

FINANCES

Disclaimer: these notes are offered to assist RSOs in the process of financial reporting. The University of Nebraska at Kearney is NOT responsible for handling financial issues or accounting procedures for Recognized Student Organizations. Please consult a financial professional or a Certified Public Accountant with questions and further financial reporting instructions.

TAX EXEMPT STATUS

Student Organizations can only use the tax exempt status if the payment of a bill is made through the University Accounts payable or Purchase Order requisition procedure.

Raffle Ticket Policy for Recognized Student Organizations

Recognized Student Organizations may host raffles at UNK by carefully adhering to the State of Nebraska Regulations governing raffles as outlined in the Nebraska State Lottery and Raffle Act.

Nebraska Small Lottery and Raffle Act guidelines can be found at:
<http://www.revenue.nebraska.gov/gaming/infoguide/raffle.pdf>

Small Lotteries and Raffles State Law Summary

Nebraska law states that gross proceeds must not exceed \$5,000 for a small raffle or \$1,000 for a small lottery, and that these proceeds must be used solely for charitable or community betterment purposes, awarding of prizes to participants, operating costs or civic activities conducted by Recognized Student Organizations (RSO) for the benefit of its members. Tickets for a small lottery or raffle need to be sequentially numbered and be the same size, shape, and weight. To qualify as a raffle, 80 percent of the prizes to be awarded must be merchandise prizes not redeemable for cash.

Additionally, the Nebraskan Student Union and Student Engagement Office mandates that prizes for raffles not include tobacco or alcohol. Random raffle drawings must be held in a public venue with at least three individuals from the student organization and/or an advisor present.

Non-Profit Checklist – Fundraisers/Sales Tax

Types of Events

- Fundraiser where a product has been purchased by the organization for resale.
- Banquet or other events where there is an admission fee.
- Car wash where a fee is charged for the service (not a free will donation).

To Do Ahead of Time

- Apply for Nebraska ID number (Form 20*) and indicate you will have taxable sales. This application is a one-time process. Once you have a Nebraska ID number, you do not need to reapply each time you have an event.
- If you have admission tickets, indicate on the ticket the value of the item received (such as a meal), show the amount of sales tax on that amount, and then indicate that the rest of the admission price is a contribution.
- So for a \$15 event ticket, you should indicate:

Meal or item	\$5.00
Sales tax @5.5%	.28
Contribution	9.72

- If you are purchasing something to resell (meal, t-shirts, hats), when you purchase them, you need to fill out a Form 13*, complete section A to indicate that you are making a purchase for resale, and give that to the restaurant/caterer/t-shirt seller. Then you will not be charged sales tax on your purchase.

At the Event

- Track the number of meals or items sold and the funds collected.
- Have at least 2 people working together who will count the money at the end and sign off on how much will be collected. Deposit funds as soon as possible.

After the Event

- File the Nebraska sales tax report Form 10* and remit the tax due. Normally this form is due by the 20th of the month following the event.
 - If total sales tax due is less than \$500, this qualifies you as an annual filer. Annual filers must complete Form 10 by January 25th.
- Include the income and expenses related to your fundraiser when determining which Form 990 to file after the end of the year. It is normally due by May 15th.

*Forms can be found at: <http://www.revenue.nebraska.gov/>. Click on *Forms* on the left side. Use the drop down arrow for *NUMERIC LISTING OF ALL CURRENT NEBRASKA FORMS* to obtain each form.

Non-Profit Checklist – Other Receipts

Cash donations, Membership dues

- No sales tax is due on these receipts.
- Include them on the appropriate line, if filing Form 990.

Collecting donations of cash or goods to give to another charity

- No sales tax is due on these receipts
- Include them on the appropriate line, if filing Form 990. They will be listed in both the receipts and expenses.

Collecting donations of cash to sponsor a speaker or event (such as a band)

- No sales tax is due on these receipts. If you are also selling tickets, then remit sales tax only on the ticket sales as described on the Fundraiser sheet checklist.
- Include the donations on the appropriate line, if filing Form 990.
- If you pay the speaker or performers more than \$600, you will need to have them fill out Form W-9 to get their ID number. Then at the end of the year, you will send them a Form 1099-MISC for the amount paid to them.

****Reminder on deductibility of donations to non-profit organizations****

- Only donations to qualified charitable organizations (normally 501©3 organizations) are taxable deductible to the donor. Unless you are this type of organization, do not state that donations are tax deductible.

