

## GVR FINANCIAL CLUB RESPONSIBILITIES AT A GLANCE

### **1. Why does a club have to provide club financials and inventory each year?**

Answer: Because GVR must monitor compliance with the Federal and State Regulations. If regulations are not met, GVR jeopardizes GVR's exempt status. In addition, GVR club reports are also subject to outside audit at anytime.

### **2. Why does a club have to have their own federal identification number?**

Answer: All GVR Clubs must be recognized by the IRS as being exempt from federal income taxes. All GVR clubs are required to have this number. If you have not filed, please pick up an SS-4 form at the Member Services Center.

**3. If a club has interest earned of \$1,000 or more it no longer has to file a Form 990-T with the IRS at this time. GVR is considered a 501 (c) 4 and no longer has to pay tax on interest earned, which now flows through to the clubs.**

### **4. What must a club do if it pays any person or organization \$600 or more in 2007?**

Answer: The club treasurer must send an IRS Form 1099 Misc. to the outside contractor as well as a copy of the form to the IRS. The 1096 summary form accompanies copies of the 1099s a club sends to the IRS. Please make sure that you have an address (not PO) and a social security number of each outside contractor; otherwise, the IRS will return the form as "unacceptable." **GVR requires a copy of these forms as well for the GVR club file.**

### **5. What happens if a club has total average receipts of more than \$25,000 for the three preceding years?**

Answer: The club is required to file an IRS Form 990 EZ with the IRS and the AZ Department of Revenue. If a club has filed a 990 EZ form in the past, the IRS automatically sends you a form to file for the next year. Please provide GVR with copies of your return for the club file.

### **6. Are clubs exempt from income tax on sale of goods if articles are made by members of a club and sold by the club?**

Answer: Yes; however, the club must establish a policy, which requires the proceeds from the sale of club articles go directly to the club; otherwise, this will jeopardize the club's exempt status. **Be very careful in this area.**

All sales of club articles through gift shops or directly are subject to AZ privilege tax. The club must obtain an AZ Transaction Privilege Tax Identification Number by filing an AZ joint tax application. Please seek a professional tax preparer to assist you in this area. If a club is required to have a tax number, it must be filed with GVR and the monthly sales tax report should also be on file with GVR.

### **7. What happens if a club has unrelated trade or business income that is derived from activities not substantially related the club's exempt purpose or function?**

Answer: The club must file a Form 990-T if unrelated trade income is \$1,000 or more. A copy of this form should be provided to GVR's club file. Please do not hesitate to contact Anndrea Blackshear, Executive Director with any questions regarding club status.