

Group Tax Return Reporting

Presented by Heather Jackson

Keep in Mind...

- ▶ We're not allowed to give tax advice
- ▶ Fiscal year/ Reporting year with IRS must be 9/1 - 8/31
- ▶ Don't be shy! Ask your questions as we go through the content
- ▶ Make this easy as possible!
 - ▶ When entering into your spreadsheets or accounting system always keep in mind how it will be needed to be pulled out
 - ▶ Copy & paste data from software where and when able to
 - ▶ Be sure to modify content to match columns of the Excel file



New Kid on the Block

✂ Send as part of PDF file via e-mail

- ▶ Did not file Form 990 via NTSSA group last year
 - ▶ Include copy of association's IRS determination letter confirming 501c3 status OR
 - ▶ Copy of prior year (8/31/20) Form 990 filed w/ IRS

The Big Picture

- ▶ Submissions are due by 5 p.m. Monday, October 18th
 - ▶ Extensions must be requested by 5 p.m. Monday, October 11th
 - ▶ Maximum extension date is 5 p.m. Monday, November 8th
- ▶ Electronic submissions only
 - ▶ Includes Excel file and PDF file(s)
 - ▶ Please send me back my Excel file in Excel
- ▶ Late fee is charged when late stepping up by how late
 - ▶ Received October 25th or later without extension and/ or submissions that are incomplete & will not answer emails



PDF File

- ▶ Send via e-mail
- ▶ Multiple PDF files may be necessary
- ▶ Must include:
 - ▶ W-3 issued in January for the prior calendar year
 - ▶ 1096 issued in January for the prior calendar year
 - ▶ 8/31/21 investment/ brokerage account(s) statement(s)
 - ▶ 8/31/21 financial reports

Governance Tab 1 Q & A

▶ Definitions

▶ Martial/ Family relationships

- ▶ Between 2 or more BOD members/ employees/contractors

▶ Direct and indirect business relationships

- ▶ Employed by another BOD member
- ▶ BOD also referees, assigns, coaches, etc.
- ▶ Thresholds
- ▶ Family members of BOD owns or works for someone who is a vendor for the association

Governance Tab 2 Q & A

- ▶ Definitions
 - ▶ Material diversion of assets

- ▶ Other Q & A
 - ▶ Minutes?
 - ▶ Policies in place? No, need a sample?
 - ▶ Conflict of interest
 - ▶ Whistleblower
 - ▶ Document retention & destruction
 - ▶ Number of scholarships issued
 - ▶ Board donations and fees paid

Other Info.

∞ Total # of:

- ▶ Employees for prior calendar year (use W-3)
- ▶ Players/Who can vote at your AGM got things like board members (can use total reported to NTSSA)
- ▶ Volunteers can be an estimate
- ▶ W-2s issued to employees
- ▶ 1099s issued (anyone getting paid for work over \$600, that is not getting a W-2 should get one)
- ▶ Voting members on board
- ▶ Independent voting members
 - ▶ No conflict of interest(s)

∞ Raise funds through any solicitations?

Officers List

- ▶ List all Board positions currently managing daily ops
 - ▶ Include all that served at any time during the fiscal (tax) year
- ▶ Former officers can be marked as so in column J
 - ▶ Per IRS, former must meet all factors below defined as:
 - ▶ Served anytime during 5 prior fiscal years
 - ▶ Not on board at anytime during current fiscal year
 - ▶ Paid compensation during current fiscal year
- ▶ Input the hours or average hours the officer uses to preform the tasks for your organization or related organizations **per week**
- ▶ If the board member receives payment from the organization you also need to fill out the payment information - includes things like ref work and coaching
- ▶ Do not include non-voting board members for current or former officers
- ▶ Insert additional rows as needed

Employees

- ▶ Separate columns for total paid for fiscal year and calendar year
 - ▶ These will usually not be the same amounts since your fiscal year runs from Sept to Aug and W-2 looks at calendar year, Jan to Dec
- ▶ Include former and current paid during fiscal and/ or calendar year
 - ▶ Calendar year total should = Form W-3
- ▶ Fiscal year total likely to = G&A Office Salaries & Wages expense
- ▶ QuickBooks & Other Software may allow:
 - ▶ Exports into Excel
 - ▶ Modify content as needed to match columns
 - ▶ Copy & paste into employees tab

Independent Contractors

- ▶ Separate columns for total paid for fiscal year and calendar year
- ▶ Include former and current paid during fiscal and/ or calendar year
 - ▶ Calendar year total might = Form 1096
- ▶ Fiscal year total likely to = Line 2 under G&A and/ or Soccer Activities expenses
 - ▶ If you put down all it should = your financials but if you are only reporting the over \$600 probably not, all will help as a double check for you and I
 - ▶ This will usually be different from Calendar Year because of the timing
- ▶ ‘Yes’ if current or former board member
- ▶ QuickBooks & Other Software may allow:
 - ▶ Export into Excel
 - ▶ Modify content as needed to match columns
 - ▶ Copy & paste into employees tab

Contributions

- ▶ **Noncash** donations should be valued by donor in writing
 - ▶ Keep valuation in permanent files
 - ▶ If value is not given research to find the average cost of the item
- ▶ **Noncash** - Include all items donated that the association would have had to pay for if not donated
- ▶ Now all donations are reported on the contribution page
- ▶ **Reminder: Thank You Letter required \$250+**

Contributions in Cash \$5K+

- ▶ Need full name of contributor and complete mailing address
 - ▶ Anonymous contributions are anonymous to everyone but the IRS
- ▶ Must include monies and non-cash items \$5K or more
- ▶ Date of the donation is required

Fundraising \$5K+ & All Raffles

- ▶ By event
 - ▶ Total *gross* amount raised (revenue/ income)
 - ▶ Total expenses *directly* related to the event
 - ▶ Set to automatically equal total of 2nd section by event
 - ▶ Net income per event (automatically calculated)
 - ▶ *Gross* amount raised - total expenses *directly* related
 - ▶ Expenses need to be broken down between the 6 categories listed in 2nd section
 - ▶ Categories per Form 990 return
 - ▶ Must equal total expenses listed above in 1st section
- ▶ If you have funds in fundraising on the financials you should have information on fundraiser questions
- ▶ Fundraisers **DO NOT** include any soccer games or soccer tournaments to IRS

Investments

- ▶ For each investment/ fund, IRS requires:
 - ▶ Purchase date
 - ▶ Investment/ fund name
 - ▶ Cost to purchase
 - ▶ Separate columns if sold vs still on hand as of 8/31/21

Investments

- ▶ Market value as of 8/31/21
 - ▶ Will be on the statement provided by broker/ bank
- ▶ If sold
 - ▶ Date sold
 - ▶ Amount received for the sell
 - ▶ Gain/ loss will automatically calculate for you
 - ▶ Include this on 'sale of assets' line item on Financials tab



Assets & Depreciation

- ▶ This tab is optional. Use only if needed to calculate depreciation on an asset.
- ▶ Each Board needs to establish \$\$\$ threshold
 - ▶ Document in minutes
- ▶ Depreciation
 - ▶ To allocate asset cost as an expense over the expected useful life of the asset

Financial Statement Tab

Will be covered by Revenue through Net Asset Slides
(the notes on the right our your friends)

Revenues

- ▶ Member (player) registration and fees
 - ▶ Deduct refunds, NSFs

- ▶ Report the gross amount for the following:
 - ▶ Fundraising events
 - ▶ Are ways to raise money other than soccer related events, like golf tournaments, food or gift wrap sales, pictures
 - ▶ Raffles
 - ▶ Tournament entry fees
 - ▶ Concessions
 - ▶ Rent income

Revenues

- ▶ Grants/ Contributions/ Donations
 - ▶ Include monetary donations only
- ▶ Sponsorships
- ▶ Gain/ (Loss) from sale of assets
- ▶ Interest income and dividends now combined
- ▶ Market Value Adjustment
- ▶ Other
 - ▶ Any amount listed must be described

G & A Expenses

- ▶ Compensation of officers
- ▶ Contract Labor
- ▶ Salaries & Wages
- ▶ Payroll taxes
 - ▶ Required employer match on FICA, Medicare, unemployment taxes
- ▶ Pension plan contributions (403b)
- ▶ Other employee benefits
 - ▶ Health insurance, etc.

G&A is non-soccer related work (paperwork)

G & A Expenses

- ▶ Professional fees
 - ▶ Lawyers and accountants
- ▶ Office expenses
 - ▶ Postage, printing, supplies, merchant & bank fees, property taxes, phone, etc.
- ▶ Information Technology
 - ▶ Hardware, software, internet, website, I.T.
- ▶ Occupancy
 - ▶ For office and/ or meeting space
 - ▶ No fields costs
- ▶ Travel
 - ▶ Include mileage and meals

G & A Expenses

- ▶ Conferences/ meetings
- ▶ Interest expense
- ▶ Insurance
 - ▶ All other insurance costs (fire, liability)
- ▶ Depreciation
- ▶ Other
 - ▶ Any amount listed must be described
 - ▶ Last resort place to file items
 - ▶ If you have things here IRS will question, so will I & the CPA

Soccer Expenses

- ▶ Compensation of officers
- ▶ Contract labor
 - ▶ Referees, coaches, etc.
- ▶ Advertising, promotion, marketing and sponsorships now combined

This is all game, practice, and everything game related.

Soccer Expenses

- ▶ Occupancy
 - ▶ Fields costs
- ▶ Registration fees
 - ▶ May match what has been paid to NTSSA
 - ▶ Deduct overpayments that have been refunded
 - ▶ Include NTSSA annual affiliation fee

Soccer Expenses

- ▶ Report the cost of conducting:
 - ▶ Tournaments
 - ▶ Concessions
 - ▶ Amounts paid to run concessions are **separate**
- ▶ Uniforms
 - ▶ Purchased for players
 - ▶ Shirts purchased for personnel (volunteers & staff)
- ▶ Field Equipment & Other Expenses
 - ▶ Nets, goals, balls, flags
 - ▶ Trainers, golf carts, tents

Soccer Expenses

- ▶ Clinics/ Training
 - ▶ All costs to attend or conduct including renting space/ fields
- ▶ Medals & Trophies
- ▶ Scholarships/ Player Fee Discounts
- ▶ Other
 - ▶ Any amount listed must be described
 - ▶ Last resort to file items
 - ▶ IRS will ask about if here, so will I & CPA firm

Fundraising Costs

- ▶ Include all costs incurred to conduct all fundraising events
 - ▶ Categories match Form 990
- ▶ Other
 - ▶ Any amount listed must be described

Assets

- ▶ Cash, Checking, Savings & CDs
 - ▶ Report reconciled balance
- ▶ Accounts receivable
- ▶ Prepaid Expenses
 - ▶ Paid expenses related to 2021/2022 prior to 9/1
- ▶ Inventory (items for sale and on hand as of 8/31/21)
- ▶ Land
 - ▶ Purchase cost

Assets

- ▶ Buildings
 - ▶ Purchase cost
- ▶ Buildings - Accumulated Depreciation
 - ▶ Buildings less accumulated depreciation = book value (i.e. the net value we used to report)
- ▶ Equipment
 - ▶ Servers, computers, phone system, software, printers
- ▶ Furniture & fixtures
 - ▶ Desks, alarm system, copier, postage meter

Assets

- ▶ Leaseholds
 - ▶ Improvements made on leased property
 - ▶ HVAC repairs/ replacement
- ▶ Investments
 - ▶ Total purchase costs as of 8/31/21
 - ▶ + or - Market Value Adjustment should equal values on 8/31/21 statement(s)
- ▶ Other
 - ▶ Any amount listed must be described



Liabilities

- ▶ Accounts payable
- ▶ Notes payable

- ▶ Payroll tax liabilities
 - ▶ Owed at 8/31/2021 but paid 9/1/2021 or later

- ▶ Deferred revenue
 - ▶ Income received related to 2021/2022 prior to 9/1/2021
 - ▶ This includes if you start collecting Fall Registration prior to 9/1/2021

- ▶ Other
 - ▶ Any amount listed must be described

Net Assets

- ▶ Net Assets (beginning) +
 - ▶ On the form with all associations on it I have the balances as reported at year end.
 - ▶ You should always keep copies from previous year finals
- ▶ Net revenue over expenses = ending net assets
- ▶ **Total liabilities + ending net assets must equal total assets**

This is the item I see wrong the most and/or not even checked

Affirm/ Attest

- ▶ Contact information of person submitting on behalf of the association
 - ▶ Entire BOD still equally responsible & liable
 - ▶ BOD should review and approve
 - ▶ Document in minutes
- ▶ Notate if no W-2s and/ or 1099s issued for prior calendar year

Most Common Errors

- ▶ Refunds issued, NSF's, chargebacks not deducted from proper revenue account
- ▶ Depreciation expense not calculated or included
- ▶ Refunds and reimbursements received not deducted from proper expense account
- ▶ **Assets do not equal total Liabilities + Net Assets**

IRS “Didn’t File” ...filed 990 via NTSSA

- ▶ IRS states didn’t file our 990 return &
- ▶ Association did file via NTSSA’s 990 Group Return
- ▶ This is the scenario when to disclose NTSSA’s Group TIN & GEN #'s
- ▶ Recommend respond in writing via certified mail return receipt
 - ▶ Include copy of verification letter from NTSSA

What's Next?

- ▶ Utilize the checklist to double check your reporting prior to submitting
- ▶ I will review and contact you with any questions or additional information needed
- ▶ I will send you an email stating your return has been added when your filling is finished and I have you fully added.
- ▶ Letter confirming filing status
 - ▶ Issued once the return has been filed
 - ▶ **Keep in the association's permanent files**