



# Trout Unlimited Fiscal Year Change FAQ

April 30th, 2019

## **What is Trout Unlimited's new fiscal year?**

TU's new fiscal year begins on April 1 and ends on March 31, this replaced the Oct. 1 to Sept. 30 fiscal year.

## **Why did TU change its fiscal year?**

TU changed its fiscal year, and the fiscal year of all TU chapters and councils, in order to remove the budgeting process and fiscal year end administrative reporting from the busy, field-work season for staff and volunteers. A new fiscal year end date of March 31 will also improve the accuracy of budgeting and cash flow projections by shifting the process closer to the time when the field work occurs. Simply put, the new fiscal year will result in more mission work getting done and a more effective organization.

## **When did the transition happen?**

On Oct. 1, 2018 TU began a short, transition fiscal year that ended on March 31, 2019. On April 1, 2019 TU began its first full new fiscal year, which will end on March 31, 2020.

## **How will the IRS be notified of the change?**

TU will file an application for a change of accounting period with the IRS on behalf of the entire exempt group, which includes all chapters and councils. All chapters and councils were required to [submit a letter to TU authorizing TU to include the chapter or council in the group application](#) by Feb. 15, 2019.

The only exception will be chapters and councils that file a 990-T and earn less than 80 percent of their annual taxable income in the six-month short year. If these entities have not changed their fiscal year in the past 10 years, they can make the change by noting the new year end on their return and writing "change in accounting period" at the top of the return. If these entities have changed their fiscal year in the past 10 years, they will have to file their own application. Please inform Volunteer Operations staff if you believe your chapter or council has changed its fiscal year in the past 10 years.

See the TU Fiscal Year Change Decision Tree for quick guidance.

## **How will this impact chapter or council reporting with the IRS if the chapter or council has gross receipts normally $\leq$ \$50,000 or less per year and typically files a 990N?**

If a chapter or council regularly files a 990N, during the transition fiscal year that chapter or council should simply skip filing for a year since it is not possible to file a 990N for a short year. The next 990N that will be filed will be after the completion of FY2020 on March 31, 2020.

Note: if a chapter or council has not filed the Form 990N for the previous two fiscal years, the IRS will revoke that chapter or council's exemption status when the fiscal year filing is skipped as advised above. TU asks that any chapter or council that may be in this situation please reach out to Volunteer Operations staff for assistance with these special cases.

## **How will this impact our reporting with the IRS if we are a chapter or council with gross receipts normally $\geq$ \$50,000 per year and file a 990EZ or the full Form 990?**

Chapters and councils that regularly file a 990 EZ or full Form 990 will need to file a return for the shortened six-month fiscal year (Oct. 1, 2018 – March 31, 2019.) To change the fiscal year, chapters and councils should indicate the new year end (March 31) on the Form, write "Change in Accounting Period" at the top of the Form, and attach the following disclosure statement to its short-period return:

An application for a group change in accounting period has been filed by Trout Unlimited, located at 1777 N Kent Street, Suite 100, Arlington, VA 22209. The accounting period has been changed to April 1 – March 31.

In order to help chapters and councils with this change, TU will pay for up to \$1,900 for each full Form 990 and up to \$900 for each 990-EZ during this transition year. Chapters and councils filing the 990EZ or full form 990 may also utilize the services of TU's tax and audit firm, Gelman Rosenberg and Freedman, to prepare the IRS required forms if so desired. If interested, contact TU's CFO Matt Renaud at [mrenaud@tu.org](mailto:mrenaud@tu.org). The subsidy will be available for those using other firms.

### **How will this impact our reporting with the IRS if we file a 990-T?**

If your chapter or council files a 990-T, your chapter or council must file a short year return for the year ending on March 31, 2019, and the chapter or council may have to file its own application to change its accounting period if the chapter or council has changed its year end in the past 10 years. See "How will the IRS be notified of the change?" above.

### **Under the new Fiscal Year, when will TU national, all chapters and councils be required to file the required IRS Forms 990, 990EZ, 990N, or 990T?**

The Forms 990N, 990, 990T or 990EZ must be filed by the 15th of the 5th month after your chapter's fiscal year end. Because TU's new fiscal year ends on March 31, required forms are due to the IRS on August 15. Check with your state tax authorities for local state filing requirements.

### **Will TU chapters and councils need to amend their bylaws?**

Not likely. When all TU chapters and councils updated their bylaws in 2011, the vast majority adopted bylaws that state the chapter or council fiscal year will be that of TU. However, some bylaws, especially councils, state that *"The fiscal year of the Council shall be October 1 to September 30 or such other fiscal year as shall be adopted by Trout Unlimited."* If this is the case for your chapter or council, you do not need to amend your bylaws; however, you might want to update this language during your next regularly scheduled bylaws revisions to remove the reference to Oct. 1 to Sept. 30. In addition, there are several TU chapters and councils that adopted their own language in this section and have more specific language on the fiscal year. Please check your bylaws and make sure that the language allows for this fiscal year change.

### **How will this impact chapter and council annual meetings and election of officers?**

The model chapter and council bylaws that chapters/ councils adopted in 2011 do not specify any relation of the chapter or council's annual meeting to the fiscal year, nor do they associate the election or beginning of officer or director terms with the fiscal year. For this reason, your chapter or council annual meetings should not be impacted by this change. However, each chapter or council should reference their own chapter or council bylaws, as a small minority have adopted specific language different from the model chapter or council bylaws that may have implications for your chapter or council. Additionally, some chapters and councils may choose to change the date of their annual meeting so that it correlates more closely with the end or beginning of the fiscal year. This is a choice for each chapter and council to make.

### **My chapter or council currently has annual audits. Will our books need to be audited for the six-month short year?**

This depends on the audit mandate. If your chapter or council audit is mandated by either federal or state grant requirements, you should check with your auditors. If your audit is mandated by your board as a control measure, you can consider having a financial review for the six-month period, rather than a full audit.

### **How will this impact chapter or council state-level filings (gaming, raffle, incorporation, etc...?)**

If a chapter or council currently maintains a charitable registration with their state, it would have needed to renew as usual for the fiscal year ending Sept. 30, 2018 and then again six months later. Since states have different deadlines for renewals, chapters and councils need to make sure to check with their state for the new deadline under the new fiscal year. Chapters and councils will also will need to contact their state's Secretary of State office for any change to filings for gaming or raffle licenses.

### **How will this impact our reporting through [the Annual Financial Report](#) for TU?**

TU will not require chapters or councils to report for the six months short year ending March 31, 2019 as a stand-alone report. Instead, chapters and councils will report for the 18-month period ending March 31, 2020 in the regular 45-day reporting period (April 1 – May 15, 2020.)

## How will this impact our dues rebates?

TU will issue a half-year rebate in June 2019 for the short fiscal year ending on March 31, 2019. A full year rebate will be issued in June 2020 for the fiscal year ending March 31, 2020.

## Where can I go to get additional information?

TU staff will be constantly updating the resources available to volunteer leaders at:

[tu.org/financialreporting](http://tu.org/financialreporting). Additionally, updates and reminders will be sent out through the monthly e-newsletter *Lines to Leaders* and direct e-mails to all chapter and council treasurers that are listed in the Leaders Only Tools section of [tu.org](http://tu.org).

You can also directly reach out to staff with questions or to discuss your particular situation.

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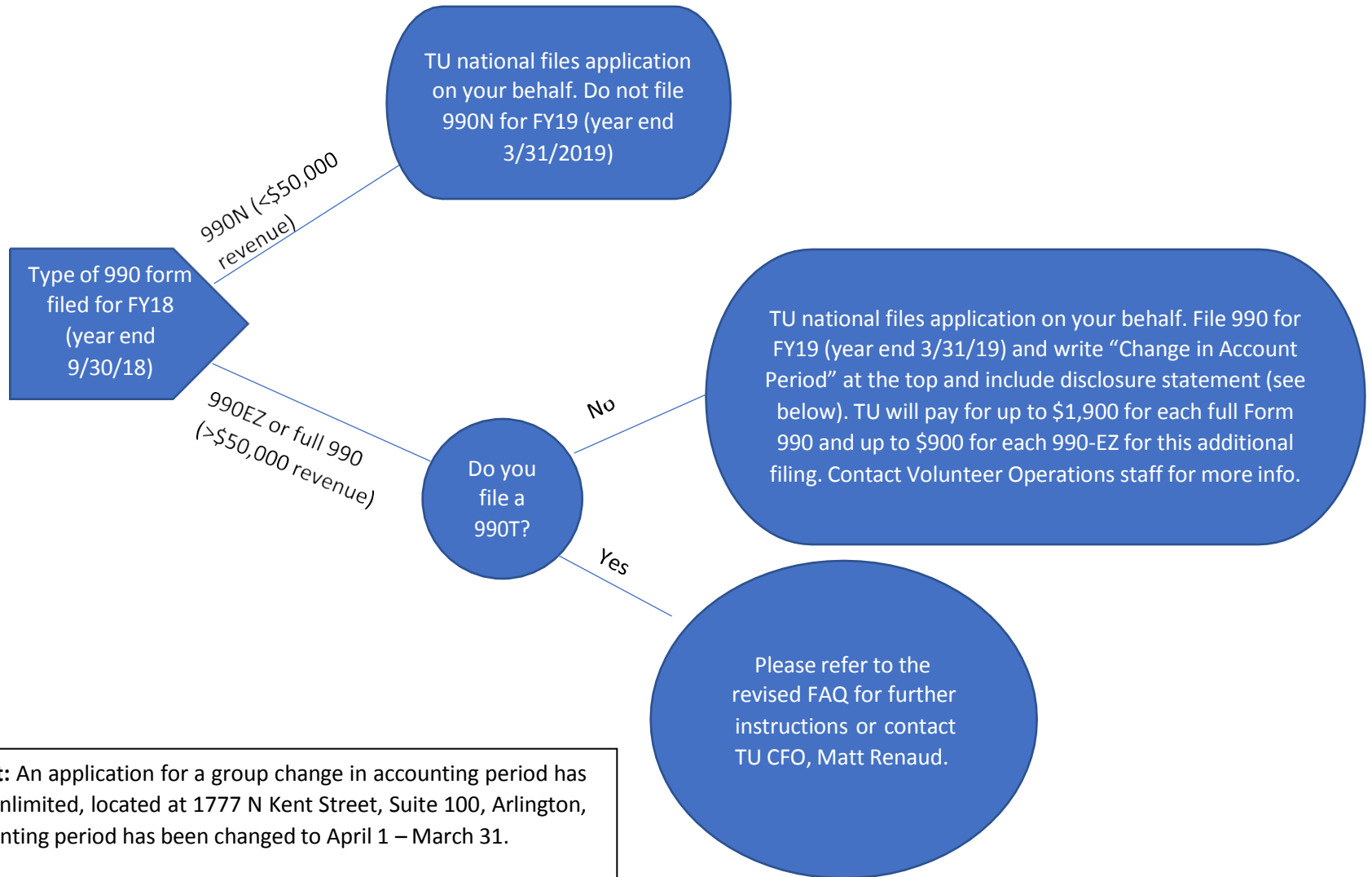


## TU Fiscal Year Change Timeline of Key Action Items & Dates

|            |  |
|------------|--|
| 10/1/2018  | Six-month transition fiscal year FY19 began (Oct.1, 2018 – March 31, 2019.)  |
| 11/15/2018 | Due date for TU Annual Financial Report for FY18 (Oct. 1, 2017 – Sept. 30, 2018.)  |
| 12/15/2018 | TU staff distributes to chapters and councils an authorization letter for fiscal year change approval to complete with instructions to return by Feb. 15, 2019   |
| 2/15/2019  | Due date for TU chapters and councils return signed letter for fiscal year change to Volunteer Operations staff.   |
| 2/15/2019  | Due date for filing all IRS Forms 990N, 990EZ, 990, and/or 990T for FY18 (Oct. 1, 2017 – Sept. 30, 2018.)  |
| 2/15/2019  | Chapters and councils begin budgeting process for the first new fiscal year FY20 (April 1, 2019 – March 31, 2020.)   |
| 3/31/2019  | Six-month transition fiscal year FY19 ends (Oct.1, 2018 – March 31, 2019.) Important Note: data from this six-month period will be collected through TU's Annual Financial Report in the spring of 2020. Most chapters and councils (those with gross receipts usually \$50,000 or less that file a Form 990N with the IRS will similarly skip a year of filing. |
| 4/1/2019   | The first new fiscal year FY20 (April 1, 2019 – March 31, 2020) begins.  |
| 5/1/2019   | Due date for TU accounting staff will file an application with the IRS for a change of accounting period with all 400+ chapter and council signatures collected.   |
| 8/15/2019  | Due date for filing IRS Forms 990, 990EZ and 990T for the six-month transition fiscal year FY19 (Oct.1, 2018 – March 31, 2019.) Important note: Chapters/ councils filing the 990N will not file this year.  |

- 3/31/2020 End of the first new fiscal year FY20 (April 1, 2019 – March 31, 2020.)
- 5/15/2020 Deadline for all TU chapter and council Annual Financial Reports for short fiscal year FY19 (Oct. 1, 2018 – March 31, 2019) AND fiscal year FY20 (April 1, 2019 – March 31, 2020.) All chapters and councils will be reporting for the 18-month period.
- 8/15/2020 Deadline for all TU chapter and council Forms 990N, 990EZ, 990, and/or 990T for fiscal year FY20 (April 1, 2019 – March 31, 2020.)

# TU FISCAL YEAR CHANGE DECISION TREE



**Disclosure statement:** An application for a group change in accounting period has been filed by Trout Unlimited, located at 1777 N Kent Street, Suite 100, Arlington, VA 22209. The accounting period has been changed to April 1 – March 31.