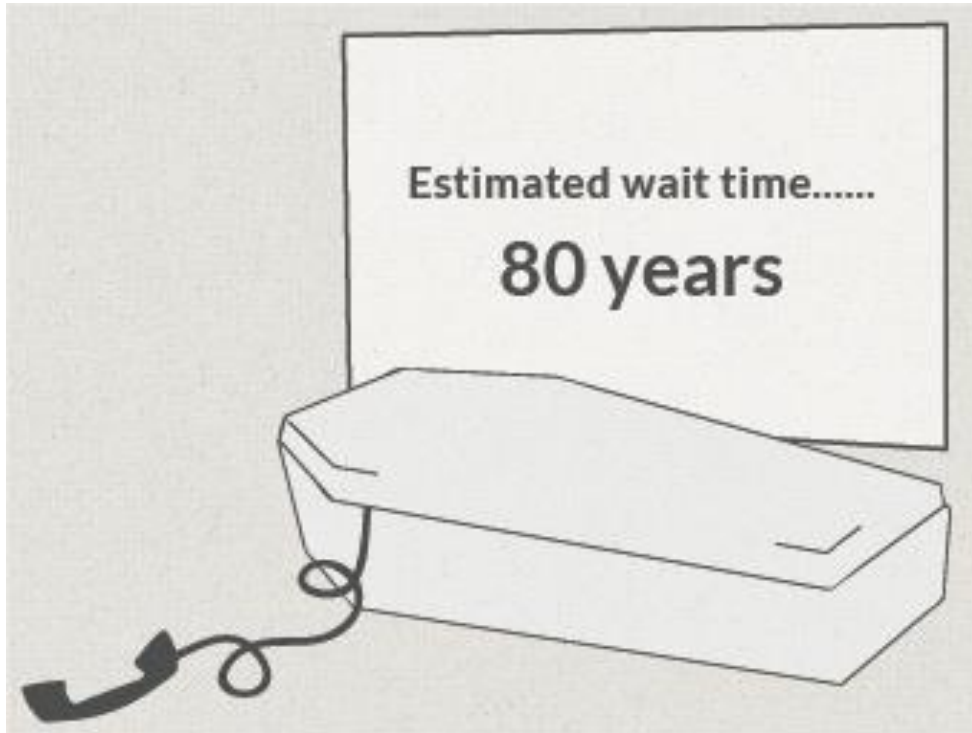


ILLUSTRATION: TIFFANY BAKER/CNNMONEY

Questions about how an existing district is formed.

Reinstate ability to file 990N for existing district (failure to file for 3 years).

Peak busy times for calling: Mondays and Tuesdays & weeks leading up to 4/15

Contact the IRS

Exempt organizations: 877-829-5500

# Best practices for your district:

- Create DropBox or Google Drive folder that can be shared with multiple people to store district documents: tax ID letter, 501c3 confirmation, bank account information, articles of incorporation, copy of Form W9.
- Notify IRS when district chair and/or address changes (IRS Form 8822-B).
- Have more than one signer on the district bank account.
- Questions? Just ask!

# Summary of steps to IRS happiness:

Step 1: Request tax ID number (EIN)

Step 2: Establish 501c3 non profit status

Step 3: Annual IRS tax filing



# District Collections

## Overview:

1. Are your schools in good standing?
2. How will I know if my schools owe?
3. Collecting the NSDA outstanding balances.
4. Ways schools can pay NSDA.



# District Collections

Are your schools in good standing?

All outstanding NSDA invoices (memberships, store purchases, trophies, etc) must be paid prior to competition.

- Advisors will need to generate invoices from their NSDA School Finance page.
- Advisors can check their school finance page to confirm all invoices are paid and account has \$0 balance.
- Message to advisors: pay NSDA invoices prior or be prepared to pay at districts.

# District Collections

How will I know if my schools owe?

A week prior to your district tournament, the NSDA finance office will email an **outstanding balance spreadsheet** to each chair.

A	B	C	D	E	F	
District	Customer Name	Invoice Numbers	Total	Comments	Payment / Check #	
Southern Wisconsin	Middletown HS - Verona, WI					
	Golda Meir HS	Invoice #6789 = \$45				
	Washington HS Of Information Technology	Invoice #1234 = \$45		Inactive Needs to generate pay invoice		
	Bona Marshall HS			Inactive Needs to generate pay invoice		
	Bay View HS			Inactive Needs to generate pay invoice		
	Wisconsin Lutheran High School			Inactive Needs to generate pay invoice		
	University School Of Milwaukee			Inactive Needs to generate pay invoice		
	Fort Atkinson HS					
	Hartford HS - Hartford, WI				Inactive Needs to generate pay invoice	
	Stoughton West HS				Inactive Needs to generate pay invoice	
	West Bend West HS					
	Blair HS		X 303369 = \$20 / X 303685 = \$5	\$25.00	Inactive Needs to generate pay invoice	

Red highlighted schools mean they are inactive:

- Have not renewed
- Have not created renewal invoice; or
- Have not paid invoice(s).

# District Collections

## Collecting outstanding balances:

- Reference the NSDA outstanding balances spreadsheet provided for your tournament.
- Please return completed outstanding balances spreadsheet and payments to NSDA office within seven days after tournament completion.
- If possible have computer available for schools to log into their NSDA account and pay by credit card or ACH, or verify \$0 balance.
- Invoices for your tournament: include your payee information on the invoices. NSDA frequently receives checks intended for district tournament fees.

# District Collections

## Ways schools can pay NSDA:

- Credit card – 3% processing fee has been removed! Payment via school account or calling NSDA office.
- New! ACH now accepted via school account or calling the NSDA office.
- Check – confirm check is payable to NSDA and NSDA invoice # is included on check.
- Purchase order – confirm an approval signature, number, and document says “Purchase Order”.

\*\*\*Please do not mail cash to the NSDA office\*\*\*



# NSDA finance staff is here to help!

Laura Stein – Director of Business and Finance

Liberty Dunn – Store Shipping

Nicole Martinez – Accounting Specialist (district collections & store)

Stephanie VanderBruggen – Accounting Specialist (A/P & A/R)

Chad Wagner – Trophy Shop Manager

Rebecca Wagner – Trophy Shop Invoicing

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