



## 2016-17 Regional Club Annual Report

### General Information

- 1.
2. Names of all club volunteers who assisted in preparing this report
3. Our board roster spreadsheet has been updated to reflect contact information for our current board of directors.

Yes

No

### Student Scholarship & Awards

4. Does your club regularly send thank you notes to alumni who donate to your club scholarship fund(s) held at U-M using donor information provided to your club by AAUM?

Yes

No

Not Applicable (we don't have a scholarship fund at U-M)

5. Does your club hold a scholarship fund outside of U-M (e.g., at a local financial institution)?

Yes

No

6. If your answer to the prior question is “yes,” please answer the following four questions:
- a. Why is the scholarship fund being held outside of U-M?
  - b. What is the name of institution holding and administering the fund?
  - c. Does the institution or your club receipt donations to the fund?
  - d. Who is your club’s contact for the fund?
7. For all student scholarships your club has awarded for the 2017-18 school year, please include the following information for each student recipient:

Name	Home Address	U-M ID# or username	Award Amount

*Note: In order for AAUM to effectively interact with the U-M registrar’s office regarding club scholarship information, it is important that your club share with AAUM the U-M ID numbers and/or usernames of all its club scholarship recipients. Students are assigned a U-M ID number shortly after applying to U-M (i.e., before they enroll). Students choose their username after they’ve submitted their enrollment deposit.*

8. What was the total amount of money your club raised in scholarship fundraising activities, including proceeds from events dedicated to the scholarship fund, between July 1, 2016 and June 30, 2017? \$\_\_\_\_\_

### **Promoting AAUM Membership**

9. Please describe your club's specific efforts to increase AAUM membership over the past year, and what, if any, benefits the club gave to members (e.g. hosting recruiting events; promoting membership in written and oral communications; offering tangible benefits to members at club events, such as a free appetizer or drink or a member-only giveaway).

### **Club Operations & Business Matters**

10. Describe your club's efforts to recruit new board members and other volunteers during the FY16-17 fiscal year, including any efforts made to recruit a diverse and inclusive board.

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- ~~AAAAAAAAA~~ 1. How many board meetings did your club have during the FY16-17 fiscal year?

12. Did your club host a planning meeting to discuss a schedule of activity for the FY16-17 fiscal year?

Yes, on the following date: \_\_\_\_\_

No

13. From July 1, 2016 to June 30, 2017, did your club host an annual meeting for the FY16-17 fiscal year to which all AAUM members in your area were invited?

Yes, on the following date: \_\_\_\_\_

No

14. During the FY16-17 fiscal year, were board meeting minutes and financial reports prepared, distributed, and maintained by club leadership?

Yes

No

15. What type of entity is your club? (see accompanying handout for more information relating to club entity status and TINs)

Our club is incorporated in our state of residence and recognized by the IRS as a 501(c)(3) nonprofit organization

Our club is incorporated in our state of residence but not recognized by the IRS as a 501(c)(3) nonprofit organization association

Our club is not incorporated in our state of residence (i.e. an unincorporated association)

I/we don't know

16. What is your club's federal tax identification number (TIN), also known as an employer identification number (EIN)?

TIN: \_\_\_\_\_

I/we don't know our club's TIN.

**Optional: Outstanding Programming By Category**

Answers to the remainder of this annual report are not required, though information submitted will be considered when determining annual club award winners.

If your club has been outstanding in terms of engaging U-M alumni and/or students around one or more of the below categories over FY16-17, please describe your club's efforts in this regard including any particularly successful or innovative events or initiatives. **Please limit your response to 250 words for each category.**

17. Athletic programming

18. Social and family-friendly programming

19. Cultural, enrichment, and educational programming

20. Career development/networking

21. Community service programming

22. Student-centric programming, including recruitment

23. Fundraising for student support

24. Outstanding/Innovative Communications

If your club has been outstanding or innovative in terms of engaging alumni via your communication channels (listserv, social media, and/or website) during FY16-17, please describe your club's efforts in this regard, including why these initiatives were successful or innovative. Please limit your response to 250 words.

## **Supplement to 2016-17 Regional Club Annual Report**

### ***Overview of Relationship Between AAUM & Regional Clubs, Incorporation & Non-Profit Issues, and Tax Identification Numbers (TINs)***

AAUM is recognized by the IRS as a 501(c)(3) nonprofit tax-exempt organization. AAUM's volunteer-driven regional clubs, while affiliated with AAUM, exist as distinct and independent legal entities (i.e., the clubs are not legally connected to AAUM). While AAUM provides clubs with annual funding, guidance, and other support, AAUM does not control the clubs' activity, decisions, or operating funds or accounts.

Because club events utilize AAUM funding, event registration and marketing channels, they are treated as AAUM events orchestrated by club volunteers (assuming the events are consistent with AAUM's tax-exempt purpose). For this reason, club events that are administered through AAUM's channels are covered by AAUM's insurance coverage. Moreover, in some (but not all) states, some clubs have been able to leverage AAUM's tax-exempt status to avoid sales tax for certain AAUM events.

AAUM requires its clubs to submit general financial reports on an annual basis to ensure the tax-exempt funds received by the club from AAUM are generally being used in a manner consistent with AAUM's tax-exempt purpose.

With the exception of a few clubs who have obtained and maintained their own 501(c)(3) status, AAUM's clubs:

- are not tax-exempt (despite the club's affiliation with and charter from AAUM and regardless of whether or not the club has incorporated)
- do not themselves function as nonprofit charitable organizations, and
- cannot themselves accept tax-deductible donations.

While most clubs participate in scholarship fundraising, this effort is done on behalf of the University of Michigan, which has 501(c)(3) nonprofit tax-exempt status. Club scholarship funds are housed within the University's Office of Financial Aid, which also administers awards to students. In order for a club-solicited donations to be tax-deductible, they must be directed to either U-M (for club scholarship fund gifts) or AAUM (for gifts benefiting club operations supporting AAUM's purpose).

### **Incorporating**

While we do not have an understanding of every state's business laws, AAUM generally recommends that each club incorporate in its state of residence. By virtue of your club's mere existence, there is always a possibility of liability. Incorporation clearly defines the club as a separate legal entity, providing an additional layer of liability protection for the club's board

members. (Note, however, that AAUM's insurance coverage also covers club leaders acting within the scope of their responsibilities in support of AAUM's purpose, so clubs aren't operating unprotected merely because they are unincorporated).

In most states, incorporating is a fairly simple process requiring a small fee and reporting requirements. In order to incorporate, your club must adopt Articles of Incorporation (in addition to your bylaws). Moreover, the act of incorporating does not by itself trigger a requirement to pay taxes. Rather, it is the accumulation of income that results in potential tax liability, regardless of whether a club is incorporated or unincorporated.

If your club has not incorporated in your state (and is not itself a 501(c)(3) organization), you are currently a loose, unincorporated association of individuals acting as a single entity without a strictly defined status. Because any scholarship fundraising activities your club may engage in are on behalf of U-M or AAUM (and because the scholarship funds themselves are held by and administered by U-M), you are not considered an unincorporated nonprofit association *per se* (the type of association that would need to apply for recognition from the IRS should its revenue be over \$5,000). Rather, because your primary activities are alumni and student engagement, it is most likely that you would be deemed a "social club," "community group," or "volunteer group" by the IRS.

### **Taxes & TINs**

A federal tax identification number (TIN), also known as an employer identification number (EIN), is used to identify a business entity -- similar to a social security number for an individual. It simply provides a mechanism for any reportable transactions to be accumulated under a single identification number.

As AAUM's clubs are legally distinct from AAUM, each club is required to obtain its own TIN and utilize its TIN to open its bank account(s), secure state/local licenses, and generally conduct business. Clubs should not utilize either AAUM's TIN (23-7206591) or the University's TIN (38-6006309) to open bank accounts or otherwise conduct business.

Though TINs are issued by the IRS, obtaining a TIN says nothing about an organization's tax status, including whether the organization is for-profit, not-for-profit, or tax-exempt (though an organization needs a TIN in order to apply for tax exemption). In other words, ***obtaining a TIN does not trigger an obligation to pay taxes or file a tax return.***

Because clubs are responsible for spending their annual funding from AAUM on engagement programming throughout the year, club bank accounts should not be carrying over significant balances from year to year. Thus, even in the unlikely scenario that a club has an interest-bearing bank account, the amount of interest earned in any given year by that account should not meet the minimum threshold for a bank to report such income to the IRS. Because



the bank is not reporting interest income for these small account to the IRS, the IRS generally does not question why a tax return has not been filed.

### **Applying for a TIN/EIN**

If your club does not already have a TIN, you can apply for one online [here](#) (or by faxing in a completed [SS-4 form](#)).

During the online application process, you will be asked for the club's legal structure. Your answer will depend on whether your club is incorporated in your respective state. If yes, you should select "Corporation." If no, you should select "Community or Volunteer Group."

If you fill out form SS-4, question 9a asks for "Type of entity." If your club is incorporated, select "Corporation" (you may leave blank the "form number to be filed" field). If not incorporated, select "Other" and enter "community volunteer group."

As to your reason for applying, you should specify "banking purpose" and specify (if asked) "opening bank account."

The form asks for a responsible individual to sign it and provide their SS#. This is simply to identify yourself as a club leader; it does not give you any control over or liability for club funds.

If you have any questions about applying for your TIN or need assistance, please contact your global engagement liaison.