

RULES OF ENGAGEMENT 501(c)3

As requested at the 09/28/20 Springfield Lions Club/SLC Board Meeting I am putting forward for informational purposes only a list of protocols when using the Oregon Springfield Lions Foundation/OSLF. These are things off the top of my head and can be added to once they become apparent.

Rule #1 If during any project (Raffle, Golf Tournament, Plant Sale, etc) the OSLF name is used on tickets, fliers and any promotional/media material then the funds generated will go into the OSLF Activity account to be distributed through grant applications, with the exception of funds distributed to organizations listed as recipients of the Spring Raffle . This shall also apply to any donation made in which the donor wishes their donation to be recognized for tax deduction/write-off purposes.

Rule #2 Any fundraising project (Raffle, Golf Tournament, Plant Sale, etc) shall be discussed under New/Old Business during an OSLF Board Meeting.

Rule #3 Any *indirect** expenses created by the implementation of a OSLF fundraising project (Raffle, Golf Tournament, Plant Sale, etc) shall be paid out of the OSLF Administrative account. This will include postage, letterhead, envelopes, etc.

Rule #4 As a nonprofit 501(c)4 the SLC can submit an OSLF grant application for operating funds. This would generally be done at the end of the fiscal year in order to reduce OSLF Activity account balance.

Funds transferred from SLC 501(c)4 to OSLF 501(c)3 will be reflected in the board minutes of the SLC in the form of a motion. This will act as a paper trail for any legal clarification(s).

Rule #5 As for grant applications, all grants should be granted and discussed at the Foundation meeting. That is why I created the OSLF grant website <http://oslf-grant.bigbig.com>. The OSLF is an extension of the Springfield Lions club which allows the Springfield Lions Club to encourage businesses and individuals the opportunity to take a tax deduction for their donations.

Rule #6 Also, FYI, when utilizing the Foundation for projects especially the Raffle the Foundation name and EIN should be visible on any documentation (Raffle tickets/fliers, etc.).

Rule #7 If there is anything in question or doubt refer back to Rule #1

Distribution of funds from SLC 501(c)4 Administrative and Activity accounts

Administrative	Collection of membership dues
	Payment of District and LCI membership portion of collected dues
	Reimbursement of Convention Fees/Competition Baskets/Signage costs
	Payment of Leadership Training and other related Training Fees
	Membership, Recruitment Brochure and other mailings
	Luncheon Speaker(s) and First Time prospective members
	Chapter Parties (Christmas, Cinco de Mayo/KENTUCKY DERBY, etc)
	Operating Supplies (stamps, letterhead, envelopes, etc)

Activity Replenish OSLF 501(c)3 funds whenever appropriate
Special projects outside of the realm of OSLF 501(c)3 (see Rule #1) examples
reimbursement Road Side Cleanup, bags for Honor Flight Recycling Project, etc.
Lions specific LCI/LCIF and OLHSF/"Parade of Checks" added 04/14/21

ADDENDUM 04/14/21 EMAILS:

Hi Dianne,

Can you let me know if you have time to meet me and sign a number of checks due in April on Thursday?

Also, I wasn't aware of 2 checks being required as well as the circumstances of each (I thought it was just one \$1,000 check but see the rest of my comment below). For example I don't know what accounts they need to come from. I will reach out to Dale H (he's cc'ed on this reply) as you noted in your email. Going forward I understand it may not require a full grant request, but I don't have the experience in Lions that you all have so I need some kind of documentation to effectively do my job. It's not that I am approving or rejecting anything it's a matter of accurate accounting and keeping from pulling my hair out ;o)

Sincerely,

Paul Pevehouse

Springfield Lions Club Treasurer

I don't have a grant. I don't think the LCI \$1,000. or OLSHF need a grant, just a check but I could be wrong. Better check with Dale H.

Anyway, I authorize \$1,000.00 each to LCI and OLSHF.

Dianne Rush, President

This is an interesting question. In the past we paid these funds out of the 501(c)4 activity account because that's all we were at the time. The OLSHF check was presented at the District 36-R convention during the "Parade of Checks" presentation (this year May 1, 2021). We also would donate another \$1,000 for "Parade of Checks" which will be held during the Oregon Multi-District Convention (date May 14-15, 2021). So we did it twice a year. The amount does not have to be \$1,000. It can be anything we want. Sometimes at the District 36-R Convention it was only \$500. Lion Henry has better knowledge regarding amounts. I have no problem with this funding coming from the 501(c)4 Activity account because this activity is Lions specific. The Springfield Lions Club 501(c)4 could submit a grant to the OSLF Activity account to replenish this money at a later date and under the auspices of "Operating Funds"

Lion Dale Howard

The LCI/LCIF check would also come out of the Springfield Lions Club 501(c)4 Activity account. Again, this is because it is a Lions specific activity and not a special request from another organization. In the case of the special needs request by the Bethel Lions for the family and in particular the family member with cancer, even though I believe we gave the funds to the Bethel Lions to administer it was still for a cause not related to Lions specifically and so a grant was accepted through the proper OSLF grant protocol. D.H.

* Unrelated to your comments on the “Parade of Checks” below I have some general concerns for Rule #3 which is too general for accounting purposes. Since there are two types of expenses in accounting. Direct (Project) & Indirect (Management or General & Administrative G&A) Expenses. Direct expenses are specifically & completely tied to a project. Indirect costs are part of the day to day operation of a business but may be used for projects

This language does not fit in standardized accounting:

Rule #3 Any expenses created by the implementation of a OSLF fundraising project (Raffle, Golf Tournament, Plant Sale, etc) shall be paid out of the OSLF Administrative account. This will include postage, letterhead, envelopes, etc.

In practice typical postage would be an indirect or management expense (as written in Rule #3) while postage sending out specific and unique sign up sheets as part of an identified project are a direct expense of the project. In other words, envelopes purchased for day-to-day purposes and used mostly for a project would fall under c4 Admin while unique envelopes purchased specifically and exclusively for a project and only for that project are a direct c3 cost. My suggestion would be to alter Rule #3 to say “Any *indirect* expenses created by an....

This solution also adds better clarity and accountability to our projects so costs can be tracked effectively and reported on as part of a “Project”. Note: this is the way the budget was written up, with direct and indirect costs for the same thing in different sections like postage. It makes the accounting much simpler and avoids guesswork.

Here is an example of Project related expenses in a 501(c)3:

Example of Program Expenses

A nonprofit is dedicated to providing disaster relief. It spends \$2 million on food and shelter (direct cost of a project unless employees eat the food) for various disaster recipients, \$100,000 on fundraising efforts (indirect costs), and \$80,000 (indirect costs) on administrative staff. Of these amounts, only the \$2 million spent on disaster-related food and shelter can be considered program expenses.

PROGRAMS

Program expenses are any costs related to running the various programs and services offered by a nonprofit organization, as per its mission. For established nonprofits, program expenses often make up the majority of their overall costs.

MANAGEMENT AND GENERAL

Management and general costs are supporting expenses associated with funding the day-to-day operations of the organization. These expenses don’t directly relate to the mission of the nonprofit and usually include costs like governance, bookkeeping and management.

Sincerely,

Paul Pevehouse
Springfield Lions Club Treasurer

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EMAILS WITH OREGON DEPT. OF JUSTICE REGARDING RAFFLES

From: Stafford Susan
Sent: Monday, April 26, 2021 2:40 PM
To: oslf-grant@gmail.com
Subject: Oregon Springfield Lions Foundation DOJ #59084

To Whom It May Concern:

Your recently-submitted RF-C forms with the Charitable Activities Section of the Department of Justice included an affirmative response to question 11, charitable gaming -- bingo, raffle and Monte Carlo games.

Additionally, you indicate that tax exemption under a provision of IRC 501(c) has been granted by the IRS and that you hold your official tax determination letter so stating.

Because charitable gaming is regulated, please take a moment to review the laws governing such activities. Here is the URL to DOJ's website with links to charitable gaming regulations (Oregon Administrative Rules and Oregon Revised Statutes -- OARs and ORSs) and the Department's applications and report forms which are all available online:

<https://www.doj.state.or.us/charitable-activities/charitable-gaming/charitable-gaming-license-applications-and-reports/>

NOTE #1: for deregulated raffle activities, the first qualifying criteria of holding tax-exempt status (under IRC 501(c)) must be met -- and such status must have been held for not less than one year. Compliance with OAR 137-025-0310's raffle ticket disclosures is recommended as those disclosures contain information important to purchasers and can help prevent or resolve any subsequent complaints.

If you have any difficulty retrieving them online, let me know -- I've plenty of copies and will gladly address and post an envelope with them per your instructions.

NOTE #2: toll-free phone to IRS (in Ohio) is (877) 829-5500; website is www.irs.gov
-- and remember that raffle prize winners may incur gambling winnings tax!

If you have any difficulty retrieving OARs or ORSs or DOJ's forms online, let me know -- I've plenty of copies and will gladly address and post an envelope with them per your instructions.

Suzi Stafford

Gaming Registrar | Charitable Activities | Oregon Department of Justice
100 SW Market St | Portland, OR 97201
Direct Ph: 971.673.1975 | Office ph: 971.673.1880 | Fax: 971.673.1882
susan.stafford@doj.state.or.us or charitable.activities@doj.state.or.us

04/27/21

Attention: **Susan Stafford**

I must apologize as the email address of oslf541@gmail.com was the correct email that should have been submitted on form RF-C. I was trying to get this submission put together while also preparing to give a presentation on Saturday, May 1st. I have reviewed the requirements of OAR 137-025-0310 and the Raffle tickets information is in compliance. The originators of this fundraiser obviously reviewed the requirements beforehand. The Raffle was started in 2016 by the Springfield Lions Club (Lions Club of Springfield, Oregon). They have been incorporated with the State of Oregon since 1952. As I reflect upon the answer to question 11 of form RF-C, I may have been mistaken as the Oregon Springfield Lions Foundation is listed as a recipient (1/3 of proceeds) from the Raffle. The Raffle itself was developed and promoted by the Springfield Lions Club (Lions Club of Springfield, Oregon 501(c)4). All tickets and fliers indicated that this offering is by the Springfield Lions Club with no mention of the Oregon Springfield Lions Foundation except as a recipient. Thank you for your help with this endeavor.

Dale Howard
Oregon Springfield Lions Foundation
2nd Vice President/Incorporator

Dale Howard ›oslf541@gmail.com›

Apr 28, 2021, 10:42 AM (2
days ago)

to Staffor
d

04/28/21

Attention: **Susan Stafford**

After further consideration, I am rescinding my last comment about the Oregon Springfield Lions Foundation not being involved with the Springfield Lions Club Raffle process. One of our donors doubled their monetary contribution from previous years for this year's Raffle after being informed that the Springfield Lions Club had a 501(c)3 designation. As I have shared with the OSLF Board Members any time that the "Oregon Springfield Lions Foundation" is associated with any endeavor it becomes the focal point of that project/event. So with that having been said the response to Question 11 on Form RF-C would remain a "YES".

Dale Howard
Oregon Springfield Lions Foundation
2nd Vice President/Incorporator

Stafford Susan

Apr 28, 2021, 10:48 AM (2 days
ago to me)

Good Morning Mr. Howard,

Thank you for both of your emails. I have noted them in our database.

Anytime that you or your organization has charitable gaming questions, please do not hesitate to contact me.

Regards,

Suzi

Suzi Stafford
Gaming Registrar | Charitable Activities Section
Oregon Dept of Justice | 100 SW Market St. | Portland, OR 97201
Direct Ph: 971.673.1975 | Office Ph: 971.673-1880 | Fax: 971.673.1882
susan.stafford@doj.state.or.us | charitable.activities@doj.state.or.us

To Grant or not to Grant that is the question:

Virginia

Howard <springfieldlionsclub@gmail.com>

Tue,
May
18,
3:12
PM
(2
day
s
ago)

to J, Dianne, Henry, Paul, Jan, Dale, Her
Ginger

A question was raised by SLC/OSLF Treasurer Lion Paul Pevehouse at the May 17, 2021 OSLF/SLC Board of Directors meeting. His main contention was the further classification of spending and which account should have been used in regards to a check that was made out to Food For Lane County and presented at the KVAL CANDO televised Food Drive. After some consideration I present the following in hopes that it will shed light on possible consideration for distribution of funds and what might be deemed the proper protocol for future reference.

THIS IS UP FOR ANY FURTHER DISCUSSION AND IS ONLY PROVIDED AS “Food For Thought”.

The Oregon Springfield Lions Foundation has a NTEE (National Taxonomy of Exempt Entities (NTEE) Codes - IRS activity code) of T-20 which means

ACTIVITY CODES An organization may list up to three activity codes on Forms 1023 and 1024. These are codes that reflect an organization's purposes, activities, operations, or type. From one to three activity codes may be selected per request. The Activity Code is historical only and is no longer updated.

T) Philanthropy Voluntarism and Grant making Foundations

T20 Private Grant making Foundations

Foundation Status: Organization that receives a substantial part of its support from a governmental unit or the general public 170(b)(1)(A)(vi).

Affiliation: Independent – the organization is an independent organization or an independent auxiliary (i.e., not affiliated with a National, Regional, or Geographical grouping of organizations).

With all that being said, if the SLC/OSLF Board of Directors or membership decide on its own accord to fund an organization such as the Food For Lane County it can do so without a Grant Application as

long as this is the accepted protocol of the SLC/OSLF. However, if an outside organization (which doesn't necessarily have to be a nonprofit or charitable) solicits funding from the SLC/OSLF then they must do so in the form of a Grant Application. The acceptance and any modifications (\$ amount and conditions pertaining to the completion of required directives) of the Grant Application would be determined by the appropriate SLC or OSLF Board of Directors and/or membership.

The Grant Application would be considered a paper trail for the transaction. However, a deposited/cashed check would also serve the same purpose.

Lion Dale Howard

Virginia

Howard <springfieldlionsclub@gmail.com>

Tue,
May
18,
4:35
PM
(2
day
s
ago)

to J, Dianne, Henry, Paul, Jan, Dale, Her
Ginger

Sometimes I will create something in order to get the ball rolling. So perhaps since the Oregon Springfield Lions Foundation (501(c)3) is a grant making entity any funds distributed through it should be the result of a Grant Application. The Springfield Lions Club (501(c)4) could decide to distribute funds to another organization if it so chooses without a grant being required. This is because the organization in question did not request funds directly but the SLC Board of Directors and/or membership chose to make a donation to that particular organization. If and when the SLC depletes its Activity/Administrative Account funds it can request funds from the Oregon Springfield Lions Foundation through a Grant Application request (Rule #4 As a nonprofit 501(c)4 the SLC can submit an OSLF Grant Application for operating funds).

Hopefully, this will clear up any issues going forward!

Lion Dale Howard

As of 06/19/21 Disposition regarding filing Form 1120 with IRS

I am attaching this to this old email. At the 06/19/21 District 36R Cabinet Meeting I reposed the question of having to file an IRS Form 1120 to District Treasurer (CPA) Lion Brian R. . His response was in effect that the Form 1120 was for a 501(c)3 For Profit corporation. Hence since we are Nonprofit it wouldn't apply to our Foundation. If the IRS were to contact us regarding the non filing of Form 1120 we would simply respond by saying we inadvertently must have check a wrong box when making our EIN submission. No harm no foul! Here is what District Treasurer (CPA) Lion Brian R.

had to say

You know, I'm, I'm trying to remember the facts behind that a form 1120 is a corporate se for profit corporation tax form. So if some, normally a nine, a nonprofit we file form 990 in the tax world. So an 1120 somehow got in the IRS system incorrectly. The so they're looking and the IRS is choked with applications that are that go nowhere. There's so many facts, identification numbers that are ghost numbers because it never got off the ground. But yeah, that's it. If there's nobody to go, whoever's name is on, it might be a correspondence saying what's up, and then you just have to explain that when a tax identification number was applied for a run box, must have been checked. In, but I, and I remember our discussion, but I apologize. The details of it are escaping me right now. I just know that form 11 plenty is nothing to do with a nonprofit world. There can be associations that have a form 11 plenty nonprofit, homeowners association, it can be all sorts of those type of form 1120s, but not a pure nonprofit and the 501 c category, they file under a file a form line.

Lion Dale Howard