***HOW TO USE YOUR CLUB IRS 501(c)(3)***

***Rotary District 5400 Charitable Programs, Inc.***

Rotary clubs are usually incorporated under IRC Section 501(c)(4) thus avoiding Federal income taxes, but are not authorized to receive tax-deductible contributions.

Although some clubs in District 5400 have set up individual foundations under IRC Section 501(c)(3), they *may not* permit scholarship programs. Rotary District 5400 Charitable Programs, Inc does include scholarship provisions and is available to your club even if you have your own foundation but it does not include IRS approval for scholarship programs.

**How it works**   
Separate accounts are set up for each individual club project and are maintained by the Charitable Programs Treasurer. An account for donations made to a club without a specific project are also set up for each individual club.   
  
Disbursements of funds are made as directed by each club. Each disbursement must be documented, usually by email, for each specific disbursement of funds.   
  
Disbursements cannot be made to the club for redistribution. Instead, the club identifies the specific recipient and purpose for each disbursement. These documented disbursement requests are then sent to the Charitable Programs Treasurer for payment.

Oversight of the disbursements is the responsibility of the officers and directors of District 5400 Charitable Programs, Inc. This oversight is only to assure compliance with IRS regulations and not to approve or disapprove any project if it meets IRS requirements.

Each club is therefore free to operate independently, within IRS rules, but without the costs of maintaining a separate 501(c)(3) or checking account.

Compliance with IRS and State reporting requirements is the responsibility of Charitable Programs, Inc. *No separate reporting and no IRS or State fees are required from clubs.*

**Example of a Project process**

Your club develops a plan, within IRS regulations, for a project and then directs donors to make donations to Rotary District 5400 Charitable Programs, Inc. If the donation is for a specific purpose agreed upon between the club and the contributor, your club is credited with the donation and a specific Project Account is set up on that basis.

Your club then undertakes the project and purchases materials and services from suppliers. Your club then submits authorizations for payment to the Charitable Programs Treasurer who then disburses payment to each supplier.

Upon completion of the project, your club submits a completion report to Charitable Programs, Inc. for the permanent record.

Note: If a donor's contribution is not for a specific project, the funds are credited to your club's general account until a specific project is selected by your club and a plan for it developed.

**How to get started**   
Contact one of us for guidance:   
Gene Day, Charitable Programs President, (208) 410-2599, s.gene.day@hotmail.com   
Richard Cook, Treasurer, (208) 734-6549, hrcook07@cableone.net   
Nancy Koonce, Advisor, (208) 731-4731, nkoonce@idahocpa.com

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