



United States Bowling Congress (USBC) Local Association Bylaws

Introduction

The following document is the mandatory form of bylaws to be adopted by each local association and used in conjunction with the *USBC Association Policy Manual*. Complete all blanks where indicated and **do not** change, add or remove any other part of these bylaws.

The association must abide by state corporate laws and may adopt additional provisions provided they do not conflict with the mandatory bylaws or state laws. The appropriate provision of state law takes precedence over the bylaws.

Notes and footnotes appear only to provide clarification and examples. Parenthetical statements are for information only.

Article I Name

The name of the organization is the **REDDING USBC**, chartered by the United States Bowling Congress.

Article II Nonprofit Corporation and Charter

Section A. Nonprofit Corporation

The association is organized as a nonprofit corporation and operates consistent with the requirements of an organization classified as tax exempt under Section 501(c)(3) of the Internal Revenue Code (IRC).

Section B. Charter

The association shall be chartered by USBC and subject to its authority. To maintain its charter, the association must:

1. Provide services for men, women, and youth.
2. Adopt bylaws approved by USBC.
3. Not enact any bylaws or rules inconsistent with USBC's Bylaws.
4. Adhere to stated requirements as set forth in the USBC Bylaws and *USBC Association Policy Manual*.
5. Not use any part of the net earnings of the organization for the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof.



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6. Not have a substantial part of the activities of the organization for carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.
 7. Not carry on any other purposes not permitted to be carried on by an organization exempt from federal income tax under Section 501(c)(3) of the IRC, or corresponding section of any future federal tax code.

Section C. Charter Dissolution

Upon termination of its charter, the association shall transfer all of its assets remaining after payment of its lawful obligations to the USBC association that is a 501(c)(3) tax-exempt organization(s) serving the bowling centers previously under their jurisdiction.

If the named recipients are unwilling to accept the assets, are no longer qualified as 501(c)(3) organizations, or are no longer in existence, then the assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

If the organization fails to transfer its assets within 30 days of their termination, USBC shall be entitled to take whatever action it deems appropriate to ensure such transfer.

These requirements are applicable to all associations whose charter has been revoked as well as all current and future associations.

Article III Purpose

The purposes of the association shall be to operate exclusively for charitable and educational purposes, including fostering national or international amateur sports competition within the meaning of Section 501(c)(3) of the IRC, or corresponding section of any future federal tax code, and to:

1. Provide equal opportunity for all in the sport of bowling without regard to race, religion, sex, sexual orientation, disability, national origin, or age.
2. Promote the game of american tenpins.
3. Conduct and support bowling competition.
4. Engage in any other activities permitted by an organization classified as tax exempt under Section 501(c)(3) of the IRC.

Article IV Membership and Dues

Membership is in effect from August 1 through July 31 and is composed of:

1. **Adults** who have paid the appropriate USBC, state (if applicable) and local association dues; and



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2. **Youth** who have paid the USBC standard youth dues and bowl in USBC Leagues in the association's jurisdiction.

Adults shall pay applicable membership dues, except as provided in Rules 100e(2) Mail-o-Graphic League and 100e(3) Traveling League.

The board, adult members and youth representatives, by two-thirds vote, determine and adopt adult dues, if any.

Youth representatives consist of:

1. USBC youth members, at least 14 years of age, bowling in USBC Leagues within the association's jurisdiction.
2. One adult representative, who is a USBC member, from each certified youth league. (A league is not eligible for representation if it has not submitted a league application.)
3. One center representative, who is a USBC member, from each center having at least one certified youth league.

The annual adult standard membership dues are as follows:

Local	\$ 8
State	\$ 2 (Cannot exceed \$5.)
USBC adult standard membership	\$15.00
Total	\$25.00

The annual USBC youth standard membership dues are \$4, state/local association dues are not allowed.

The board may waive all or part of adult local dues for:

1. Adult members of other USBC associations having a reciprocal agreement with the association.
2. Other groups, such as seniors, etc., as determined by the board.

The association cannot charge additional non-dues assessments.

Membership is not transferable.

Article V Board of Directors - Management

Section A. Board Composition, Authority and Duties

The management and governance of the association is vested in the board of directors, which includes the officer and director positions. The board, adult members and youth representatives determine:

1. The number of positions on the board.
2. Terms.
3. Term limits, if any:



The number of:

Officers is: 3
Directors: 12

Total number of board members is: 15

The board shall not engage in any acts constituting a conflict of interest. The board's duties include but are not limited to:

1. Enforce the bylaws.
2. Comply with the *USBC Association Policy Manual*.
3. Conduct championship level competition for:
 - a. **Adult.** Its member's constituency (men and women) and complying with state and local laws in their area.
 - b. **Youth.** All USBC youth members.
4. Implement USBC programs as requested.
5. Select/appoint the association manager.
6. Approve use of membership records.
7. Re-rate the league average of an association member when there is evidence the bowler's average does not represent the bowler's true ability.
8. Conduct suspension and reinstatement hearings if requested by USBC Headquarters. (See the Association Suspension Procedures Chapter of the *USBC Association Policy Manual* for re-rate, suspension, reinstatement, and appeal procedures.)

Section B. Eligibility

A candidate for the board (elected or appointed) must be:

1. **Adult.**
 - a. A USBC member in good standing of the association at the time of election and throughout their term.
 - b. **Youth.** USBC youth member bowling in USBC Leagues within the association's jurisdiction.

Individuals eighteen (18) years old and over must be compliant with RVP requirements prior to working with youth or within 45 days of the start of their term, whichever occurs first and throughout their term.

2. Elected or appointed without regard to race, religion, sex, sexual orientation, disability, national origin, or age other than the minimum age of 14, unless state laws mandate a specific age, and be reasonably representative of the membership.
 - a. Any member of the board authorized to sign contracts or acting as a signatory on association accounts must be a minimum age of 18.
 - b. A maximum of three bowling center proprietors may serve on the board at one time. A proprietor is an individual who is the owner, partner, or corporate officer of a bowling center or group of bowling centers. Excluded from the definition of proprietor is an individual who owns 25% or less of the equity shares, or who is



proprietor is an individual who owns 25% or less of the equity shares, or who is inactive in the management of the bowling center and remains so during a term as an officer or director.

Additional eligibility requirements, if any, are to be approved by the board, adult members and youth representatives.

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Section C. Election of Directors

All Directors are:

1. Elected by the board, adult members and youth representatives.
2. Elected by majority vote, unless plurality vote is adopted, by the board, adult members and youth representatives. **They are elected by plurality vote.**
3. A slate.
4. Nominations from the floor.

Qualifications must be submitted in a format specified by the board.

Voting will be by those individuals present and voting and by ballot if there is more than one nominee for each position.

Section D. Term

The term for Directors is 3 years. The number of years in a term, the number of terms allowed, and a stagger system are determined by the board, adult members and youth representatives. Insert stagger system here:

1 year term, 2 year, no more than 3 year term

Section E. Resignation, Removal, and Vacancies

1. **Resignation.** A board member may resign from the board by providing written notice of resignation to the president or, in the case of the president, to the board.
2. **Removal for Ineligibility.** A board member who is no longer eligible to serve on the Board may be removed by a two-thirds vote of the board when a quorum is present.
3. **Removal for Cause.** When a board member is accused, in writing, of failure to properly perform the duties of their office or otherwise engaging in improper or unfair activities or conduct, the board may conduct a meeting following the removal procedures in the Association Suspensions Procedures Chapter in the *USBC Association Policy Manual*. An appeal may be filed with USBC Headquarters within 15 days of the removal. Two-thirds written consent of the full board is required to seek re-election and/or re-appointment to the board.
4. **Removal for RVP Non-Compliance.** When a board member is determined to not be in compliance with the USBC's RVP policies, the member will be immediately declared ineligible and removed from the board with the position being declared vacant. No board action is required to remove the member from the board. The



5. **Vacancies.** The board fills vacancies in the president's position. All other vacancies are filled by the president, subject to approval by the board.

Note: When filling director vacancies, please consult with the youth committee for their recommendations.

Article VI Officers

Section A. President and Vice President

The Officers of this association shall include a president and vice president. (The association determines if more than one vice president or a sergeant-at-arms is necessary and defines their duties and responsibilities to be placed in your *Association's Operations Manual*.)

Section B. Election

The board, adult members and youth representatives determine the election process. (Check one)

- 1. **Officers are elected by a majority vote of the board from among the current Directors, unless state laws mandate otherwise; or**
- 2. **Officers are elected by a majority vote of the board, adult members and youth representatives, present and voting from:**
 - a. **A slate.**
 - b. **Nominations from the floor.**

Qualifications must be submitted in a format specified by the board.

Voting will be by ballot if there is more than one nominee for each position.

Section C. Term

The term for officers is 3 years, not to exceed three years in a term. The board, adult members and youth representatives determine the number of years in a term, the number of terms allowed and a stagger system.

Section D. Authority and Duties

- 1. **President**
 - a. Presides at all meetings.
 - b. Acts as spokesperson for the association.
 - c. Appoints committees, with board approval.

Note: Committees should be composed of both board members and non-board members.

- 2. **Vice President**
 - a. Presides at all meetings when the president is absent.
 - b. Performs other duties as prescribed by the board or requested by the president.
- 3. **Association Manager**



- a. Selected/appointed by and accountable to the board.
- b. Acts as the ex officio non-voting secretary/treasurer of the board or such other officer designation as required by law and determined by the board.
- c. Responsible for other duties as prescribed by the board and in the *USBC Association Policy Manual*.

Article VII Meetings

Section A. Annual Meeting

An annual meeting of the board, adult members and youth representatives shall be held at a time and place approved by the board. (See Article IX, Section D for the time frame for election of delegates and alternates to the USBC Annual Meeting.)

1. Attendance

Attendance is open to all adult members, Youth representatives and USBC youth members bowling in USBC Leagues within the association's jurisdiction.

2. Voice and Vote

Voice: Adult members and USBC youth members bowling in USBC Leagues within the association's jurisdiction may attend with voice only.

Vote: Board, adult members and youth representatives may attend with both voice and vote.

Absentee and proxy voting are not permitted.

3. Responsibilities

Board, adult members and youth representatives shall:

- 1) Adopt bylaws, with the exception of the youth dues.
- 2) Adopt local adult dues.
- 3) Elect:
 - a) Delegates and alternates for the USBC Annual Meeting.
 - b) Delegates and alternates representing adult members for the state annual meeting(s).
 - c) Youth delegates and alternates for the state annual meeting.

Note: A board member is a person elected to the board, to serve all members of the association.

The youth committee makes recommendations to the entire board on programs, tournaments, fund raisers, etc. and the board makes the final decision. On the adult side, committees also make these same recommendations and the board makes the final decision.

4. Meeting Notice

Written notice of the meeting shall be forwarded to the board, youth leagues, center representatives and league secretaries, which should be at least 15 days prior to the annual meeting.

5. Special Meetings

Special membership meetings may be called by the president or upon written request of at least three board members or at least twenty-five members of the association.

6. Quorum

at least one half members and youth representatives constitute a quorum. The board, members and youth representatives determine the number.



7. Action

A majority vote of those adult members, Youth representatives and board present and voting, at a properly noticed meeting, when a quorum has been established, is required to take action, unless otherwise provided by law or these bylaws. Election of officers requires a majority vote. Election of directors requires a majority vote, unless plurality vote has been adopted in accordance with the bylaws. Election of delegates, youth delegates and alternates requires a plurality vote. Absentee and proxy voting and other types of voting agreements are not permitted.

Section B. Board Meeting

The Board shall meet, at a minimum, as often as required by state law. Special meetings may be held upon the request of any board member if a majority of the board approves.

1. **Notice.** Written notice for all regular and special meetings shall be forwarded to the Board, which should be at least 15 days prior to the meeting.
2. **Quorum. 3 board members constitute a quorum.** The board, adult members and youth representatives determine the number. (Must be a number and not a percentage.)
3. **Action.** A majority vote of those officers and directors present and voting, at a properly noticed meeting, when a quorum has been established, is required to take action, unless otherwise provided by law or these bylaws. Absentee and proxy voting are not permitted.
4. **Action(s) Without a Meeting.** Actions that are deemed necessary to conduct business/operations of the association may be taken outside of a board meeting by use of mail, e-mail, or teleconferencing. This type of action must be permissible by state law and approved by the board, adult members and youth representatives.
 - a. The procedures found in the *USBC Association Policy Manual*, Chapter Ten, Section E must be followed.
 - b. **The association Does allow the board to vote via mail, e-mail, or teleconference.** (This action also applies to committees.)

Section C. Parliamentary Procedure

The most recent edition of *Robert's Rules of Order, Newly Revised*, governs all meetings.

Article VIII Committees

Section A. Standing Committees

The association shall have the following standing committees: Finance and Youth.

1. **Finance Committee.** The committee is responsible for reviewing and monitoring association financial matters.
2. **Youth Committee.** The committee is responsible for monitoring, promoting, reviewing and recommending youth programs conducted by the association.

Section B. Other Committees

The President may establish other committees, with board approval.



Article IX

Delegates, Youth Delegates and Alternates

Section A. USBC Annual Meeting

Delegates and alternates are elected by plurality vote of the board, adult members and youth representatives, present and voting. (See Article VI, Section A of the national bylaws for representation.)

Section B. State Annual Meeting

The association has delegates representing adult members and youth delegates representing USBC youth members bowling in USBC Leagues within the association's jurisdiction.

Adult and youth delegates and alternates are elected by plurality vote of the board, adult members and youth representatives, present and voting.

Section C. Eligibility

1. **USBC Annual Meeting.** Delegates and alternates must be:
 - a. At least 18 years of age.
 - b. **Adult.** A USBC member in good standing of the association at the time of election and throughout their term.
Youth. USBC youth member bowling in USBC Leagues within the association's jurisdiction.
2. **State Annual Meeting(s).** Delegates and alternates must be:
 - a. At least 14 years of age.
 - b. **Adult.** A USBC member in good standing of the association at the time of election and throughout their term.
Youth. USBC youth member bowling in USBC Leagues within the association's jurisdiction.

If a member is elected to represent more than one association to attend the same meeting, the first election shall stand and any succeeding election shall be declared null and void.

An association is not eligible to send delegates and youth delegates if it is declared delinquent or USBC has revoked its charter.

<p>Note: An association that has not processed dues for the current season shall be considered delinquent.</p>

Section D. Election

Delegates, youth delegates and alternates serve for one year, beginning August 1, and are elected by:

1. Board, adult members and youth representatives.
2. A slate.
3. Nominations from the floor. (Qualifications must be submitted in a format specified by the board.)



4. Plurality vote. The election shall be by ballot, except that a voice vote may be taken when the number of candidates does not exceed the number of positions to be filled.
5. Alternates shall serve in order of their election.

The election is to be held in compliance with the USBC or state annual meeting requirements.

Section E. Vacancies

Vacancies are filled for the un-expired portion of each term by the alternates in the order in which they were elected. If a vacancy still exists, the president fills the vacant position by appointment.

The appointee must also meet the same eligibility requirements as elected positions.

Article X Amendments

Section A. Procedure

Any member of the association or USBC youth member who bowls in USBC Leagues in the association's jurisdiction may submit proposed amendments to these bylaws. The bylaws may be amended at any membership meeting by a two-thirds vote of the board, adult members and youth representatives present and voting. The amendment must be:

1. Submitted in writing to the association manager or president.
2. **Submitted at least 15 days prior to the membership meeting when the association is considering the proposal.** The date or number of days is to be set by the board, adult members and youth representatives. (See Section B, Change in Adult Dues.)

Section B. Change in Adult Dues

Forward a notice to each league secretary and board at least 15 days prior to the meeting at which the proposed change is considered. The notice must:

1. Be in writing.
2. Specify the amount of the change.
3. Specify the reason for the change.

Notification of any adopted change in adult dues, and the reason for the change, will be forwarded, in writing, to each league secretary.

Section C. Effective Date

All amendments are effective August 1, following adoption, unless otherwise specified when adopted.

Article XI Fiscal Year

The fiscal year of this association is August 1 through July 31.



Article XII Indemnification

Directors, officers, and other authorized volunteers, employees or agents shall be indemnified against claims for personal and individual liability arising in connection with their positions or service on behalf of the association to the full extent permitted by law.



Definitions

Associations:

- All association provide services for men, women, and youth.

Delegate: (Delegate and Youth Delegate)

- The association membership elects delegates representing adult members and youth delegates representing USBC youth members bowling in USBC Leagues within the association's jurisdiction.

Meetings & Quorum:

- The association has members representing adult members and youth representatives representing youth members bowling in USBC Leagues within the association's jurisdiction. A quorum of both adults and youth representatives must be present in order to conduct business. A member may only vote once, regardless of representing adults, youth, or both.

Director Proprietor:

- A maximum of three bowling center proprietors may serve on the board at one time. A proprietor is an individual who is the owner, partner, or corporate officer of a bowling center or group of bowling centers. Excluded from the definition of proprietor is an individual who owns 25% or less of the equity shares, or who is inactive in the management of the bowling center and remains so during a term as an officer or director.

Directors:

- Directors are elected to represent the membership, along with the needs of the association. While some directors gravitate to a specific group or tournament everyone should help, as needed.

Youth Representative:

- USBC youth members, at least 14 years of age, bowling in USBC Leagues within the association's jurisdiction.
- One adult representative, who is a USBC member, from each USBC certified youth league.
- One center representation, who is a USBC member, from each center having at least one USBC certified youth league.
- An adult USBC member involved in youth programs can attend meetings with voice only.

Voting:

- **Plurality vote:** A plurality vote is the largest number of votes cast for a given candidate. The candidate(s) receiving the most votes is (are) elected.
- **Majority vote:** A majority vote is "more than half" of the votes cast.



Tax Requirements

NOTE: USBC Headquarters is not responsible for misinterpretation of information in this section. Associations should contact the Internal Revenue Service (IRS) or a tax advisor experienced with tax-exempt organizations.

Contact the IRS

Contact the IRS at 800-829-3676, 800-TAX-FORM, or at [IRS.gov](https://www.irs.gov) for tax-related questions. The association may also want to review the [Tax Time Guide: Free tax return help available in-person and online](#) and [IRS Guide to Community-Based Free Tax Preparation](#). The guide contains details on materials available via the internet or telephone regarding filing options, tax publications, and tax education or assistance program information.

Most materials are free and available throughout the year. The guide also lists telephone numbers for recorded tax information and automated refund information, as well as IRS mailing addresses.

For TTY/TTD access, call 800-829-4059 with tax questions and requests.

Benefit of tax-exempt status

- Are generally exempt from federal and state income taxes (income from a trade or business unrelated to the exempt purposes of the association will be subject to tax).
- Are not required to pay federal unemployment taxes.
- May be entitled to exemption from state and local sales and use taxes (check with the State Department of Revenue).
- May be exempt from property taxes on equipment and real estate (check with the State Department of Revenue).
- May be eligible to apply for certain grants that are only available to tax-exempt organizations.
- May apply for a bulk-mailing permit from the United States Postal Service.
- Can accept charitable contributions in the form of gifts – donors can deduct the contribution on their tax return.
- May be able to obtain a gaming license or permit from the state government office to conduct gaming events for charitable causes.

As outlined in the *USBC Association Policy Manual*, an association must maintain its tax-exempt status to maintain its charter.

Every USBC association will be under the national group exemption and classified as tax exempt under Section 501(c)(3) of the Internal Revenue Code and must comply with IRS requirements.

NOTE: Per IRS regulation, if an organization fails to file a return for three consecutive years, it will lose its 501(c)(3) exemption.



Item 1

Tax Exempt Status

"Tax-exempt status" means the association is exempt from federal income taxes as explained under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The IRS grants this favorable status and has the authority to revoke the status should an association commit specific infractions. For example, it is critical that associations continue to operate in a manner consistent with the national organization's purpose as stated in the USBC Bylaws. Please refer to Article III of the USBC state and/or local bylaws, which highlight USBC's purpose. If an association fails to meet this condition, the IRS may revoke the tax-exempt status.

Tax Requirements

- Comply with the 501(c)(3) status and adhere to federal, state and local laws as well as the filing of required tax forms. Examples include but are not limited to: IRS Forms (990, Schedule A and Schedule B if applicable), Payroll Taxes, State Corporate Statutes and State Workers Compensation.
- This would also include recording and filing meeting minutes as required by state law. The IRS has a Form 990 that all associations will need to submit. Form 990 has 3 versions: 990-N, 990-EZ, and 990. See Item 2 to determine the correct form for your association; also see IRS.gov for the forms.
- The IRS is using the "commensurate test" to create and enforce a standard that ensures exempt organizations are spending in line with their resources. Simply put, this means that the IRS is going to ensure that associations are not hoarding their funds but are spending the funds to support the purposes for which they received their exemption from taxation.
- If an association violates IRS requirements it may have its exemption from taxation cancelled. Additionally, if the IRS were to challenge the exempt status of an association, the potential financial impact on the association coupled with legal fees to defend an IRS proceeding, could jeopardize its continued viability.
- The IRS expects the local and state associations chartered by USBC to have procedures and policies in place to ensure the activities and operations of the associations are consistent with those of the parent organization. The IRS will use Form 990 Report to monitor this requirement.
- Create and maintain board minutes, policies, documents related to governance and fundraising, and reports related to administrative activities. The IRS expects that actions taken by associations in board and committee meetings to be documented.
- Maintain information concerning the results of their activities and the measurement of their performance of their exempt purposes.

Item 2

Tax Forms

Each state and local association is required by the Internal Revenue Service (IRS) to file certain tax forms.



Item 2a

Forms 990, 990-EZ, 990-N (Annual Information Return)

Used for filing the association’s annual information (e.g., revenue and expenses). A 990, 990-EZ or 990-N is REQUIRED for all associations regardless of gross revenue (receipts).

See the chart below to determine which annual information return is required for your association.

Form 990 Series Information	Form to File
Gross receipts normally ≤ \$50,000	990-N
Gross receipts > \$50,000 and < \$200,000, and Total assets < \$500,000	990-EZ or 990
Gross receipts ≥ \$200,000, and/or Total assets ≥ \$500,000	990

State of California

Form 199-N

Gross receipts are the total amounts the association received from all sources during its annual accounting period, without subtracting any costs or expenses. Examples of gross receipts are tournament entry fees, ways and means committee projects, and local membership dues and/or processing fees.

It should be noted, however, that USBC local associations fall into the category of “agents” as defined by the IRS in the “General Instructions for Form 990 and Form 990-EZ.” As an agent, the dues money collected on behalf of the state association(s) and national organization **SHOULD NOT** be included within an association’s gross receipts.

A tax-exempt organization’s annual information return must be made available for public inspection upon request. Therefore, it is critical that the form is complete and accurate and fully describes the association’s programs and accomplishments.

How the public perceives an organization in such cases may be determined by the information presented on these forms. A potential donor or sponsor may rely on the contents of this form prior to making a donation.

Filing Considerations

- File 990, 990-EZ, 990-N by the 15th day of the fifth month following the close of the fiscal year. Since each association’s fiscal year ends July 31, start after August 1, but file no later than December 15.
- Schedule A – “Organization Exempt Under Section 501(c)(3)” – is filed along with Form 990/990-EZ.
- The completed forms are to be sent to: IRS, Ogden, UT 84201-0027
- Retain a copy of the filed return for the association’s records (and to provide to the public if requested).

Franchise Tax Board to be filed after July 31st each year, no later than December 15th each year.

Secretary Of State certificate by June 15th every ODD year

Attorney General with-in 4 months of year end July 31st.



Note that:

- The normal IRS three-year “statute of limitations” is triggered by the filing of a return. If the association does not file a return, the three-year period never starts, the statute never closes, and there is no limit on how far back the IRS can go in an audit situation.
- The annual information return is a good way to notify the IRS of any changes (such as an address) in the association.
- Filing the return gives the association a “paper trail”. When a new president or association manager takes office, he/she will be able to tell at a glance that IRS filings are up to date.
- **If an organization fails to file a return for three consecutive years, it will lose its 501(c)(3) exemption.**

Item 2b

Form 990-T (Unrelated Business Income)

Used to report an association’s unrelated business income.

Although associations are tax-exempt, an association can generate taxable income through the operation of a trade or business that is unrelated to the association’s exempt purposes. The resulting tax is called Unrelated Business Income Tax (often referred to as UBIT). Examples of UBIT activities include the sale of T-shirts, pins, related bowling items and income from gaming activities.

There are exceptions to these UBIT rules (e.g., if the income was generated by volunteer workforce).

Therefore, it is strongly recommended that an association talk with an accountant or tax attorney experienced in non-profit law when dealing with unrelated business income. Additional information about the tax treatment of unrelated business taxable income can be found in IRS Publication 598.

Filing Considerations

- Associations must file IRS Form 990-T, if they receive gross income of \$1,000 or more from business unrelated to the association’s exempt purpose.
- The obligation to file Form 990-T is in addition to the obligation to file an annual information return (Form 990/990-EZ/990-N).
- Tax-exempt organizations must make quarterly payments of estimated tax on unrelated business income if it expects its tax to be \$500 or greater for the year.
- File 990T by the 15th day of the fifth month following the close of the fiscal year. Since each association’s fiscal year ends July 31, start after August 1, but file no later than December 15.
- The completed forms are to be sent to: IRS Ogden, UT 84201.

A tax-exempt organization’s Form 990-T must be made available for public inspection.