

Highlights

Schedule G will be used by organizations that file Form 990 or 990-EZ and that conduct certain fundraising, special event, or gaming activities. Form 990-EZ filers will not be required to complete Part I, which relates to fundraising, but will be required to complete Parts II (Special Events) and Part III (Gaming).

Form 990 filers are required to tie amounts reported in Parts II and III to amounts reported in Form 990, Part VIII or IX, for fundraising or gaming revenues or expenses.

The instructions provide definitions for fundraising, professional fundraising services, and custody and control of funds raised.

The instructions distinguish payments for professional fundraising services from expense reimbursements for ministerial items such as postage, and require the organization to report certain expense reimbursement arrangements in Schedule O.

Organizations that complete Part III, Gaming, must provide a state-by-state breakdown of those states that require it to distribute amounts to other exempt organizations or to be spent in its own exempt activities.

DRAFT

2008 Schedule G (Form 990 or 990-EZ) Instructions Supplemental Information Regarding Fundraising or Gaming Activities

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Schedule

Schedule G (Form 990 or 990-EZ) is used by an organization that files Form 990 or Form 990-EZ to report certain fundraising, special events, and gaming activities.

Who Must File

Any organization that answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 17, 18, or 19, or entered an amount in Form 990-EZ, Part I, line 6, must complete the appropriate parts of Schedule G and attach Schedule G to Form 990 or Form 990-EZ, as applicable.

- **Part I Fundraising Activities:** Complete Part I if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 17, and reported more than \$15,000 on Form 990 Part IX, *Statement of Functional Expenses*, line 11(e).
- **Part II Fundraising Events:** Complete Part II if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 18, and reported more than \$15,000 on Form 990, Part VIII, *Statement of Revenue*, line 8a.
- **Part III Gaming:** Complete Part III if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 19, and reported more than \$15,000 on Form 990, Part VIII, *Statement of Revenue*, line 9a.
- **Form 990-EZ Filers:** Any organization that reported more than \$15,000 from fundraising events and gaming on Form 990-EZ, line 6a, must also complete and attach Schedule G, Part II and/or Part III (as applicable) to Form 990-EZ. Schedule G, Part I, is not required to be completed by Form 990-EZ filers.

If an organization is not required to file Form 990 or Form 990-EZ, it is not required to file Schedule G.

For more information, see Publication 3079, *Gaming Publication for Tax-Exempt Organizations*.

Specific Instructions

Part I Fundraising Activities

Complete this part only if the organization reported more than \$15,000 on Form 990, Part IX, *Statement of Functional Expenses*, line 11(e). Form 990-EZ filers are not required to complete Part I.

Line 1. Check the box in front of each method of fundraising used by the organization to raise funds during the taxable year.

Line 2a. Check “Yes” if during the year the organization had an agreement with another person or entity to perform fundraising activities. Do not include officers, directors, trustees or key employees who conduct fundraising activities in their capacity as an officer, director, trustee or key employee of the organization, such as a development officer.

Fundraising activities are activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting fundraising events, preparing and distributing fundraising manuals, instructions, and other materials; and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others. “Fundraising activities” do not include gaming (other than gaming that is incidental to a fundraising activity), or the conduct of any trade or business that is regularly carried on.

Line 2b Col (i) If “Yes” to line 2a, list the ten highest paid individuals or entities who were each paid at least \$5,000 by the organization in the taxable year for professional fundraising services. Form 990-EZ filers are not required to complete this table.

For purposes of this form, *professional fundraising services* include services performed (other than by an officer, director, or employee in his or her capacity as an officer, director, or employee) for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, the preparation of materials, e.g., direct mail solicitation packages, or the provision of advice and consulting regarding solicitation of contributions; or the direct solicitation of contributions. However, *professional fundraising* does not include purely “ministerial” tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as the services provided by a bank or “caging” service.

Col (ii) Enter the type of fundraising activity with respect to which the fundraiser performed services.

Col (iii) For this purpose, custody or control means possession of the funds or the authority to deposit, direct the use of, or use the funds. Describe the custody or control arrangement in Schedule O.

Col (iv) Enter the gross receipts that the organization collected or the fundraiser listed in (i) collected on behalf of the organization or in connection with the fundraising activity of the organization during the taxable year.

Col (v) Enter the dollar amounts in fees paid to or fees withheld by the fundraiser for its professional fundraising services. If the arrangement also provides for the payment by the organization of fundraising expenses such as printing, paper, envelopes, postage, mailing list rental, and equipment rental, the organization must report such amounts paid during the year in Schedule O and describe how the arrangement distinguishes payments for professional fundraising services from expense reimbursements. Also describe in Schedule O whether the organization entered into any arrangements under

which payments were made exclusively for such expenses and no payment was made for professional fundraising services.

Col (vi) Subtract column (v) from column (iv).

Line 3. If the organization is registered, licensed, or has been notified that it is exempt from registration or licensing, in all 50 States, it may answer “All 50 States.”

Part II Fundraising Events

Complete this Part only if the organization reported more than \$15,000 on Form 990, Part VIII, *Statement of Revenue*, line 8a or Form 990-EZ, line 6a. List only events with gross receipts greater than \$5,000.

Events include dinners/dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, and casino nights that are not regularly carried on. Events do not include sales of gifts or goods or services of only nominal value, sweepstakes, lotteries or raffles where the names of contributors or other respondents are entered in a drawing for prizes, raffle or lotteries where prizes have only nominal value or solicitation campaigns that generate only contributions.

Complete the table listing the two largest events as measured by gross receipts in columns (a) and (b) by listing the type of event. In column (c), report the total number of other events that occurred.

Revenue

Line 1. Gross Receipts. Enter the total amount the organization received from event #1 and event #2 during the taxable year, without subtracting any costs or expenses or charitable contributions received in connection with the event. Enter the total amount the organization received from all other events during the taxable year, without subtracting any costs or expenses, or charitable contributions received in connection with the events. Report the sum of columns (a), (b) and (c) in column (d).

Line 2. Charitable Contributions. Enter the total amount of contributions, gifts and similar amounts (including the total value of non-cash contributions) received by the organization for event #1 and event #2 during the taxable year. Enter the total amount of contributions, gifts and similar amounts received by the organization from all other events during the taxable year. Report the sum of columns (a), (b) and (c) in column (d). Form 990 filers should enter this amount in Form 990, Part VIII, *Statement of Revenue*, line 1c.

Line 3. Gross Revenue. Enter the gross revenue (gross receipts less contributions) from events listed without reduction for catering, entertainment, cost of goods sold, compensation, fees, or other expenses. Report the sum of columns (a), (b) and (c) in column (d). Form 990 filers should enter this amount in Form 990, Part VIII, *Statement of Revenue*, line 8a.

Direct Expense Items

Enter the expense amount in the appropriate column (a through c) for each event conducted. Catering and entertainment expenses should be included as other direct expenses. Report the sum of columns (a), (b) and (c) in column (d).

Line 4. Cash Prizes. Enter the total amount paid out as cash prizes.

Line 5. Non-cash Prizes. Enter the fair market value of the non-cash prizes.

Line 6. Rent/Facility Costs. Enter the expenses paid or incurred for the rent or lease of property or facilities.

Line 7. Other Direct Expenses. Enter the amount of other direct expense items not included on lines 4 through 6 of Part II. The organization should retain in its records a schedule providing an itemized listing of all other direct expenses not included on lines 4 through 6. For labor costs and wages, include the total amount of compensation paid to special event workers or paid to independent contractors for labor costs.

Line 8. Direct Expense Summary Report the sum of columns (a), (b) and (c) in column (d). Form 990 filers should enter this amount in Form 990, Part VIII, line 8b.

Line 9. Direct Income Summary. In column (d), enter the difference between lines 3(d) and 8(d). Form 990 filers should enter this amount in Form 990, Part VIII, *Statement of Revenue*, line 8c.

Part III – Gaming

Complete this part only if the organization reported more than \$15,000 on Form 990, Part VIII, *Statement of Revenue*, line 9a, or on Form 990-EZ, line 6a.

Gaming includes (but is not limited to): bingo, pull tabs/instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights, Las Vegas nights, and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.

Column (a) Bingo. Defined as a game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a pre-selected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the pre-selected pattern wins the game. To be a “bingo” game, the game must be of the type described in which wagers are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game.

Column (b) Pull-tabs/Instant bingo/Progressive bingo. Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull-tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull-tabs are “instant bingo,” “mini bingo,” and other similar scratch-off cards. Satellite, Internet and Progressive bingo are games conducted in many different places simultaneously and the winners are not all present when the wagers are placed, the winners are determined and the prizes are distributed. Revenue and expenses associated with satellite, internet and progressive bingo should be included under this category. However, certain consolation bingo games within a progressive bingo game should be included in column (a) Bingo.

Column (c) Other Gaming. Includes all other types of gaming not included in columns (a) or (b).

Complete the table for each type of gaming conducted (columns (a) through (c)), report the gross revenue (gross receipts less contributions), direct expenses, and net gaming income or (loss) (gross revenue less direct expenses).

Line 1. Gross Revenue. Enter the amount of gross revenue from gaming activities for each type of gaming conducted without reduction for cash or non-cash prizes, cost of goods sold, compensation, fees, or other expenses. Report the sum of columns (a) through (c) in column (d).

Direct Expense Items Enter the expense amount in the appropriate column ((a) through (c)) for each type of gaming conducted. Report the sum of columns (a) through (c) in column (d).

Line 2. Cash Prizes Enter the total amount paid out as cash prizes.

Line 3. Non-cash Prizes Enter the fair market value of the non-cash prizes.

Line 4. Rent/Facility Costs Enter the expenses paid or incurred for the rent or lease of property or facilities.

Line 5. Other Direct Expenses. Enter the amount of other direct expense items not included on lines 2 through 4. The organization should retain in its records a schedule providing an itemized listing of all other direct expenses not included on lines 2 through 4.

The itemized listing of direct expenses not included on lines 2 through 4 should include labor costs and wages (include the total amount of compensation paid to gaming workers or paid to independent contractors for labor costs); employment taxes, (include the amount of federal, state, and local payroll taxes paid for the year associated with gaming workers but only those that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, the Federal unemployment tax (FUTA), state unemployment compensation taxes, and other state and local payroll taxes. Do not include taxes withheld from the employees' salaries and paid to various governmental units such as federal and state income taxes and the employees' share of social security and Medicare taxes); and excise taxes, (include the amount of excise taxes paid for the year. Gaming activities may be subject to a wagering excise tax (imposed on the amount of the wager; see Form 730, *Tax on Wagering*) and an occupational tax (imposed on the persons engaged in receiving wagers; see Form 11C, *Occupational Tax and Registration Return for Wagering*).

Line 6. Volunteer Labor. If the organization uses volunteer labor where substantially all of the work is performed without compensation to conduct gaming, check "Yes" and enter the percentage of total labor performed by volunteers for each type of gaming conducted. The percentage is determined by comparing the number of individuals who receive direct compensation for their services provided in the conduct of the gaming activity with the total number of workers used by the organization, both paid and unpaid. "Compensation" includes tips and non-cash benefits. See Publication 598, *Tax on*

Unrelated Business Income of Exempt Organizations, for additional information. Leave column 6(d) blank.

Line 7, column (d). Direct Expense Summary Enter the sum of lines 2(d) through 5(d).

Line 8, column (d). Net Gaming Income Enter the difference between lines 1(d) and 7(d). If line 7 is more than line 1, enter the difference in parentheses.

TIP: For Form 990 filers, the amounts from line 1, column (d), line 7, column (d), and line 8, column (d), must equal the amounts reported on Form 990, Part VIII, *Statement of Revenue*, lines 9a, b, and c, respectively.

Line 9. List all state(s) in which the organization operated gaming activities during the taxable year. Schedule O provides additional space.

Line 9a. Check “Yes” only if the organization is licensed to operate gaming in each state listed on Line 9.

Line 9b. If the organization is not licensed to operate gaming activities in any state listed on Line 9, attach a narrative statement of explanation. Schedule O provides additional space.

Line 10a. Check “Yes” or “No.”

Line 10b. Provide a narrative statement of explanation for each state in which the organization’s license has been revoked, suspended or terminated during the taxable year. Schedule O provides additional space.

Line 11. There are several types of organizations whose exempt function includes providing social and recreational activities for members and their bona fide guests. These organizations include social clubs described in section 501(c)(7), fraternal beneficiary societies described in section 501(c)(8), domestic fraternal societies described in section 501(c)(10), and veterans’ organizations described in section 501(c)(19). Gaming activities involving only members directly further exempt social/recreational purposes under these sections. A “nonmember” is an individual who is not a member of the organization but who participates in recreational activities sponsored by the organization or receives services or goods from the organization and pays for the services or goods received. Such an individual, even when accompanied by a member, is generally considered to be the principal in a business transaction with the organization. Gaming open to the general public may result in unrelated business income tax (UBIT) or adversely affect exempt status. If the organization conducts gaming with nonmembers, check “Yes.”

Line 12. If the organization is a grantor, beneficiary or trustee of a trust or a member of a partnership formed to administer charitable gaming, check “Yes.” For purposes of this question, partnership or other entity, such as a “unit” means two or more organizations that are authorized under state law to conduct bingo or other gaming at the same location joining together to account for and/or share revenues, authorized expenses, and inventory related to bingo and gaming operations.

Line 15a. An organization may pay its own employees to operate gaming activities or contract with a third party for such services. Check “Yes” or “No” to indicate whether the organization has a contract with a third party from which it receives gaming revenue.

Line 15b. If the organization checked “Yes” to line 15a, indicate the amount of gaming revenue received by the organization and the amount retained by the third party. If there is more than one third party operator, Schedule O provides additional space.

Line 15c. If the organization checked “Yes” to line 15b, enter the name and address of the third-party. If there is more than one third party operator, Schedule O provides additional space.

Line 16. Complete this line for the person who has overall supervision and management of the gaming operation. Generally, this person has responsibilities that may include record keeping, money counting, hiring and firing of workers and making the bank deposits for the gaming operation. If more than one person shares this responsibility, Schedule O provides additional space.

Line 17a. Some states require that charitable organizations make mandatory distributions from gaming proceeds to obtain and retain a valid gaming license. Check “Yes” or “No” to indicate whether the organization is required to make mandatory distributions from the gaming proceeds to retain its gaming license in any state. Schedule O provides additional space.

Line 17(b). For all states in which the organization operated gaming activities, enter the aggregate amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization’s own exempt activities during the taxable year. Provide a breakdown of required distributions, by each state, in Schedule O.