

**FEDERAL TAX FACTS**

Dear ESA Headquarters:

This is to confirm that:

Chapter Federal ID #			
Chapter/Council		Chapter #	
City	State	Zip	

is a paid member of the Epsilon Sigma Alpha International Council (ESAIC), and as such is under the jurisdiction and supervision of the ESAIC. It is the desire of the above to be included in the group exemption from the Internal Revenue Service.

Further, this Chapter/Council wishes to be included in the annual group return and will comply with Federal Regulations of the ESAIC. An annual financial statement will be submitted to ESA Headquarters each year by September 15 to be used in the filing of an annual report to the Internal Revenue Service.

The undersigned Chapter/Council hereby agrees to the above and will fulfill all requirements necessary to secure and receive benefits of this exempt status.

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Signature (President or Treasurer)	Member #	Address
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**This report is to be filed with:**  
**ESA Headquarters**  
**363 West Drake Road**  
**Fort Collins, CO 80526**

**Deadline to file: September 15, 2009**  
**DO NOT SEND REPORT AFTER THIS DATE**  
**- it cannot be included in the combined report.**

**FINANCIAL REPORT**

Balance on Hand (all accounts)  
 August 1, 2008                      1

**INCOME**

Dues                                       2

Ways & Means  
 Philanthropic projects               3

Other (Interest)                       4

Subtotal of Income  
 (Add #2, #3, & #4)                      5

Total Income  
 (Add #1 & #5)                              6

**DISBURSEMENTS**

Operating Expenses                       7

Philanthropic or  
 Service projects                       8

Other                                       9

Total Disbursements  
 (Add #7, #8, & #9)                      10

Balance on Hand  
 July 31, 2009 (all accounts)  
 (Subtract #10 from #6)                      11

*The method of record keeping is up to the individual Chapter or Council.*

## FEDERAL TAX FACTS

### GENERAL INFORMATION

The purpose of a federal income tax exemption is to preclude a Chapter or Council from having to pay Federal Income Tax on monies it raised for charitable purposes. For example, if a Chapter raises \$1,000 through a fundraising drive, i.e., a bake sale, style show, etc., and the expenses incurred amount to \$500, in effect the Chapter has earned a \$500 profit. The tax exemption privilege precludes the Chapter from having to pay Federal Income Tax on that "profit" when it has been designated for a charitable purpose.

Listed below are the requirements which a Chapter or Council must meet in order to qualify under the Group Exemption Status of the Epsilon Sigma Alpha International Council (ESAIC).

1. A letter of authorization must be filed with ESA Headquarters, each year, stating that the Chapter/Council is under the jurisdiction and supervision of the ESAIC and that said Chapter/Council is a paid member of the ESAIC. You meet this requirement by signing the top half of the other side of this page.
2. A financial report must be filed EACH year with ESA Headquarters covering the period August 1 through July 31. This fiscal year period is necessary for this report only, and is not intended to interfere with established procedures in the Chapters and Councils. (This form must be received by Headquarters no later than September 15 of each year.)
3. There will be no cost to the Chapters or Councils for the filing of the annual tax report. (This service is provided to Chapters by the ESAIC and ESA Headquarters.)
4. An annual report will be made to the Internal Revenue Service. All reports to ESA Headquarters must be made by September 15 of each year in order to compile the information and forward to the Internal Revenue Service in a timely manner.
5. Each Chapter/Council must have an Employer Identification Number. This is a nine digit number and is used like we use our social security number only the format is 88-8888888 and not like the SSN format 888-88-8888. It is necessary that a Chapter have this ID Number when they file their financial report each year. To apply for the Identification Number for your Chapter/Council contact ESA Headquarters and it will provide the guidance necessary to comply.
6. The federal designation as nonprofit does not exclude the Chapter/Council from paying State/City Sales Tax, etc. In order to be exempt from State/City Tax you would have to apply for this through your State or Local taxing Agency.
7. Financial information must be filed every year. Be sure this report covers transactions from August 1 through July 31. The report must be received at ESA Headquarters prior to September 15 each year. Send in an envelope marked "Tax Report".

The International Council has a 501(c)(4) designation which refers to Civic Leagues and Social Welfare Organizations. This is not a charitable or tax-deductible designation. ESA Chapters must report once a year to ESA Headquarters to qualify under the Council's Group Exemption.