

Filing Tax Returns for Little Leagues

Information Necessary

- Accounting reconciled to bank statements to create total Profit & Loss report for the fiscal year
- Audit completed by the organization's Audit Committee
- Fiscal Year for all Little Leagues operating under LL Inc. 501(c)(3) ends September 30. (Your 2013 return covers, 10/1/13 through 9/30/14.)
- Filing deadline is February 15th. (4 ½ months past fiscal year-end)

Determine Status to Determine Form

- For 2013, average annual receipts of \$50,000 or less, may submit Form 990-N, the electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ, if they choose not to file Form 990 or 990-EZ.
- For 2013, average annual receipts under \$200,000 (assets less than \$500,000), may file Form 990-EZ.
- For 2013, average annual receipts equal to or greater than \$200,000 (assets equal to or greater than \$500,000) must file Form 990.

These parameters may change each year, and vary from previous year's tax law. Check www.irs.gov for the latest updates. More information will be included in [Handouts](#) during the workshop.

Filing Form 990-N, the e-Postcard?

Completing the e-Postcard requires the eight items listed below:

1. [Employer identification number](#) (EIN), also known as a Taxpayer Identification Number (TIN).
2. [Tax year](#)
3. Legal name and mailing address
4. Any other names the organization uses
5. Name and address of a principal officer
6. Web site address if the organization has one
7. Confirmation that the organization's annual [gross receipts](#) are \$50,000 or less
8. If applicable, a statement that the organization has terminated or is terminating (going out of business)

Additional information located at: [http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Annual-Reporting-Requirements---Annual-Electronic-Notice-\(Form-990-N\)-for-Small-Organizations:-Information-Reported](http://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Annual-Reporting-Requirements---Annual-Electronic-Notice-(Form-990-N)-for-Small-Organizations:-Information-Reported)

<http://www.irs.gov/Charities-&-Non-Profits/Information-Needed-to-File-e-Postcard> - Sited January 1, 2013

FORM 990-EZ - Revenue

Line 1 – Revenue includes business/sponsorship charitable contributions, grants, gifts, raffle/prize drawing receipts, portion of proceeds given back to the league by their sales generated through the league (i.e. – photographer gives 10% of team picture sales back to the league), non-cash contributions/gifts.

“How to value non-cash contributions. Report non-cash contributions on line 1 at fair market (retail) value. If fair market value cannot be readily determined, use an appraised value by shopping online for a like item. Also see the instructions for Part II of Schedule B.” www.irs.gov

Line 2 – Revenue gathered from player registration fees (Program Service Revenue); “contracts” refers to payments made to the local league for providing a baseball/softball program, generally paid by a governmental entity.

Line 3 – Membership fees paid by members as defined by your league constitution; including parents, coaches, current and past volunteers, community supporters. These “members” also make up the voting body of your league. This does not apply if you do not require a Membership Fee.

Line 4 – Interest from savings and checking accounts, invested funds, etc.

Line 6 – Special Events revenue would be candy bar/cookie dough annual fundraiser

Lines 6a through 6d. Special Events and Activities

“On the appropriate line, enter the gross revenue, expenses, and net income (or loss) from all special events and activities, such as dinners, dances, carnivals, concerts, sports events, auctions, ... other gaming activities, and door-to-door sales of merchandise.” www.irs.gov

Gaming/gambling income-generating activities fall under further, specific regulations, both federal and state. Consult professional services if considering this activity.

Line 7 – Concessions revenue, minus cost of good sold.

FORM 990-EZ – Expenses

Included here are expenses generally incurred by the average local league. Your league activities may require more detail. If you have items not listed here, own assets or “pay/compensate” individuals, consult a tax professional.

Lines 10 – 12 are generally blank for a local league, i.e. we don’t give grant money, hire/pay volunteers

Line 13 – Expenses paid to a professional, i.e. – First Aid Instructor, CPA, field maintenance contractor...

Remember 1099 filing requirements apply when payments are made to professionals. Maintain a copy of their business license and insurance coverage, or your league could be held liable in possible litigation. This is one of the reasons we don’t pay umpires.

Line 14 – Utilities and maintenance expense

Line 15 – Printing, publication and postage

Line 16 – an itemized list (a “statement”) should be included with return. These expenses can include: Playing Equipment, Field Equipment, Concessions Equipment, Educational materials, Office Supplies, Insurance/Charter fees, Uniforms, Permit fees, Recognition/Awards, etc.

FORM 990-EZ – Net Assets

Line 18 - This figure should match the “Net Income” from a Quickbooks Profit & Loss report.

Line 19 - Last year’s total assets reported on prior year’s return.

Line 21 - The difference, or current year’s balance

FORM 990-EZ – Part II

This is the Balance Sheet (see Quickbooks report). It will reconcile the return. Line 21 and Line 27(b) will match when you’ve reconciled.

FORM 990-EZ – Part III

The beginning of this section asks for a description. “Child Development through baseball/softball”, or words of your choosing are used. Unless your league receives a grant or grants for specific expenses, generalize our program in one area at “28” and show all revenue going to it. Include items such as “volunteer, adult-supervised”, serving children ages 4 – 18, the number of participants, area of operation (community benefitted by your operation). Be brief and concise.

FORM 990-EZ – Part IV

List officer’s information and any signers to bank accounts who are not officers.

FORM 990-EZ – Parts V & VI

These sections are question and answer. Read through them and answer appropriately.

Depending on specific circumstances of each league, it may be necessary to file additional schedules. Since we fall under Little League International's federal charter as a 501(c)(3), we are required to file a Schedule A.

FORM 990-EZ – Schedule A

Check Box 7 and proceed to Part II as instructed. Part II is designed for a computation based on a 5-year period. Look at previously filed returns for these figures. All revenue goes in Line 1, unless your league has received government support. If it has, please consult a tax professional. Most Little Leagues are 100% supported by the public it serves. Continue through the calculations to complete this section. Part III pertains to other types of entities.

FORM 990

If your league generates \$200,000 or more in annual income and/or owns \$.5 million or more in assets, have a tax professional prepare your tax filings. Your league needs the protection and can afford the expense.

Beyond the Handouts that accompany this workshop, the Internal Revenue Service provides a variety of resources. Go to www.irs.gov and search "Charities & Non-Profits" for a variety of topics. "Form 990 Resources and Tools for the General Public" site offers links to additional resources.

As evidenced by this tax preparation, it is vitally important that the league maintain records. A tax return can not be prepared without clear and complete accounting for every dollar incoming and outgoing. League officers are always changing over the years, but the Board of Directors must make sure these records, tax filings and the minutes (actions of the entity) are retained for each new season. Your league may not have a clubhouse with a filing cabinet, but establishing a policy to maintain records must be created, publicized and utilized to save future volunteers fines, fees and penalties.

Here's a great idea was generated at one of these workshops. With the ease of the electronic age, records can be scanned and stored by fiscal year. In addition to financial records, other documentation such as background check reports, meeting minutes, board actions and filed tax returns can be included for that year. Make several copies to be given to newly elected president/officers and give one to your District Administrator for safe-keeping. The office of DA does not change as frequently. This could be a great option to retain your league's records.

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. Without close familiarity with each individual league's specific operations, the writer of this material and presenter's at this workshop, although a licensed tax preparer, cannot prepare your tax returns unless consulted through our practice.

The information presented at this workshop is provided as a tool, a guideline specifically designed to cover general operating procedures for the "average local league". We can not offer tax advice specific to your league or your filing responsibilities. Each league is ultimately responsible for filing the appropriate returns and schedules, as well as for their content.