

The Inevitable



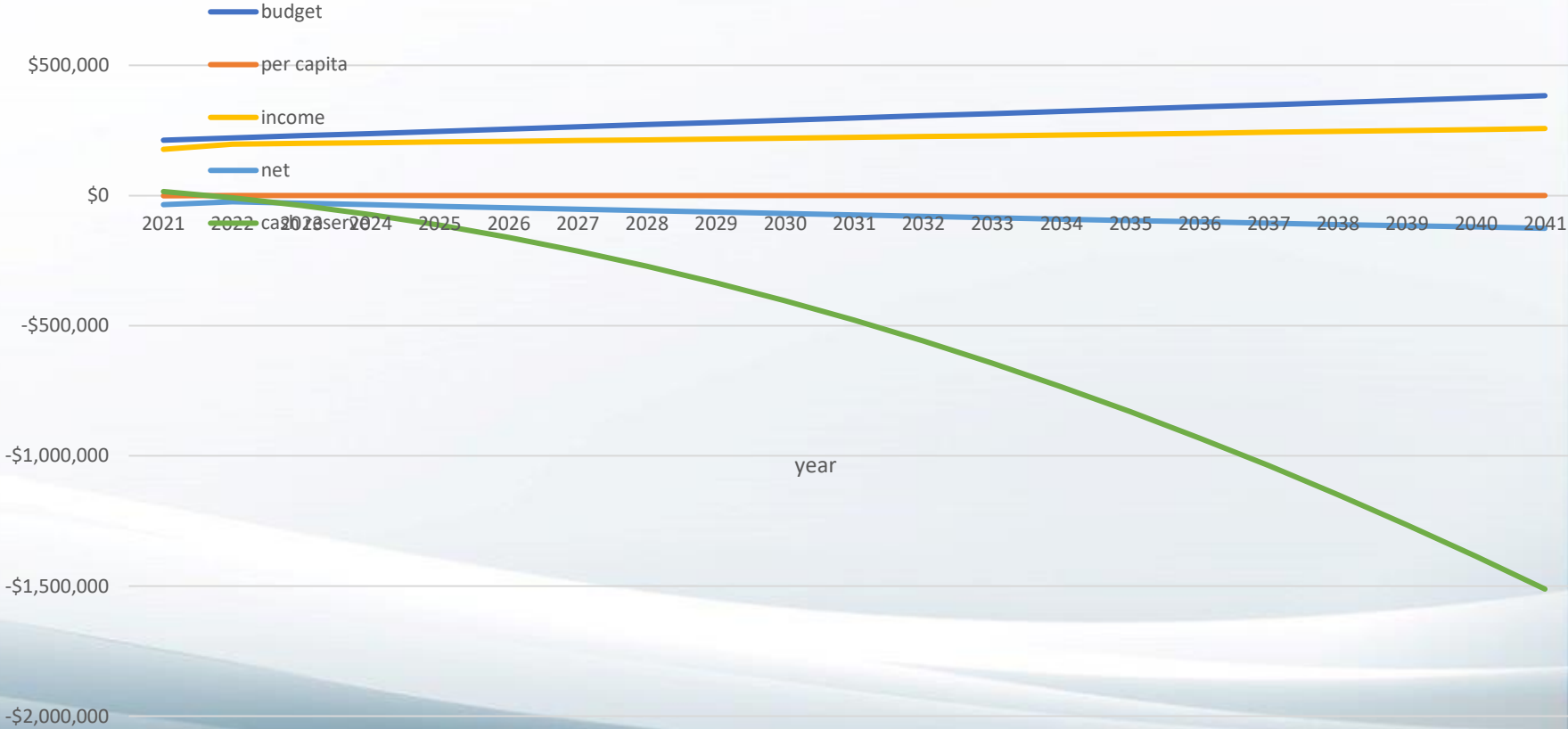
Proposal to Amend Article 7 Section 3 of the Washington State Council Bylaws

- The Washington State Council has not increased per capita paid by Councils for members since about 2003.
- This has been accomplished by maintaining fiscally responsible program management.
- Costs continue to rise faster than revenue



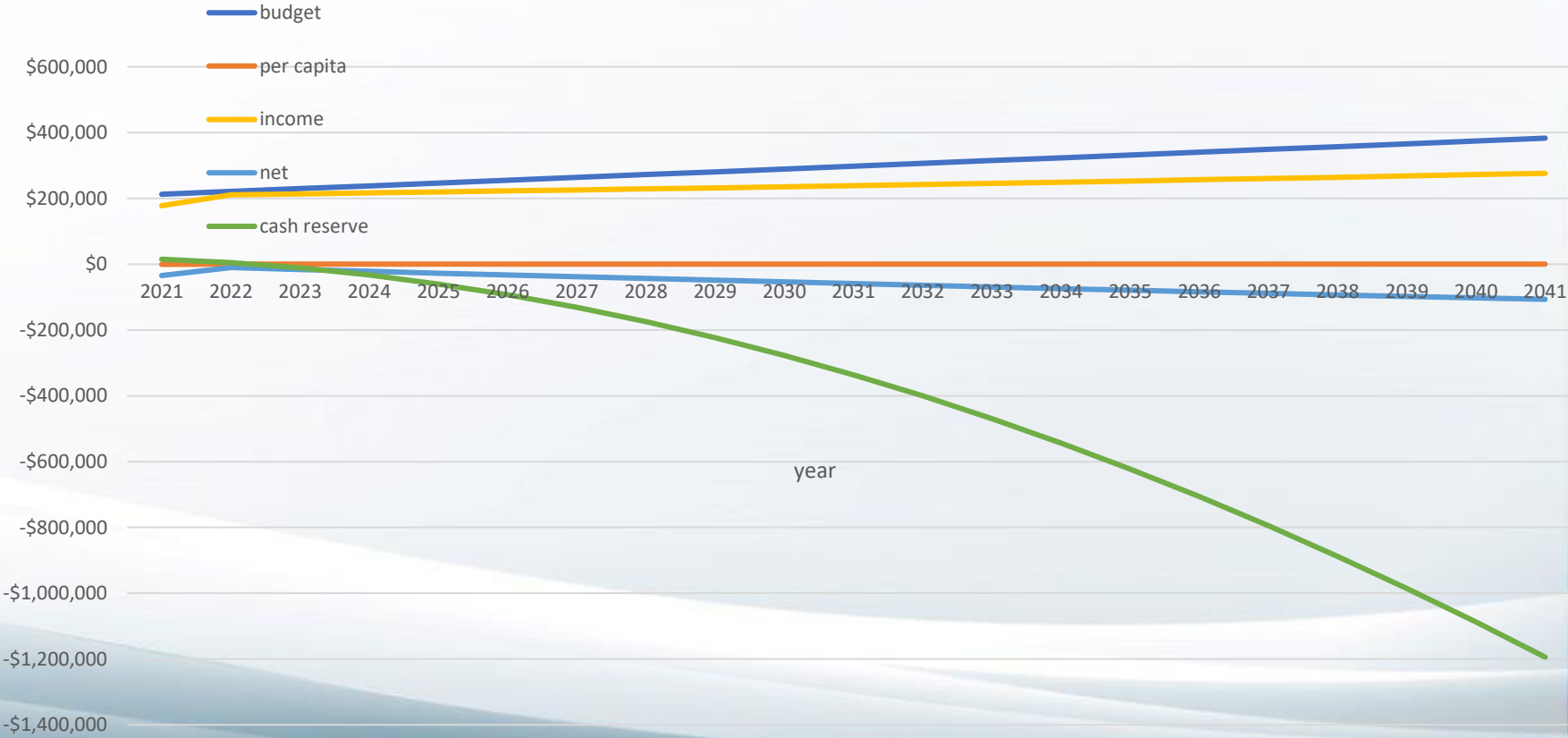
Projected Cash Flow With \$1 Per Capita Increase

Washington State Council Projected Cash Flow



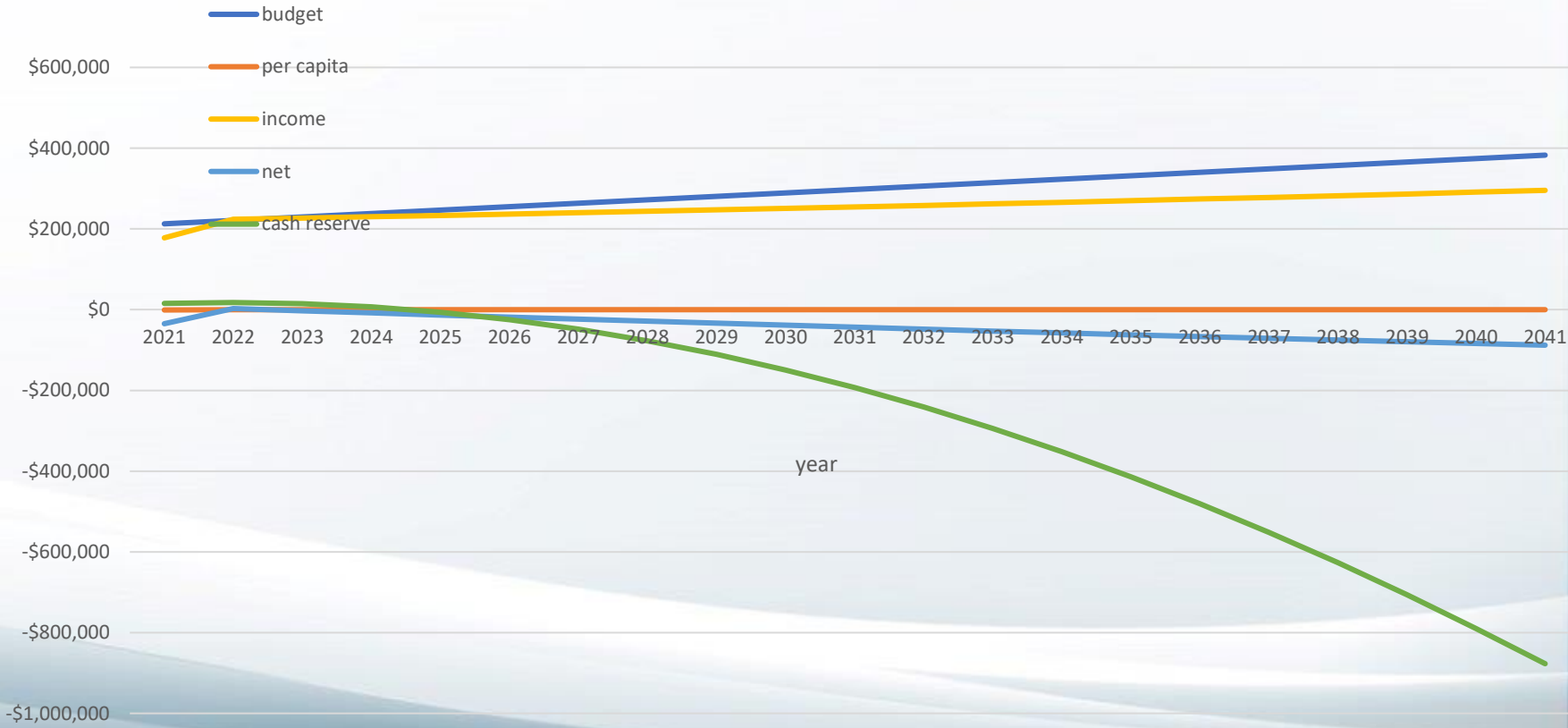
Projected Cash Flow With \$2 Per Capita Increase

Washington State Council Projected Cash Flow



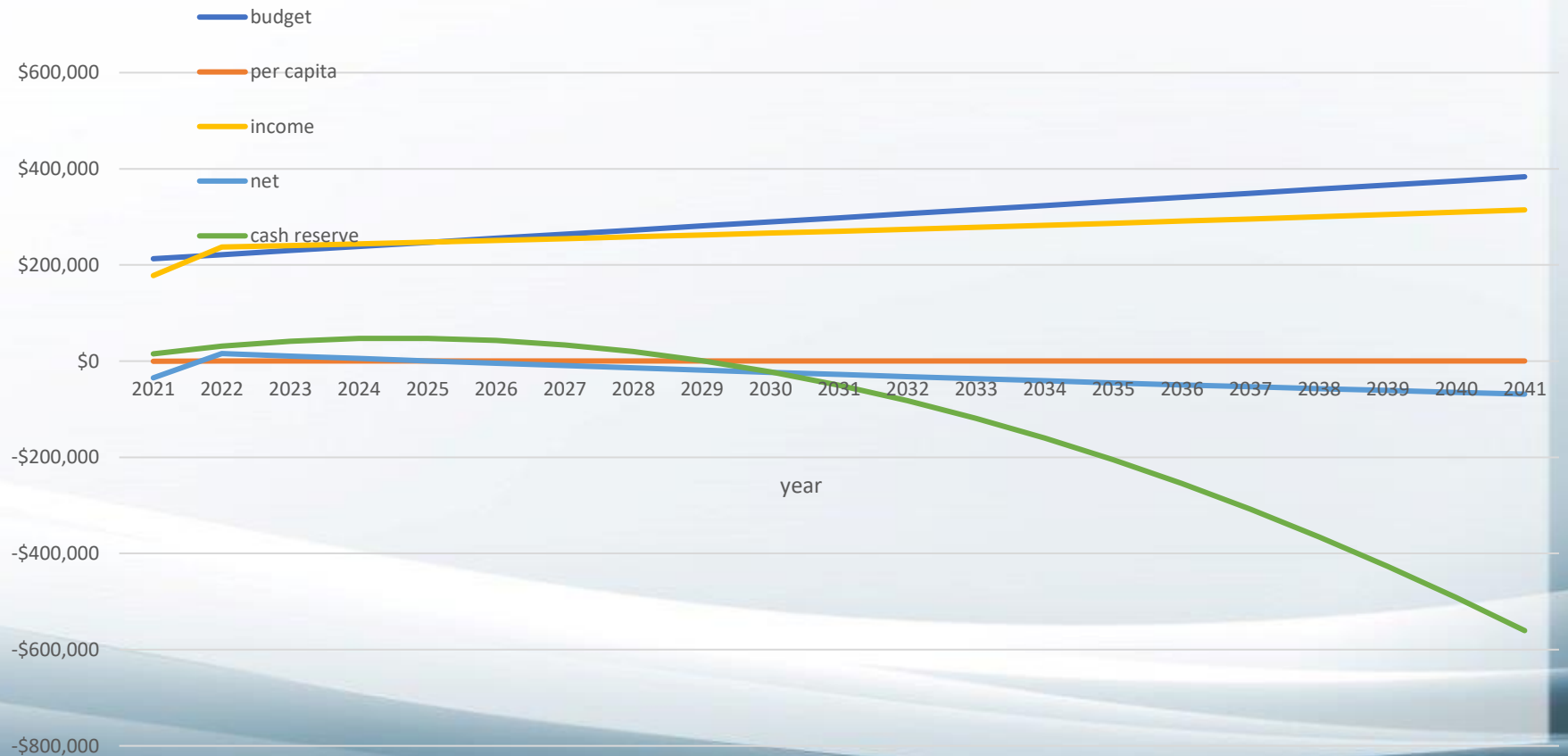
Projected Cash Flow With \$3 Per Capita Increase

Washington State Council Projected Cash Flow



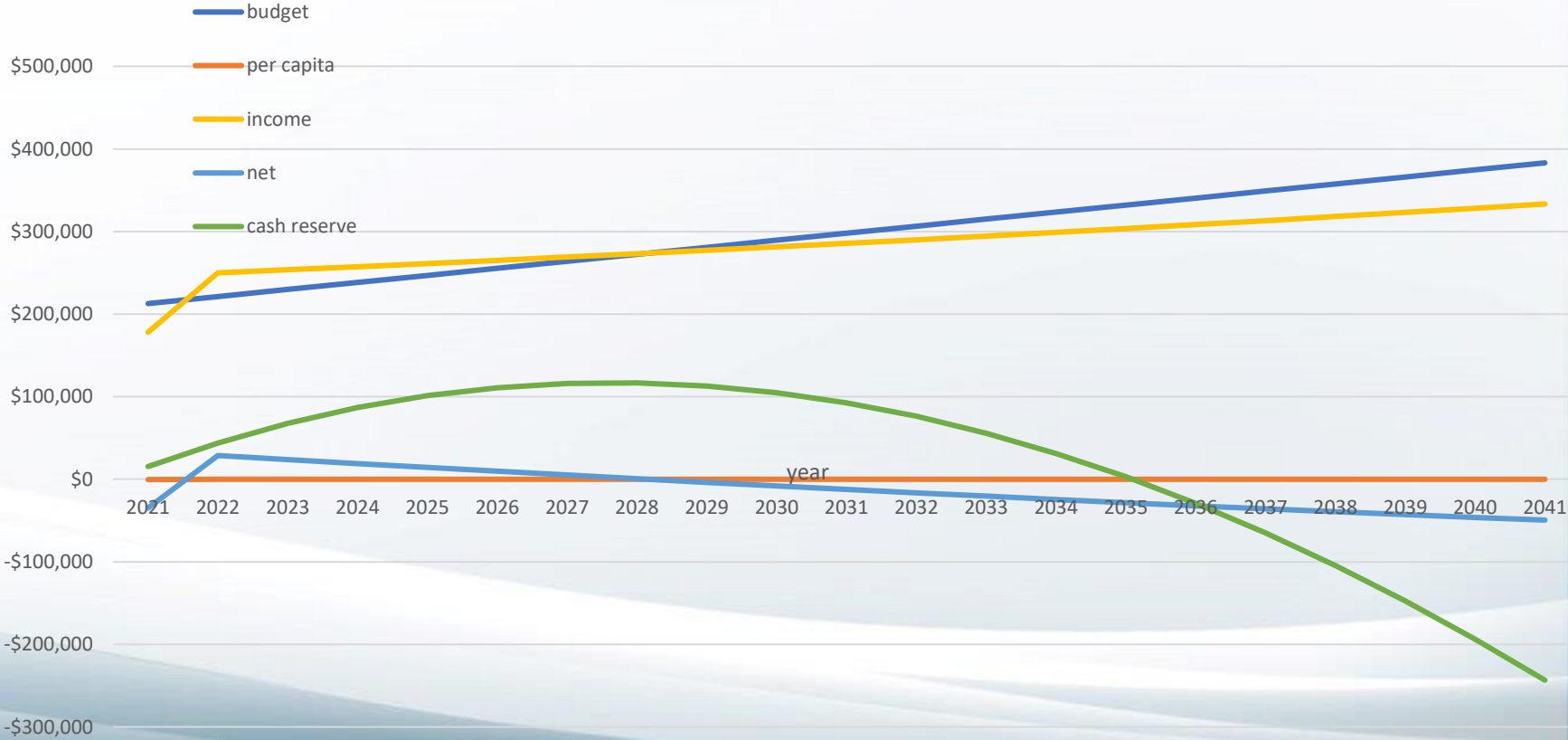
Projected Cash Flow With \$4 Per Capital Increase

Washington State Council Projected Cash Flow



Projected Cash Flow With \$5 Per Capita Increase

Washington State Council Projected Cash Flow



Factors That Will Affect Projections

- Rate of Increase in Membership – It was assumed that membership increased by 2% per annum for these projections
- Supreme Council programs to reduce impact of lost members for whom Councils are paying per capita
- Changes in the inflation rate – It was assumed that inflation will remain steady at 4%



IRS Form 990



For Your Consideration

- Form 990 - Revenue greater than \$250,000
- Form 990 EZ - Revenue between \$50,000 and \$250,000
- Form 990N – Revenue less than \$50,000



WARNING!!!

- All 990 returns must be submitted by the 15th day of the fifth month following the end of the Council's tax year (normally 15 May).
- Failure to submit a 990 return during three consecutive years will result in loss of your Council's non-profit status.



Consequences

- Your Council will pay income tax on every penny of revenue including dues if the Council loses its non-profit status
- Recovery of your Council's non-profit status will require payment of a fine (\$850 or more) and a lot of paperwork (50 pages or more) enabling the IRS to audit your Council's revenue stream for at least 5 years

