

## Contents

DISTRICT BUDGET INFORMATION. ....	84-86	TAX INFORMATION FOR U.S. PILOT CLUBS AND DISTRICTS. ....	91-94
SAMPLE DISTRICT BUDGET .....	87-88	General Information. ....	91
FINANCIAL RESPONSIBILITIES OF A PILOT CLUB TO PILOT INTERNATIONAL AND THE DISTRICT. ....	89-90	Reserve Fund. ....	91
International Initiation Fee .....	89	Disclosure Regulations. ....	91
International Dues .....	89	IRS Instructions for Filing: .....	91-92
Liability Insurance .....	89	Definitions: .....	92-93
Representation at Convention .....	89	Gross Receipts .....	93
Pilot International Club Directory. ....	90	The Pilot International Foundation (General Tax Information). ....	94
District Dues .....	90	What Options are Available? .....	94
Official Visit of District Officer .....	90	Closing Observation. ....	94
Miscellaneous Expenses. ....	90	ANNUAL RENEWAL OF INCORPORATION FOR UNITED STATES PILOT CLUBS AND DISTRICTS .....	95
The District or International Officer as a Member of a Pilot Club .....	90	Notes .....	96
Special Invitations to PI and District .....	90		
Officers to Participate in Club Activities .....	90		
Visiting Other Clubs .....	90		

District Budget  
Information

## DISTRICT BUDGET INFORMATION

Please refer to Travel Expenses, Approved Expenses Paid BY Pilot International FOR District Officers, Approved Expenses Paid BY The District FOR District Officers, Expenses of District Operations NOT Paid BY Pilot International, and Expenses Paid BY the Club FOR District Officers in the Bylaws and Policies Section of this manual for information concerning the District Budget. Fall Council, if held, should be a line item in the District Budget.

I. APPROVED BILLS PAYABLE (Any outstanding bills must be provided for in the district budget.

II. DISTRICT BUDGET ITEMS REQUIRED BY PI POLICY:

A. For District Convention

1. District Governor, Governor Elect, Lt. Governor(s), Treasurer, and Secretary
  - a. Reimbursement for transportation is 75% of current IRS rate (37.5 per mile 1/10) or first class fare by train, bus or most economical plane fare available. (Car mileage expense not to exceed most economical plane fare.) Refer to policies #300 & #301 for details.
  - b. Registration fee (only charge to District budget the cost of the meals)
  - c. Hotel for 3 nights (usually Governor, Governor Elect and Lt. Governor(s) share complimentary room(s))
  - d. Meals (less those covered by the registration)
2. Executive Committee Representative
  - a. Registration fee (only charge the District budget the cost of the meals)
  - b. Hotel for 3 nights (a single or twin room - may be complimented)
  - c. Meals (less those covered by the registration)
3. Duplicating bulletins and minutes (estimate)

**FOOTNOTE:** Before the budget is voted on, the election should be held and convention city determined. The Governor should request all nominees for district office – and the Secretary to be appointed by the Governor Elect – to furnish the budget committee transportation figures to all locations where the next district convention may be held. **Reminder:** When two or more Pilots (who are eligible to receive reimbursement for transportation from any source) travel together by car, approved transportation expenses will be paid to Pilot furnishing transportation.



**District Budget  
Information**

B. For District Administrative/Executive Council Meetings

Travel, hotel and meals for Governor, Governor Elect, Lt. Governor(s), District Treasurer and District Secretary to attend meetings of the District Administrative Council and the District Executive Council.

C. Other Expense

1. District Coordinator expense (postage, stationery and supplies)
2. Postage, express, stationery, and supplies for district officers
3. Bond for District Treasurer

D. \*\*Assistance to District Officers to Attend Council of Leaders and PI/PIF Convention

Pilot International assumes the approved expenses for the District Governor to attend the pre- and postconvention Board of Directors meetings, the Council of Leaders and the PI/PIF Convention. The District provides financial assistance for the Governor Elect and Lt. Governor(s) to attend the Council of Leaders at the PI/PIF Convention provided all requirements are met. To assist the budget committee in determining expenses incurred by the Governor Elect and Lt. Governor(s), a guide is given below:

1. Registration fee
2. Meals enroute - Cost of Meals and tips enroute (if not included in plane ticket not to exceed \$40.00 per day).  
Meals at convention (PI does not pay per diem fo district Governor.)
3. Hotel (usually Governor and Governor Elect share room.)
4. Reimbursement for transportation is 75% of current IRS rate (37.5 per mile) or first class fare by train, bus or most economical plane fare available. Car mileage expense not to exceed most economical plane fare. Refer to policies #300 & #301 for details. PI pays for Board of Directors travel expense not to exceed most economical plane fare.

\*\* Only the Governor Elect and Lt. Governor(s) are required to attend at district expense. Districts usually provide partial or all expenses of the District Treasurer and District Secretary when they attend.



**District Budget  
Information**

III. DISTRICT BUDGET ITEMS REQUIRED BY DISTRICT  
STANDING RULES

Review District Standing Rules for all items of expense which must be included in the district budget. In lieu of gifts, honorary donations to the Pilot International Foundation in the honoree's name are appropriate.

IV. DESIRABLE ITEMS IF FUNDS PERMIT

(Some of the following items might already be required by district standing rules.)

1. PI/PIF Convention expense for PIF District Representative
2. Telephone/FAX expense
3. District Workshops if held.
4. District publication
5. Past Governor's Bar and/or past Governor's plaque
6. District division expense (other than required items of postage and supplies)
7. District Convention registration for incoming District Coordinators, District Chaplain, PIF District Representative, Senior Programs Representative, District Parliamentarian, and other appointee.



**SAMPLE DISTRICT BUDGET**

REVENUE	EXPENSE	INCOME	TOTAL
Dues ( ___ members @ \$ ___ x 12)		-----	
Interest Income		-----	
Fall Council/Workshop			
Registration Fees		-----	
<b>District Convention</b>			
Registration Fees		-----	
Saturday Luncheon (Partials)		-----	
Saturday Banquet (Partials)		-----	
Sunday Breakfast/Brunch		-----	
<b>TOTAL REVENUE</b>			-----

**SAMPLE  
DISTRICT  
BUDGET**

**ESTIMATED EXPENSES**

**DAC Meetings**

Governor (Travel & Meals)	-----
Governor Elect (Travel & Meals)	-----
Lt. Governor(s) (Travel & Meals)	-----
Treasurer (Travel & Meals)	-----
Secretary (Travel & Meals)	-----

**Total DAC Meetings**

-----

**FALL COUNCIL:**

Governor (Travel, Hotel & Meals)	-----
Governor Elect (Travel, Hotel & Meals)	-----
Lt. Governor(s) (Travel, Hotel & Meals)	-----
Treasurer (Travel, Hotel & Meals)	-----
Secretary (Travel, Hotel & Meals)	-----
Minutes & Reports	-----

**Total DAC Fall Council Expenses**

-----

Decorations & Flowers	-----
Registration Supplies	-----
Entertainment for Banquet	-----
Room Rental	-----
Postage	-----
Telephone	-----
Programs	-----
Saturday Night Dinner	-----
Sunday Breakfast/Brunch	-----
Miscellaneous (Speakers, Honorariums, Presentations, etc.)	-----

**Total Remaining Fall Council Cost**



# V. Financial Responsibilities

page 88

## SAMPLE DISTRICT BUDGET

	EXPENSE	INCOME	TOTAL
<b>DISTRICT CONVENTION</b>			
Governor & Governor Elect (Hotel Comp, Meal Fees, Travel & other Meals)	_____		
Lt. Governor(s) (Hotel, Meal Fees, Travel & other Meals)	_____		
Treasurer (Hotel, Meal Fees, Travel & other Meals)	_____		
Secretary (Hotel, Meal Fees, Travel & other Meals)	_____		
ECR (Hotel, Meal Fees)	_____		
<b>Total DAC &amp; ECR Expenses for District Convention</b>			_____
Decorations & Arrangements	_____		
Programs	_____		
Room Rental	_____		
Registration Supplies	_____		
Banquet Entertainment	_____		
Memorial Service	_____		
Telephone & Postage	_____		
DAC Reception	_____		
Installation	_____		
Saturday Luncheon	_____		
Saturday Banquet	_____		
Sunday Breakfast/Brunch	_____		
Miscellaneous	_____		
<b>Total Remaining Cost of District Convention</b>			_____
<b>INTERNATIONAL CONVENTION</b>			
Incoming Governor – PI pays authorized exp.	_____		
Incoming Governor Elect, Lt. Governor(s) (Travel, Hotel, Registration Fee & Other Meals)	_____		
Secretary & Treasurer	_____		
<b>DISTRICT CONVENTION OR DISTRICT WIDE ANCHOR MEETING</b>			
Governor &/or District Anchor Coordinator	_____		
<b>OTHER EXPENSES</b>			
District Officers' Postage & Supplies	_____		
Governor's Bulletins (Printing & Postage)	_____		
Bond for District Treasurer	_____		
Telephone Expense	_____		
District Audit Expense	_____		
Division Coordinators (Postage, Supplies, Prrt)	_____		
District Roster (Printing)	_____		
District Growth Team	_____		
PIF Rep. (Printing, Postage, etc.)	_____		
Nominating Committee	_____		
Awards Jury (Postage, Telephone, etc.)	_____		
Chaplain's Expense (Cards, Postage, etc.)	_____		
Past Governor's Pin	_____		
Gifts or Honorariums	_____		
Miscellaneous	_____		
<b>Total Other Expenses</b>			_____
<b>TOTAL ESTIMATED EXPENSES (Should not exceed revenues)</b>			_____



## Financial Responsibilities Of A Pilot Club To Pilot International And The District

### Financial Responsibilities Of A Pilot Club To Pilot International And The District

#### **International Initiation Fee - US \$25.00 Per Member**

An initiation fee of US \$25.00 will be paid to Pilot International for each active member upon acceptance of membership in club. *(The \$25 International Initiation Fee will be waived for all former Anchor members. Local clubs will determine the local initiation fee for all new members.)*

#### **International Dues - US \$50.00 Per Member**

Annual international dues are US \$50.00 per member. Dues for new members are pro rated (see Treasurer's Duties in Club Officers and Division Leaders section of this manual). Club determines local dues.

Dues for each member must be paid in advance to Pilot International by every chartered club in accordance with the Bylaws.

Note: Dues are not tax deductible as a charitable contribution.

#### **Liability Insurance - US \$4.00 Per Member**

Each member, in clubs in the United States and Canada, pays annually for liability insurance. Payment is made with the advance payment of international dues.

#### **Representation at Conventions**

The Pilot International Bylaws state that each club should be represented at the annual district and international conventions. (Number of club delegates and alternates is specified in the Bylaws.) Transportation expenses and registration fee for one delegate to each convention will be paid from the club treasury and will be included in the annual club budget. The club itself decides whether or not to pay for the individual's lodging expenses and per diem. Each club, from the first anniversary of its charter date, will pay a minimum of one registration fee for each international convention of Pilot International. Late registration fees will be an additional 50% of the current registration fee. Headquarters will supply a list of delinquent registration fees to District Governors for District action. The delegate for a Pilot Club must be a member of the club they represent at the International Convention. For those holding dual membership, they may serve as delegate only for the club through which they pay international dues.



**Financial  
Responsibilities  
Of A Pilot Club To  
Pilot International  
And The District**

Clubs are  
expected  
to pay all bills  
promptly  
within 30 days.

**District Dues**

District expenses are financed by district dues paid by each member. The district budget may include any expenses approved by the district.

**Club Visit of District Officer**

The Pilot Club to which the District Governor, the Governor Elect or a Lt. Governor is making a Visit is expected to defray expenses with the exception of transportation and costs of personal items. Expenses to the club could include single room in hotel or motel and breakfast the next morning.

**Miscellaneous Expenses**

Each club is encouraged to contribute to the Pilot International Foundation and Pilot International special appeals.

**The District or International Officer as a Member of a Pilot Club:**

A District or an International officer has the same privileges and responsibilities as any other member of the Pilot Club, such as:

- Pays regular dues and serves on a club division.
- Does not expect to be consulted concerning club, district, or international activities any more than any other active member.
- Is knowledgeable about Pilot International Policies and Bylaws, and if consulted by the club of which the officer is a member, a specific and adequate reply would be expected.

**Special Invitations to PI and District Officers to Participate in Club Activities:**

PI Officers, District Officers, and Headquarters Staff appreciate receiving invitations to speak at special club meetings such as anniversaries, Civic Nights, Installations of Officers, etc.

The invitation should be issued as early as possible to avoid scheduling conflicts.

Expenses to be paid by the Pilot Club issuing the invitation are:

- Cost of airline ticket, if travel requires flying or mileage when driving (37.5 cents).
- Lodging and Meals

These expenses should be considered when planning begins and included in the club budget.

**Visiting Other Clubs:**

When traveling, Pilots often visit cities where other clubs exist. Visiting other clubs is a rewarding experience. However, Pilots should always pay their own way when visiting other Pilot Clubs or members.



## Tax Information for U.S. Pilot Clubs and Districts

### Tax Information for U.S. Pilot Clubs and Districts

#### **General Information**

Pilot Clubs in the United States are recognized by the Internal Revenue Service as civic/service organizations and are exempt from paying income tax under Section 501(c)(4) of the 1954 Internal Revenue Code. In 1976 a group exemption number -0669 - was assigned to Pilot International and ALL Pilot Clubs. In addition to the group exemption number, each club and district is required to apply for a federal identification number.

Each new club should send the identification number to Pilot Headquarters as soon as it is assigned. Make sure the club's identification number is on file in Pilot Headquarters. The identification number is listed in the Club Directory with the club name.

**NOTE:** Strict application of the IRS Tax Code means donations to Pilot clubs and districts are not considered tax deductible to the donor.

**PI has applied to IRS  
for 501(c)3 tax  
reclassification**

#### **Reserve Fund**

The U.S. Internal Revenue Service has indicated that a non-profit can have reserve funds in **reasonable** amounts to insure continuity of its mission. This means that accumulating funds for a specific project should pose no problem - as long as the funds are used for that project as approved by club membership.

The IRS will be interested in how passive (invested) funds are **spent**. Make sure that club minutes reflect all action concerning finances. When audited, the first item checked will be the minutes.

#### **Disclosure Regulations**

Recent disclosure requirements make it mandatory that clubs carefully consider fund raising activities in regard to current regulations. Many states are more closely regulating solicitation activities. **Clubs should check with their Secretary of State's Office regarding registration and regulation requirements for organizations participating in fund raising activities.**

#### **IRS Instructions for Filing:**

**All Clubs must report to IRS in regardless of amount of income.** Beginning in 2008, tax-exempt organizations like Pilot clubs, that previously were not requested to file tax returns, are now required to file an **annual electronic** notice, Form 990-N, Electronic Notice (e-Postcard) for Tax Exempt Organizations not Required to File form 990 or 990-EZ. This filing requirement applies to tax periods beginning after December 31, 2006 (for Pilot clubs, the tax period will be July 1 through June 30).



Tax Information  
for U.S. Pilot  
Clubs and  
Districts

**Clubs whose gross receipts are over \$100,000 will still need to file the IRS Form 990. Clubs whose gross receipts are over \$25,000 a year and under \$100,000 will still need to file the IRS Form 990 EZ. In the past, clubs whose gross receipts fell below \$25,000 were not required to file any 990 form with the IRS. With the enactment of the Pension Protection Act of 2006 (PPA), these clubs will now be required to electronically file Form 990-N each year. This form is also known as the e-Postcard. The form should be filed by the fifteenth day of the fifth month after the close of the tax year (for Pilot clubs that will be November 15, 2009).**

This electronic postcard form of the 990 can ONLY be filed on line – so each Pilot club will be required to find someone who has internet access to assist them with this filing. No additional software is required other than the internet connection and there is no charge to file the form. This does not mean your club will have to pay taxes; however, clubs who fail to file the 990-N for three years will lose their tax exempt status.

You may want to review the frequently asked questions about Form 990-N at the following web site: [www.irs.gov](http://www.irs.gov).

You will need to click on “charities and nonprofits” found at the top of the page. This will take you to the IRS explanation of the new form. One more click for “frequently asked questions” will provide you with the questions and answers.

**Definitions:**

1. **Accounting period (Fiscal Year)** Pilot’s accounting period is July 1 through June 30.

2. **When and Where to File** [www.epostcard.form990.org](http://www.epostcard.form990.org)

U.S. districts/clubs are required to file by the **15th day of the 5th month following the close of the fiscal year** (November 15).

3. **Penalties**

**Failure to File on Time/Incomplete Return**

If you do not file your e-Postcard on time, the IRS will send you a reminder notice but you will not be assessed a penalty for filing the e-Postcard. However, an organization that fails to file required e-Postcards (or information returns - Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The revocation of the organization’s tax-exempt status will not take place until the filing due date of the third year.



4. **Gross Receipts**

“Gross receipts” means the gross amount received by the organization during its annual accounting period from all sources without reduction for any costs or expenses, such as cost of goods sold, cost of assets sold, cost of operations expenses for earning, raising, or collecting such amounts. Thus, “gross receipts” includes, but is not limited to:

- a. The gross amount received from contributions, gifts, grants etc.
- b. Gross amount received as dues or assessments from members. (Including dinner fees).
- c. Gross sales or receipts from business activities including activities unrelated to the purpose for which the organization received an exemption.
- d. The gross amount received from the sale of assets without reduction for the cost or other basis of the property and expenses of sale.
- e. The gross amount received from investment income interest, dividends, and royalties.

The Treasurer must keep accurate financial records and determine if the club or district should file Form 990, 990N or 990EZ for the fiscal year. The treasurer must file on time, and maintain accurate records at all times should the Internal Revenue Service require further information on the financial activities of the club/district.

If you have questions, consult a local accountant and/or local or regional IRS service center.



**Tax Information  
for U.S. Pilot  
Clubs and  
Districts**

The Pilot International Foundation (General Tax Information)

The Pilot International Foundation holds a “Letter of Determination” from the IRS which designates a tax status of 501(c)(3). This means the Foundation is exempt from paying income tax AND donors can deduct contributions to PIF on their federal income tax returns.

Only contributions to organizations listed in the Cumulative List of Organizations (like PIF) with a tax status of 501(c)(3) are tax deductible.

What Options are Available?

Pilot Clubs and Districts seeking outside funding for charitable community projects have the following options:

1. Establish a foundation with a 501(c)(3) tax status. A local certified public accountant can advise a club regarding correct procedure for establishing a 501(c)(3) organization. PIF Headquarters has general information available also.
2. If a Pilot Club co-sponsors a joint charitable project with a 501(c)(3) organization, have the contributions paid directly to the charitable entity. A charitable organization is required to provide a written receipt for any donation of \$250 or more. A cancelled check is not considered a valid receipt.

Closing Observation

The Pilot Headquarters staff does not interpret tax laws; therefore, information from this office must be general and conservative in nature. **All Pilot Clubs and Districts are urged to consult a local CPA or the nearest IRS Office for information on specific tax laws and governing regulations.**



# ANNUAL RENEWAL OF INCORPORATION FOR UNITED STATES PILOT CLUBS AND DISTRICTS

# ANNUAL RENEWAL OF INCORPORATION FOR UNITED STATES PILOT CLUBS AND DISTRICTS

District and Club Treasurers are reminded that incorporation information should be reviewed annually. If required, a Corporate Annual Registration form should be filed and fee paid to the Secretary of State to keep the corporation status current. Failure to do so can result in penalties.

If the treasurer does not know the current corporate filing status of the club or district, the Secretary of State's office will check the record upon request.

If the club or district is required to pay a fee, the treasurer's calendar should include the date this payment is due. Also, where feasible, having the same person act as agent for the club or District - receiving and completing the form each year - is recommended.

A new club is required to incorporate within one year of its charter date.



NOTES:

