

Charities & Nonprofit Education Symposium

April 22, 2013

Download the Charity & Nonprofit Board Service in Washington State: A Quick Guide at <http://www.sos.wa.gov/assets/charities/QuickGuideHandbook.pdf>

Legal Perspective of Board Membership

- Duty of obedience - Carry out the mission of the organization RCW.24.127
- Duty of loyalty - Serve in the best interest of the Non Profit
- Duty of care

Non Profit Organizations should have insurance:

- Directors & Officers Liability Ins.
General Liability
- Event Insurance
- Any other type necessary for the needs of the group

Should have a Conflict of Interest Policy

Must have an Annual Meeting of Managers

Twelve Principles of Governance That Power Exceptional Boards

1. Constructive Partnership
 - The effectiveness of the Executive Director and Board are interdependent
2. Mission Driven
3. Strategic Thinking
 - Time is used to build the organization and encourage the direction best desired as well as assess Executive Director.
4. Culture of Inquiry
 - Constructive debate and decision making
5. Independent Mindedness
 - Board members do not let their relationship or opinion of the executive officers, fellow board members, position, reputation, staff or donors affect their decision making.
6. Ethos of Transparency
 - Allowing donors, stakeholders and board members have all the information they need to make good decisions.
7. Compliance with Integrity
8. Sustaining Resources
9. Results-Oriented
10. Intentional Board Practices
11. Continuous Learning
12. Revitalization
 - See a connection between mission, vision, strategy, recruitment and inclusiveness.

Look up RCWs at <http://apps.leg.wa.gov/rcw/default.aspx?cite=24.03>

Learn more about Non Profit Corps at <http://www.sos.wa.gov/charities/>

Charities & Nonprofit Education Symposium

April 22, 2013

HELPFUL COMPLIANCE INFORMATION FOR CHARITIES AND NONPROFITS

Office of the Secretary of State Charities Program

360-725-0378

800-332-GIVE

www.sos.wa.gov/charities

Office of Secretary of State Corporations Division

360-725-0377

www.sos.wa.gov/corps

Business Licensing Services

800-451-7985

www.bls.dor.wa.gov

Department of Revenue

800-647-7706

www.dor.wa.gov

Washington State Gambling Commission

360-486-3440

www.wsgc.wa.gov

Washington State Liquor Control Board

360-664-1600

www.liq.wa.gov

Internal Revenue Service

877-829-5500

www.irs.gov/charities

Washington Attorney Assisting Community Organizations (WAACO)

866-288-9695

www.waaco.org

Charities & Nonprofit Education Symposium

April 22, 2013

BYLAW TIPS

1. Bylaws should be reader friendly.
2. Bylaws should reflect current law.
TIP: Board members may not vote by proxy.
3. Bylaws should be consistent with actual operations.
4. Bylaws should be consistent with Articles of Incorporation.
5. Consider use of committee charters to describe committee operations rather than Bylaws.
6. Consider use of policies to supplement Bylaws.
7. Bylaws should be clear as to whether there are statutory members.
8. If there are statutory members, Bylaws should be clear as to the members' voting rights.
TIP: More members = more complications
9. If there are statutory members, Bylaws should be clear regarding board and member responsibilities.
10. Bylaws should be clear as to the difference between board committees and non-board committees.
11. Bylaws should be reviewed periodically and updated as necessary.
TIP: Review and follow current Bylaws regarding amendment requirements.
12. IRS should be notified when there are changes to the Bylaws.

Nonprofit Corporate Governance: What Board Members Need to Know - Legal Considerations

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Questions to Ask

- What does it mean to serve on a Board from a legal perspective?
- What are the key fiduciary duties of Board Members?
- How should conflicts of interest be addressed?
- How do I manage liability and minimize risks?
- What is expected of Board members?
- Is there D&O Insurance?
- What do the organizational documents provide regarding director liability limitations and indemnification?
- How should a Board conduct a governance review?

Minimize Risks Through Understanding the Law - Duty of Obedience

- The duty of obedience requires a director of a nonprofit corporation to understand and carry out the mission of the nonprofit corporation in a lawful manner.
- The duty of obedience encompasses the duty of care and the duty of loyalty.

Charities & Nonprofit Education Symposium

April 22, 2013

Minimize Risks Through Understanding the Law - Duty of Care

- The duty of care requires a director of a nonprofit corporation to act with such care, including reasonable inquiry, as an ordinarily prudent person would use in similar circumstances. RCW.24.03.127
- To act with the proper care, a director should attend meetings, gather and review relevant information and use reasonable judgement in making decisions.

Minimize Risks Through Understanding the Law - Duty of Loyalty

- The duty of loyalty requires a director of a nonprofit corporation to serve in good faith and act in the best interests of the nonprofit corporation. RCW.24.03.127
- A director of a nonprofit corporation should put the best interests of the nonprofit corporation above the director's own personal interests when making decisions for the nonprofit corporation.
- A director of a nonprofit corporation should be aware of potential conflicts and act openly and honestly in dealing with such conflicts.
- Disclosure and reasonableness are key factors

Minimize Risks Through Understanding the Law - Private Inurement

- Fundamental concept that distinguishes charitable organizations from for profit organizations
- To avoid private inurement, no financial benefit can inure to a shareholder or private individual.

Minimize Risks Through Understanding the Law - Private Benefit

- To avoid private benefit, a charitable organization must operate exclusively for exempt purposes.
- Incidental private benefit is permissible.
- Broader rule than the rule against private inurement.

Minimize Risks Through Understanding the Law - Intermediate Sanctions

- Applies to public charities.
- An excise tax equal to 25% of the excess benefit applies to any person subject to the intermediate sanction rules who engages in an excess benefit transaction with a public charity.
- If the excess benefit transaction is not corrected within the taxable period, an additional excise tax equal to 200% of the excess benefit is imposed.
- An excise tax equal to 10% of the excess benefit is imposed to any organization manager that knowingly participated in excess benefit transaction, provided that such participation was willful and not due to reasonable cause.
- The maximum penalty for managers is \$20,000 and is a joint and several obligation of the managers. The penalty does not apply to managers that voted against the transaction.
- An excess benefit transaction is a transaction in which the economic benefit provided by the charity exceeds the value of the consideration provided by the disqualified person. Whether there has been an excess benefit depends on all the facts and circumstances.

Charities & Nonprofit Education Symposium

April 22, 2013

- Reasonable compensation is not an excess benefit and therefore does not trigger the intermediate sanctions penalties.
- An economic benefit received by disqualified person is considered compensatory only if the public charity clearly indicated its intent to treat the benefit as compensatory.
- To protect both the charity's managers and the disqualified person from being subject to the intermediate sanctions penalties, the charity can create a rebuttable presumption that that compensation paid to the disqualified person is reasonable. In order to create this presumption, the following three conditions must be met:
- The arrangement must have been approved by the governing body of the charity
- The governing body must have obtained and relied on appropriate comparable information.
- The governing body must have adequately documented the basis for its determination concurrent with entering into the arrangement.

Minimize Risks Through Understanding the Law - Self-Dealing

- Applies to private foundations.
- An excise tax equal to 10% of the amount involved with respect to the self-dealing rules who engages in an act of self-dealing with a private foundation as well as an excise tax equal to 5% of the amount involved with respect to the self-dealing transaction on any foundation manager who participate in such transaction.
- The self-dealing excise tax may be increased to 200% if the self-dealing act is not corrected within the taxable period.
- The manager's excise tax may be increased to 50% if the manager refuses to agree to part or all of the correction, with a maximum aggregate tax on managers of \$40,000 with respect to one act of self-dealing.

Minimize Liability - Identify and Address Conflicts of Interest

- State law obligations.
- Duty of loyalty.
- Duty of care.
- Exceptional on limiting personal liability of directors cannot limit liability of a director for any transaction from with the director will personally receive a benefit in money, property or services to which the director is not legally entitled. RCW 24.03.025(4)(c).
- Prohibition on private inurement.
- Representations on tax-exempt application (Form 1023)
- Representations on annual information return. (Form 990-PF)
- Intermediate sanction/excess benefit rules for public charities. (IRC Section 4958)
- Self-dealing rules for private foundations. (IRC Section 4941)
- Sarbanes-Oxley Act.
- Increased actions by attorneys generally around the country.
- Compliance with various good governance guidelines.
- Desire to avoid negative publicity.
- Desire to be transparent and open to various constituencies.

Charities & Nonprofit Education Symposium

April 22, 2013

What is Conflict of Interest?

- A conflict of interest exists when a director has a material personal interest in a proposed transaction to which the nonprofit corporation may be a party.
- A conflict of interest is not inherently illegal or unethical.
- “No Conflict/No Interest” John Doerr
- A conflict of interest does not automatically mean the conflict is detrimental to the nonprofit corporation.

Examples of Conflicts of Interest

- A business owned by a director sells computer equipment to the nonprofit corporation.
- An insurance agent who is also a director sells insurance to the nonprofit corporation.
- The nonprofit corporation pays the president compensation for the president’s services to the nonprofit corporation.
- For a suggested conflict of interest policy at www.irs.gov
- Information obtained from the nonprofit corporation allows a director to make decisions on the sale or retention of personal assets.
- The nonprofit corporation loans funds to an officer, director or other key player.

How should a Conflict of Interest be addressed?

Overall goal should be to clearly document that the potential conflict of interest was disclosed, and the board made its decision based on the fairness of the transaction and the best interests of the nonprofit corporation.

Preemptive Steps

- Adopt a conflict of interest policy.
- Review the policy annually with relevant parties.
- Require periodic certification from relevant parties indicating they have read and understood the policy and that they have and will comply with the policy.

Anatomy of a Conflict of Interest Policy

- Overall objective of the policy is to protect the interests of the nonprofit corporation when it is contemplating entering into a transaction that might benefit the private interests of a key player.
- Directors, officers and key players should be covered by the policy.

Procedures when there is a potential conflict

- Duty to disclose all actual or possible material direct or indirect conflicts and relevant facts.
- Duty to respond to allegations of wrongdoing or conflicts after the fact.
- The interested party should fully disclose such information and then leave the meeting.
- The disinterested directors should fully discuss the information.
- A decision should not be made until the directors know the full scope of the potential conflict and have made a reasonable investigation to determine whether the nonprofit corporation can enter into a better or more advantageous transaction with a different party.

Charities & Nonprofit Education Symposium

April 22, 2013

Minutes should contain

- A reasonably detailed description of the potential conflict
- The additional facts considered
- Documentation of the absence of the interested party from the discussion and vote.
- A list of all directors who voted for and against the proposed transaction

Minimize Liability Risk Through Law and Organizational Documents

- RCW 4.24.670 provides volunteers of certain nonprofit organizations with some liability protection.
- Volunteers must meet certain conditions to qualify for protection.
- Volunteer means a person who does not receive compensation. Reasonable reimbursement are allowed.
- Director liability limitations under nonprofit statute.
- Director and officer indemnification under statute.

Manage Liability Risk Through D&O Insurance

- Coverage
- Exclusions
- Costs
- Availability

Minimize Liability Risk Through Actions

- Understand role
- Attend meetings
- Review and approve minutes
- Understand financials
- Understand rules
- Know when to seek advice

Other Tips for Minimizing Risks/Managing Liabilities

- Carefully select new Board members
- Train Board members
- Carry personal umbrella insurance

How to Conduct a Governance Review

- Appoint a committee
- Decide on the objective of the review
- Gather information
- Seek input from relevant stakeholders
- Develop recommendations
- Report to the full Board
- Implement approved decisions
- Expect the process to take time

Charities & Nonprofit Education Symposium

April 22, 2013

Governance Review - Legal Framework

- Review key organizational documents
- Determine whether the operational rules in the organizational documents correlate with how the organization actually operates
- How there been law changes?

Governance Review - Board

- Do you have active, independent, informed Board members?
- Do you have the right Board composition?
- Do Board members understand their duties?
- Are your Board members vested in your mission?

Governance Review - Committees

- Do you have committees?
- How are they structured?
- Do they have Board authority?
- Do they have separate charters?

Governance Review - Staff

- Do you have the right staff right now?
- Do you understand the roles of key staff members?
- Do your key staff members understand their roles?
- Chain of command

Policy and Procedures

- What policies do you have?
- What policies do you need?
- What policies are required?
- Are you complying with your policies?

AG's Office Investigating Illegal Loans

- Foundation reviews investment strategies and concludes loans may result in better return.
- Foundation loans funds to its President to purchase a house. Loan is secured by the house.
- Foundation loans affiliated for-profit company funds to keep company afloat. Interest is prime plus 3% and fully secured.

First-Class Perks

- Bob and Bertha Brown are the founders, funders and directors of Brown Family Foundation.
- The Browns are considering making a \$10,000 donation to a museum in Hawaii.
- Prior to funding, the Browns fly first class to Hawaii and spend a week performing due diligence on the Aloha Museum.

Charities & Nonprofit Education Symposium

April 22, 2013

Board Members Open Wallets

- Shelter is facing closure in the middle of winter.
- Shelter elects to keep doors open until spring by using tax withholdings from employees to pay bills.
- Shelter treats part-time counselors as independent contractors.

Bad Investments Result in Loss of Funds - Board Faces Intense Scrutiny

- The Famous Family Foundation invested most of its assets in Madoff-related investments.
- The Famous Family Foundation lost almost all of its assets in Madoff's ponzi scheme.
- The IRS and AG's office are investigating.

Donor Outrage Sparks Investigation

- Market plunges and Tough Times Charity makes a decision to dip into endowment funds to meet current expenses. Donor blows whistle.
- Market plunges and Sheltered From the Storm Charity seeks donor approval to modify terms of endowments.

Employee Blows Whistle Board Lands in the Penalty Box

- Mr. Debonair is the new development officer for All Is Good Charity
- The Board was pleased when Mr. Debonair accepted the job
- Ms. Ima Tattler informs the Executive Director, Board and then the press about Mr. Debonair's wandering hands and bad judgement.

TREASURER Gambles CHARITY LOSES

- Lincoln Springs Youth Soccer Association annual fundraising effort nets \$30,000 for new fields.
- Mr. E.Z. Money tries his hand at blackjack at the Four Elements Casino.
- Mr. Money should not change his name to Mr. Lucky.
- Unfortunately, by the time Mr. Money realizes he isn't any good at blackjack, the LSYSA's bank account is reduced to zero.

Charities & Nonprofit Education Symposium

April 22, 2013

Nonprofit Corporations and Charities: The Basics and Beyond

Presented by Teresa Glidden

Office of the Secretary of State

Nonprofit Formation and Maintenance

To Form an Nonprofit Corporation File with the Secretary of State First - before filing with any other state agency

- Ensures the name is available
- Avoids duplicate UBI numbers

You may file a new Nonprofit Corporation online, by mail or in person

Caution!

- OSOS forms meet the minimum requirements of state law - seek professional advice before you begin.
- To qualify for 501(c)3 federal tax exempt status, the IRS requires specific language in your articles of incorporation - see IRS publication at [http://www.irs.gov/Charities-&-Non-Profits/Suggested-Language-for-Corporations-and-Associations-\(per-Publication-557\)](http://www.irs.gov/Charities-&-Non-Profits/Suggested-Language-for-Corporations-and-Associations-(per-Publication-557))

Also see: <http://www.sos.wa.gov/corps/nonprofitinformation.aspx>

Articles of Incorporation: Information Needed to Start

- **Corporate Name** - Cannot have profit ending, unless LLC
- **Term of Existence** - Perpetual or number of years
- **Purpose** - Very important if planning to apply for 501(c)(3) status (IRS Publication 557)
- **Dissolution** - What will happen to net assets (IRS Publication 557)
- **Registered Agent** - Must have a registered agent with a physical address in WA State (18 years and older)
- **Name(s) and address(s) of Initial Directors** (Business or home address is acceptable)
- **Name, Address and Signature of each Incorporator**

Maintaining Your Nonprofit Corporation

- File annual reports each year, by the end of the month incorporated (watch for yellow or orange postcard reminders)
- File Statement of Change, online and free, whenever registered agent changes
- File amendments, mergers, reinstatements when necessary

ONLINE ANNUAL REPORTING - Fast! Convenient! Accurate!

- File your Annual Report in minutes
- Takes you through the required steps
- Does not let you proceed with incomplete information
- Allows you to print a receipt for your records

Charities & Nonprofit Education Symposium

April 22, 2013

- Accepts Visa, MasterCard, American Express

Resources for Nonprofit Corporations

- Internal Revenue Service (IRS) - 1-800-829-5500 www.irs.gov
- Washington Nonprofit Handbook
Published by WA Attorneys Assisting Community Organizations (WAACO) & King County Bar Association Young Lawyers Division <http://www.waaco.org>

How These Things Are the Same, but Different

- “Nonprofit” Refers to legal structure - A nonprofit is not automatically a charity or a federal tax exempt entity
- “Charity” Any entity that solicits, collects or accepts contributions from the general public where the contribution is to be used to support a charitable purpose - A charity is not automatically a nonprofit or a federal tax exempt entity.
- “Tax Exempt Status” (aka 501c3) - A federal status granted by the IRS through an application process.

Entities that are Required to Register with the Charities Program

- A Charity is an individual or organization that asks for or receives contributions, in excess of \$50,000 a year from the public to support a charitable purpose.
- A Commercial Fundraiser is an individual or organization that is paid to raise contributions on behalf of a charity.
- A Charitable Trust is an organization that is holding assets in trust in excess of \$250,000 for a charitable purpose(s)

Why Do I Have to Register Twice with the SOS?

- The information required is different and the renewal periods are different.
- The Nonprofit Corporations Act - RCW 24.03
Annual renewals filed in accordance with the Corporations Act is based on the month the organization initially filed it's articles of incorporation.
- The Charitable Solicitations Act - RCW 19.09
Registrations are based on the activities of the organization and annual filings are based on the organization's fiscal year end.

Exempt Organizations (Exempt in this case means they are exempt from registration as a charity in WA)

- Political organizations
- Charities that raise less than \$50,000 a year and all activities are conducted by volunteers
- Churches and their integrated auxiliaries
- Appeals on behalf of a specific, named individual

Initial Registration Requirements for Charities

- To register as a charitable organization:
 - ✓File a Charitable Organization Registration/Renewal Form
 - ✓Include all the required attachments

Charities & Nonprofit Education Symposium

April 22, 2013

- ✓ Attach the \$60 initial filing fee
- Registrations accepted by mail or in person
- Registration is required before you begin fundraising in Washington State

Renewal of Charity Registration

- Annual renewals are due 15th day of the 5th month following close of accounting year
 - ✓ Use Charitable Organization Registration/Renewal Form
 - ✓ Provide required attachments listed on renewal form
 - ✓ \$40 renewal fee
- Annual renewals accepted by mail or in person
- \$50 late fee applies to renewals received after Due Date (not postmark)

Tiered Financial Reporting Requirements

Organizations with annual gross revenue averaged over the last three accounting years:

- **Tier 1** = One (1) million dollars or less
 - Organizations must complete the solicitation report contained in the registration/renewal form
- **Tier 2** = More than one (1) million & up to (3) three million dollars
 - Organization must:**
 - Complete the solicitation report contained in the application to register
 - Make one of the following available to the public upon request or accessible on the internet
 - a. The IRS Form 990 or
 - b. An audited financial statement prepared by a CPA
- **Tier 3** = million dollars or more
 - Organization must:**
 - Complete the solicitation report and
 - Obtain an audited financial statement prepared by an independent, third party CPA for the last completed accounting year, and make it available to the public upon request or have it accessible on the internet
 - Tier 3 Financial Reporting Requirements may be waived if...**
 - An organization's 3-yr average was \$500,000 or less in "cash"
 - An organization has unusual or nonrecurring revenue in a single year.

Note: if the audit is waived, Tier 2 requirements apply

Common Reasons for Rejected Registrations

- Incomplete registration or renewal form
- Unsigned form
- Missing required attachments
- Missing filing fee or late fee

Consequences of Not Registering or Renewing on time

- Late fee (\$50)
- Lapse of Registration (no fundraising activities may be conducted)
- Attorney General Involvement: Legal action, legal fees and/or civil penalty & actions posted to Charities Program website

Charities & Nonprofit Education Symposium

April 22, 2013

Resources for Charities

- Internal Revenue Service (IRS) 1-877-829-5500 www.irs.gov
- Washington Nonprofit Handbook Published by WA Attorneys Assisting Community Organizations (WAACO) & King County Bar Association Young Lawyers Division
- Additional resources available at: <http://www.sos.wa.gov/charities/training>

Commercial Fundraisers

- Commercial Fundraisers are for-profit entities that enter into contracts with one or more charities and is paid to raise funds on the charities' behalf
- The Commercial Fundraiser must register and post a \$25,000 bond with the Secretary of State Charities Program
- A copy of contract(s) between the Commercial Fundraiser and the Charity must be filed with the Secretary of State by the Charity

Charitable Trusts RCW 11.110

- **Any Entity holding income-producing assets in excess of \$250,000 (fair market value) in trust for a public, charitable purpose, except:**
 - b. Any entity recognized, by the IRS, as a religious organization
 - c. Any accredited institute of public education
- **Charitable Trust Directory**
 - Posted on the Charities Web Page in two formats (PDF and Excel) and provides a list of Charitable Trusts that are Grant Makers and Grant Seekers.
 - <http://www.sos.wa.gov/charities/CharitableTrustDirectory.aspx>

Combined Fund Drive

CFD is a program that allows public employees and retirees to donate to qualified charities via payroll deduction. Charities can request to join CFD upon registration or renewal.

Some facts about the Combined Fund Drive:

- Over \$105 million has been raised for local, national and global charities
- \$5.3 million was pledged in 2011
- Over 5,000 member charities

To Qualify as a CFD Charity:

- IRS 501(c)(3) status
- Registered with the Secretary of State's Charities Program

Benefits to Charities:

- Saves time & money, reduces administrative costs and provides more dollars for direct services.
- Charities can plan out their budgets better knowing a steady stream of donation dollars are coming in.
- Provides access to thousands of potential donors
- For some charities, the CFD is their primary source of funding
- It's FREE

Charities & Nonprofit Education Symposium

April 22, 2013

Nonprofit Organizations are:

- Generally taxed like any other business
- Must collect sales tax on retail sales (except sales tax as part of a qualifying fundraising activity)
- Must pay sales tax or use tax on all goods and retail services purchased as consumers
- Unless the law provides a specific exemption

Registering with Department of Revenue if

- Engage in any activity that requires you to collect sales tax; or
- Receive \$12,000 or more annual gross receipts from sales or services subject to B&O tax

Note: Not required to register if you only conduct tax exempt fundraising activities

Tax Exemptions for Nonprofits

The law provides limited tax exemptions for nonprofits:

- Income earned by an "Adult family home" - B&O tax (RCW 82.04.327)
- Camp/conference centers property tax exempt - B&O/sales tax (RCWs 82.04.363 and 82.08.830)
 - Rooms, park, license to use real property
 - Food & meals
 - Books, tapes, etc. not available to general public
 - Child care referral/resource services - B&O tax (RCW 82.04.3395)
 - Specialized credit/debt services - B&O tax (RCW 82.04.368)
 - Daycare by property tax exempt churches - B&O (RCW 82.04.339)
 - Student loan services (RCW 82.04.367)
 - Health & Social Welfare organization receiving Government payments (RCW 82.04.4297)

General exemptions include:

- **Contributions** (grants, donations, endowments, gifts, awards and any other transfer of money/property) but only when the donor receives no significant goods, services or benefits in return. (RCW 82.04.4282)
- Certain **fundraising** activities (RCW 82.04.3651 RCW 82.08.02573)
- Organizations exempt from federal tax under Section 501(c)(3), (4) or (10)
- Nonprofit organizations that would qualify for tax exemption under these codes except that it is not organized as a nonprofit corporation, or
- Nonprofit organizations meeting all of the following criteria:
 1. Members, stockholders, officers, directors, or trustees of the organization do not receive any part of the organizations' gross income, except as payment for services rendered.
 2. Compensation received by any person for services rendered does not exceed a reasonable amount and
 3. Activities of the organization do not include a substantial amount of political activity

Charities & Nonprofit Education Symposium

April 22, 2013

Qualifying Fundraising Activities

- Soliciting or accepting contributions of money or other property or activities involving the anticipated exchange of goods or services for money, for the purpose of furthering the goals of the nonprofit organization
- Does not include operating a regular place of business
 - Bookstore, gift shop, website, do not qualify
 - Food booth at fair for 2 weeks/year qualifies

Creating a Successful Non-Profit Event

Special Occasion Licenses needed:

Allows a group to sell or serve alcohol to raise funds for their nonprofit organization a maximum of 12 times per year.

- Fundraising Dinners
- Gala Events
- Auctions
- Wine Tastings

How to apply:

- Cost \$60 per day, per location
- Applications are available at www.liq.gov or by calling 360-664-1600

Mail completed application and fee 45 days before your event to:

Washington State Liquor Control Board
PO Box 43085
Olympia, WA 98504-3085

Local Authority Notification

- The WSLCB is required to notify the city or county authority (i.e. mayor) of the date, time, and location of your event.
- The local authority has 20 days to respond with an approval or objective to your application.

Proceeds from Liquor Sales

- All proceeds from the sale of liquor must go directly back into the nonprofit organization.
- The proceeds may not be paid directly or indirectly to members, officers, or trustees of the organization.
- The organization may compensate members, officers or trustees for services they perform at the event at the prevailing market rate.

Nonprofit Events

- Working with Promoters - Nonprofits may have a 3rd party person promote their event.
- Promoters are considered employees of the nonprofit
- The nonprofit is responsible for what the promoter does

Charities & Nonprofit Education Symposium

April 22, 2013

- Alcohol distributors and or manufacturers may not give funds directly or indirectly to the nonprofit liquor license holder
- Promoters may not accept sponsorship dollars for the nonprofit liquor license holder
- Promoters may not accept alcohol product

Public and Civic Events

There are two types of events

1. A Nonprofit Event - event is organized by the nonprofit and all funds are obtained by the nonprofit
2. Event Coordinator - event is introduced and developed by the E.C.
 - An individual or organization may organize the event
 - The nonprofit may be invited to present as a special occasion licensee. All proceeds from sale of alcohol may be obtained by the nonprofit.
 - See WAC 314-52-130 for more information.

Alcohol at the Event

- Alcohol must be purchased from a Washington State licensed retailer, distributor or manufacturer.
- You may not advertise or sell beer, wine, or spirits below cost
- You may not make awards or gifts of alcohol
- If the event is held at a liquor-licensed location, the licensee may not sell or serve their liquor in the same room to event guests (2 licenses at one location is not allowed).