

ANNUAL FIDUCIARY (LEGAL AND FINANCIAL) RESPONSIBILITIES for LWVIL LOCAL LEAGUES

Updated December 2022

Local Leagues are responsible for compliance with state and federal statutory requirements for nonprofit organizations. This list identifies activities to undertake on an annual basis, and includes:

- requirements for local Leagues with either 501(c)(3) or 501(c)(4) tax status
- requirements for local Leagues that are incorporated or unincorporated (the majority of local Leagues)
- In most instances the requirements are the same. If there is a distinction, it is noted.

Annual Fiduciary responsibilities fall into four categories:

- Federal statutory requirements
- State statutory requirements – obligations Leagues must meet in order to be in compliance with the state law.
- League Requirements – business obligations Leagues must meet to maintain good standing/status as a local League
- Best Practices – recommended activities Leagues should regularly undertake for efficient and sustainable operations.

Please direct questions to the LWVIL Treasurer at treasurer@lwwil.org.

FEDERAL STATUTORY REQUIREMENTS	ACTION
<p>Annual IRS tax filing</p> <p>Form 990 - Required for ALL local Leagues</p> <p>IMPORTANT NOTE: <i>You are responsible for the annual filing to the IRS and submitting evidence of the filing to the State League.</i></p>	<p>Form 990 Must be filed on the 15th day of the 5th month after the League’s accounting period ends. (example: fiscal year ends June 30, form 990 must be filed by November 15).</p> <p>Email receipt to LWVIL treasurer@lwwil.org for state record of your tax filing.</p> <p>If annual income is less than \$50,000, file a form 990-N online at www.irs.gov. Find a guide for filing the 990-N on the LWVIL website>For Members>League Resources under Treasurers.</p> <p>If annual income is more than 50,000 but less than \$200,000 and total assets at the end of the tax year are less than \$500,000, file a form 990-EZ.</p>

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STATE STATUTORY REQUIREMENTS All local Leagues	ACTION
<p>Conflict of Interest Policy</p>	<p>Adopt and review annually the Board Conflict of Interest Policy Follow the IRS compliant Conflict of Interest Policy template, available on the LWVIL website League Resources page.</p>
<p>Provide receipts to donors for charitable donations.</p>	<p>See APPENDIX I for required details to include in receipts for all donations.</p> <ul style="list-style-type: none"> ● Required for donations to a local League that has 501(c)(4) status. ● Required for donations to a local league that has established 501(c)(3) tax status ● Required for a local League with 501(c)(4) status that has collected funds via the LWVIL Education Fund to benefit its local League.
<p>For local Leagues that pay independent contractors or lawyers for work done:</p> <p>File form 1099-NEC/Misc</p>	<p>Form 1099-NEC/Misc.</p> <ul style="list-style-type: none"> ● Must provide to independent contractors by January 31 ● Must provide to IRS by February 28 <p>Must provide 1099 to independent contractors that (i) were paid at least \$600 and are not a corporation and (ii) all law firms regardless of corporate status.</p>
<p>For local Leagues that have employees:</p> <p>Each employee must complete form W-4</p> <p>Each employee must receive form W-2</p>	<p>Form W-4</p> <ul style="list-style-type: none"> ● Have each employee complete <p>Form W-2</p> <ul style="list-style-type: none"> ● Provide to each employee by January 31 ● Send W-2 for each employee to Social Security Administration by February 28 <p>Determine other employee filing/payment/insurance obligations such as worker’s compensation, if applicable.</p> <p>https://www.illinois.gov/sites/iwcc/about/Pages/insurance.aspx</p>
additional STATE STATUTORY REQUIREMENTS for Leagues that are incorporated	ACTION
<p>Submit Corporation Annual Report to the Illinois Secretary of State</p>	<p>Submit Corporation Annual Report form prior to the first day of the corporation’s anniversary month. The anniversary month is the month in which the corporation was formed. Example: A League incorporated on September 18 has an anniversary month</p>

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	<p>of September, the Corporation Annual Report is due before September 1.</p> <ul style="list-style-type: none"> • If filed on time, a \$10 filing fee is required by statute. • if filed later, a statutory \$3 penalty fee must be added for a total of \$13 <p>NOTE: Failure to file this report may result in the involuntary dissolution of your League.</p> <p>Find the form on the Illinois Secretary of State website: - https://www.ilsos.gov/publications/pdf_publications/nfp11405.pdf</p>
<p>Update League’s registered agent with the Illinois Secretary of State</p>	<p>Update is usually required when there is a change in leadership for the local League, as the registered agent is typically the president.</p> <ul style="list-style-type: none"> • Example: A new president is elected at the annual meeting. A change in the registered agent is required. You must attest to an approval by the board of directors to make the change. • There is a filing fee of \$5. <p>Find the form on the Illinois Secretary of State website: - https://www.ilsos.gov/publications/pdf_publications/nfp10510.pdf</p>
<p align="center">additional STATE STATUTORY REQUIREMENTS for Leagues with 501(c)3 status</p>	<p align="center">ACTION</p>
<p>Submit Form AG990-IL to the Illinois Attorney General.</p>	<p>File within 6 months of fiscal year end; 60 day extensions, if needed, must be applied for prior to the due date.</p> <p>Email receipt to LWVIL treasurer@lwwil.org for state record of your filing.</p> <p>For Leagues with less than \$25,000 in revenue, the filing fee is waived and limited information is required. A copy of the 990-N is to be attached</p> <p>For Leagues with more than \$25,000 in revenue, there is a \$15 filing fee [\$100 late fee]. A copy of the 990-N or 990-EZ is to be attached.</p> <p>Find a guide document for filing the AG990-IL on the LWVIL website>For Members>League Resources under Treasurers.</p>

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<p>Track lobbying expenses</p>	<p>NOTE: Leagues that have elected 501(c)(3) status are advised to make the 501(h) election (one-time filing with the IRS) and measure lobbying activity based on expenditure tests. Section 501(h) lobbying expenditure test.</p> <p>Track expenses incurred for lobbying activities, and ensure they remain within allowable guidelines.</p> <p>Volunteer time is unlimited.</p> <p>Questions? treasurer@lwwil.org</p>
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LEAGUE REQUIREMENTS	ACTION
<p>Annual Meeting</p>	<p>Conduct annual meeting on the date designated in your bylaws.</p> <ul style="list-style-type: none"> ● Elect officers and directors (term as defined by bylaws) ● Approve a budget ● Refer to your bylaws for full list of actions to be taken at your annual meeting
<p>Annual Examination of Financial Records</p>	<p>Establish a committee and schedule for conducting a regular annual examination of your League’s financial records.</p> <p>Present reports to membership as defined per bylaws.</p>
<p>Collect Membership Dues</p>	<p>Collect membership dues based on the amounts and timeline set by your local League.</p> <p>Membership dues are used to pay PMP to both LWVIL and LWVUS.</p> <p>If the local League has 501(c)(3) tax status, dues are tax-deductible. Make sure your receipt acknowledges this. See Appendix I.</p>
<p>Maintain updates in LWVUS Roster Management System</p>	<p>LWVUS Roster MUST be continually updated as members join or leadership changes.</p> <p>NOTE: Members MUST be listed in LWVUS Roster to be covered by LWVIL insurance. LWVIL provides general liability and director and officer insurance for local Leagues. Insurance coverage only extends to members listed in LWVUS Roster.</p>

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	Key date: January 31. Members shown as Active in LWVUS Roster on January 31 set membership count for the PMP invoicing by LWVIL and LWVUS.
Remit Payment to LWVIL and LWVUS for per-member-payments (PMP)	Both LWVUS and LWVIL issue annual PMP invoices to local Leagues. Payment is due upon receipt to ensure good standing with the organization. Should this prove a hardship to any local League, please contact treasurer@lwwil.org

LOCAL LEAGUE BEST PRACTICES	ACTION
Use dedicated email address for finance related communications	Example: LWVofTowntreasurer@gmail.com
Use dedicated local League bank account	Establish a dedicated League bank account; No personal account should be used.
Update Bank, Investment and Payment Processor Accounts	<p>Make sure that each account has more than one officer with signing permission</p> <p>If/when officers change, update signature cards or responsible individuals with your local bank(s) and on any investment or payment processing accounts (i.e. PayPal)</p> <p>Update usernames and/or passwords</p>
Maintain current local League office address/contact records with LWVIL	Notify support@lwwil.org of any change of League office address or contact information.

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 Published January 2021
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APPENDIX I - RECEIPTS FOR CHARITABLE DONATIONS

Information to be included in the receipt to a donor for all charitable donations:

- the donor's name and address
- the amount of the contribution
- the date the contribution was received

Additional language from below must be included depending on the tax status of the recipient organization

- donations to your 501(c)(3) League are tax deductible
- donations to your 501(c)(4) League that were solicited using the LWVILEF as a fiscal agent are tax deductible
- Donations to your 501(c)(4) League which did NOT use the LWVILEF as a fiscal agent are NOT tax deductible

Language if a local League is a 501(c)(3) tax-exempt organization:

- The receipt should include the following statement: "*[Name of local League] is a tax-exempt organization under Section 501(c)(3) of the IRS tax code and its FEIN number is [fill in FEIN number]. Contributions are tax-deductible to the extent allowed by law.*"
- Either one of the following statements should also be added: "*No goods or services were provided in consideration of this contribution.*" OR "*[Name of your local League] provided [description of goods or services] in return for your contribution. The fair market value of [description of goods or services] is [dollar amount]. Your charitable deduction for federal income tax purposes is limited to the excess of your contribution amount over the value of the goods or services provided to you.*"
- Current league member benefits are not considered goods or services by the IRS (for example, League Newsletters). Examples of goods or services where someone might make a contribution in conjunction with receipt of such items are a luncheon or silent auction items.
- Local League member dues are tax deductible.

Language if a local League is a 501(c)(4), and solicited funds using the LWVIL Education Fund as its fiscal agent:

- The receipt should include the following statement: "*Thank you for your donation to the LWVIL Education Fund to benefit [local League name]. The LWVIL Education Fund is a tax-exempt organization under Section 501(c)(3) of the IRS tax code and its FEIN number is 36-3037231. Contributions are tax-deductible to the extent allowed by law.*"
 - Include the following if you plan to use your monies held by the LWVIL Education Fund for PMP payments: "*The funds you contribute to the League of Women Voters of Illinois Education Fund under this program may be used to support the charitable and educational activities of our state League and to make contributions to the national League of Women Voters Education Fund.*"
- Either one of the following statements should also be added: "*No goods or services were provided in consideration of this contribution.*" Or "*The LWVIL Education Fund provided [description of goods or services] in return for your contribution. The fair market value of [description of goods or services] is*

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[dollar amount]. Your charitable deduction for federal income tax purposes is limited to the excess of your contribution amount over the value of the goods or services we provided to you."

- Examples of goods or services where someone might make a contribution in conjunction with receipt of such items are a luncheon or silent auction items.

Language to include somewhere on the donation acknowledgement if a local League is a 501(c)4 and solicited funds without using LWVILEF as its fiscal agent:

"Donations to [local League name], a 501(c)4 organization, are not tax deductible."