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ATTORNEY GENERAL

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL
NON-PROFIT ORGANIZATIONS/PUBLIC CHARITIES DIVISION
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BOSTON, MASSACHUSETTS 02108

(617) 727-2200
(617) 727-4765 TTY
www.mass.gov/ago/charities

May 2009

RE: NEW FILING INSTRUCTIONS EFFECTIVE FOR FISCAL YEARS THAT BEGIN IN 2008, REQUIRED TO FILE BY 5/15/09 AND THEREAFTER.

Dear Form PC Filer:

As you prepare your annual report to the Division of Non-Profits/Public Charities, please read the form and instructions carefully. If you are applying for a Certificate of Solicitation, please note that incomplete or incorrectly completed forms will delay the issuance of your certificate.

Organizations which file a Federal Form 990 or 990-EZ or 990-PF with the IRS must attach a completed copy of the same return (**with all required IRS schedules except Schedule B**) to the Form PC filed with the Division. Organizations which file a **probate account** with the probate court may attach to the Form PC a copy of the **probate account** in lieu of an IRS return.

An organization not required to file a Federal Form 990 or 990-EZ or 990-PF with the IRS or a probate account with the probate court must nevertheless attach a completed Federal Form 990 or 990-EZ to the Form PC. This includes entities that will be filing the 990-N with the IRS as of 2008. Completion of the 990-N for IRS purposes will not impact the filing requirements of the Division. A blank IRS Form 990 or 990-EZ may be obtained from the IRS by telephone order (800-829-3676) or on the IRS website at www.irs.gov.

Organizations that file Form 1120 or Form 1041 with the IRS may attach the same return to the Form PC.

Please note that the Form PC, including its attachments, becomes a public record when filed with the Division and is open to public inspection.

Thank you for your efforts in meeting these reporting requirements and your important work on behalf of charity.

Sincerely,
Non-Profits/Public Charities Division
(617) 727-2200, ext. 2101

ALL FORMS AND INSTRUCTIONS CAN BE FOUND ON OUR WEBSITE AT:
WWW.MASS.GOV/AGO/CHARITIES

WHAT MUST BE FILED?

- (1) Form PC must be accompanied by one of the following:
 - a. Federal Form 990 or 990-EZ (with all required IRS Schedules, except Schedule B)
 - b. Federal Form 990-PF
 - c. Probate Account
 - d. Federal Form 1120 or Federal Form 1041

An organization which is not required to file a federal return with the IRS or a probate account with the probate court must nevertheless file with the Division of Public Charities a completed Federal Form 990 or 990-EZ. A blank Federal Form 990 or 990-EZ may be obtained from the Internal Revenue Service by telephone order (800-829-3676) or at www.irs.gov.

- (2) If the organization's "gross support and revenue" (as reported in the Summary of Financial Data, Line 5B of the Form PC) totals more than \$200,000* and not more than \$500,000, financial statements accompanied by a CPA's Review Report must be submitted with the Form PC. If "gross support and revenue" totals more than \$500,000, audited financial statements, prepared by an independent CPA in accordance with generally accepted accounting principles (GAAP), and the accompanying independent auditor's report must be submitted with Form PC. **In either case, financial statements should be final versions, not drafts, and should be unbound. The Division does not accept compilations.**

Organizations exempt from the audit requirement by regulation are: private foundations that file 990-PF with the IRS, trusts filing probate accounts, and trusts audited by certain state and federal agencies. (See [940 CMR 2.02](#))

- (3) Schedules A-1 and A-2 of the Form PC must be completed if your organization solicits funds from the public. **To obtain a Certificate for Solicitation, there must be TWO different signatures on page 12 and ONE signature on page 7.**
- (4) Schedule RO of the Form PC must be completed if there are organizations related to your organization (see [definition section](#) of these instructions) during the reporting year.
- (5) Attach all schedules and explanations required.
- (6) A registration fee based on your Gross Support and Revenue (reported on page 2, line 5B).

Gross Support and Revenue	Fee
Less than \$100,000	\$35
\$100,001 to \$250,000	\$70
\$250,001 to \$500,000	\$125
More than \$500,000	\$250

* Effective for **fiscal years ending on or after 1/1/2008**. For fiscal years **ending on or before 12/31/07** a Reviewed Financial Statement must be submitted at the \$100,000 threshold. Please visit our website at www.mass.gov/ago/charities for further information on the statutory amendment.

Checks must be made payable to: **Commonwealth of Massachusetts.**

The following additional information must be included on the front of the check:

- The full name of your organization;
- Your fiscal year end-date (MM/YY); and
- Your six-digit Attorney General Account Number.

Your filing will be considered incomplete if attachments are missing. Please request an extension rather than submit an incomplete filing.

If you are requesting an extension (either by sending a copy of your federal request or by separately written request), **PLEASE BE SURE TO PROVIDE YOUR SIX-DIGIT ATTORNEY GENERAL ACCOUNT NUMBER AT THE TOP OF THE REQUEST.**

WHO MUST FILE A FORM PC?

Every public charity organized or operating in Massachusetts or soliciting funds in Massachusetts must file a Form PC, except organizations which hold property for religious purposes or certain federally chartered organizations. **The Form PC, including attachments, becomes a public record and is open to public inspection.** Failure to file may result in legal action by the Attorney General, including the assessment of civil penalties against the charity or its officers or other authorized agents.

WHERE TO FILE?

Form PC, with attachments and fees, should be filed by mail to:

Non-Profit Organizations/Public Charities Division
Office of the Attorney General
One Ashburton Place
Boston, MA 02108

WHEN IS THE FORM PC DUE?

Four and one-half months after the close of your fiscal year. An extension may be obtained by submitting a written request or a copy of your request for a federal extension (IRS Form 8868); in either case indicate your six-digit Attorney General's account number at the top.

SPECIFIC INSTRUCTIONS

Cover Page

Please type or print all responses very clearly. Please complete each item that is applicable to your organization.

Please refer to the tables at the end of the instructions in order to code your county ([Table 1](#)), type of organization ([Table 2](#)), and the organization's main purposes ([Table 3](#)).

The "Final Report" box at the bottom of the left column is for charities that are permitted under law to stop filing after this report. A charity incorporated under Massachusetts law must go through a judicial dissolution, not merely file a "final report." The Division has prepared a guide to dissolution that is available on our website or by calling the Division. Examples of PC filers for whom a "Final PC" may be appropriate without a judicial dissolution include: a trust with self-contained termination powers; a charity that has merged into another, separately reporting charity; unincorporated associations; or a non-charity or out-of-state charity that was, but is no longer, holding Massachusetts charitable funds.

Question 1

Enter the date that the organization was created, using numbers such as 11/17/1981.

Question 2

Print or type the state where the organization was created.

Question 3

Follow the instructions on the form.

Question 4 and Schedule RO

The purpose of Question 4 is to record whether there are organizations (for-profit or nonprofit) related to the reporting organization under the Division's definition of "Related Organization" (see definition section) and, if so, **the total assets held within the system** and what compensation was paid to the chief executive of the reporting organization and four other highest-paid current or former directors, trustees, officers, or employees within the system of related organizations. If the answer to Question 4 is "Yes," a Schedule RO must be completed.

Once completed, Schedule RO should provide a road map to the system of organizations which are related ([see definition](#)) to your organization, the total assets held within the system, and the amount of compensation paid to the chief executive of your organization and four other highest-paid current or former directors, trustees, officers, or employees within this system. If the name of any related organization has changed within the last three years, indicate and list both the prior name as well as the current name of the organization on an attached explanation sheet.

In Section I, each related organization should be identified, along with its primary purpose or business activity, and fiscal year end-date. Net asset information (gross assets less liabilities) must also be presented for each related organization as of the related organization's most recent fiscal year end.

Net assets may be broken down into the three sub-categories indicated (donor restricted, third-party restricted, unrestricted), or presented as a single figure representing the related organization's total net assets.

If you choose to sub-categorize the net assets of a related organization, under "3rd Party Restricted Funds," report funds on hand which cannot be used other than for their intended purpose without incurring penalties or other adverse impact (for example, insurance reserves or funds restricted by covenants contained in financing instruments) and which were restricted by individuals or organizations unrelated to the reporting charity. Report funded depreciation under "Unrestricted Funds." Additional information about restricted or unrestricted funds may be provided by attaching an explanation. If you sub-categorize net assets, please also report a combined figure in the total net asset Column D.

In Section II, list the total compensation paid by your organization and/or any related organizations to your chief executive (e.g., executive director) and to the four other current or former directors, trustees, officers, or employees receiving the highest aggregate compensation within the system of related organizations identified in Section I. **Include these persons even if their compensation is paid only by your organization and not by related organizations.** Itemize each compensation source, regardless of number of sources. List only those individuals whose total annual compensation is \$30,000 or higher.

Notes:

1. If the filing organization is related to a religious organization, assets held and compensation paid by the religious organization need not be disclosed on the Schedule RO, so long as the name and primary purpose of the religious organization is stated in Section I of the Schedule RO and a notation is made in Section III of the Schedule RO indicating that asset and compensation information for the religious organization has been excluded.
2. Assets held and compensation paid by a non-charitable entity that is not required by law to register and file with the Division need not be disclosed, if the filing organization is a foundation created by the non-charitable entity and the non-charitable entity is not created, owned or controlled by any charitable organization and is not established to benefit or further the purposes of any charitable organization. State the name and primary purpose or business activity of the business entity in Section I of the Schedule RO and answer Section III of the Schedule RO indicating that asset and compensation information for the non-charitable entity has been excluded.

Question 5

The Summary of Financial Data on Page 2 must be completed in its entirety whether or not a similar question has been answered on an attached federal IRS form. You must use your completed IRS form to answer Question 5. ***Even if you are not required to file an informational return with the IRS, you must still complete one and submit it with Form PC.*** A statement that the information is attached **is not acceptable**. A notice that the organization files the Form 990-N is also not acceptable. Below we have broken down how to complete Question 5 based on the type of tax return you have attached.

If you have completed a Form 990:

- A – Part I, Line 8 – Current Year
- B – Part VIII, Line 12-Column A less Line 7D-Column A
- C – Part IX, Line 25 – Column B
- D – Part IX, Line 25 – Column D
- E – Part IX, Line 25 – Column C
- F – Part IX, Line 21 – Column A
- G – Part IX, Line 25 – Column A
- H – Part I, Line 22 – End of Year

If you have completed a Form 990-PF:

- A – Part I, Column (a), Line 1
- B – Part I, Column (a), Line 12 less Line 6a
- C – Part I, Column (a), Line 25
- D – Enter amount from your own records
- E – Not required
- F – Not required
- G – Part I, Column (a), Line 26
- H – Part III, Line 6

If you have completed a Form 990-EZ:

- A – Part I, Line 1
- B – Line IX less Line 5c
- C – Part III, Line 32
- D – Enter amount from your own records
- E – Enter amount from your own records
- F – Enter amount from your own records
- G – Part I, Line 17
- H – Part I, Line 21

If you have completed a Form 1120:

- A – Enter amount from your own records
- B – Line 11 less Lines 8 and 9
- C – Enter amount from your own records
- D – Enter amount from your own records
- E – Not required
- F – Not required
- G – Line 27
- H – Enter amount from your own records

If you have completed an AG's Schedule B:

- A – Enter amount from your own records
- B – Line 9 less Lines 4 and 7
- C – Enter amount from your own records
- D – Enter amount from your own records
- E – Not required
- F – Not required
- G – Line 16
- H – Enter amount from your own records

Question 6

This question must be completed whether or not a question regarding compensation is answered on an IRS return.

Under “Salary and Other Income,” report salary, fees, bonuses, severance payments and all other items included as personal income for federal income tax purposes.

Under “Benefit Plans,” report (to the extent not reported in other columns) all forms of deferred compensation (whether or not funded or subject to conditions, and whether or not the deferred compensation plan is a qualified plan under federal tax laws) and all payments by your organization to employee benefit plans and retirement plans.

Under “Other Compensation,” report (to the extent not reported in other columns) all other taxable and non-taxable benefits.

Questions 7 through 12

Follow the instructions on the form.

Question 13

Follow instructions on the form. If yes, complete Schedule A-1, unless your organization is exempt from the solicitation certificate requirement and mark the appropriate box under Question 15.

Question 14

Follow instructions on the form. If yes, complete Schedule A-2, unless your organization is exempt from the solicitation certificate requirement and mark the appropriate box under Question 15.

Question 15 through 20

Follow the instructions on the form.

Questions 21 and 22

As a general rule, donor restrictions may only be removed by court order and donated funds may not be loaned in violation of donor restrictions on the use of principal. If the answer to either Question 21 or Question 22 is “Yes,” attach an explanation of procedures followed.

Question 23

Follow the instructions on the form.

See [definition section](#) for definitions of “**Related Party**” and “**Termination of Employment or Change of Control Compensatory Arrangement.**” Report only if payments made or promised to any individual are in excess of four months salary at time of termination, or \$100,000.00, whichever dollar amount is less.

In (a), report actual payments made or value transferred during the reporting year, either at the time of severance or under a payment schedule, for individuals described at Sections (a) and (b) of the Related Party definition.

In (b), identify and describe the terms of any existing agreements containing termination of employment or change of control compensatory arrangements, whether or not activated in the reporting year, for individuals described at Sections (a) and (b) of the Related Party definition.

The existence of a confidentiality agreement does not excuse a reporting organization’s obligation to complete section (a) or (b) of this question. The affected individual’s name may be omitted, but his or her title or position must be disclosed.

Question 24

Follow the instruction on the form. [See definition](#) of “**Related Party**” and “**Indebtedness.**”

DEFINITIONS

1. A Related Organization is:

- (a) Any entity (whether nonprofit or for-profit) which your organization directly or indirectly owns, or which directly or indirectly owns your organization. For this purpose, “owns” means directly or indirectly holding more than 50% of voting membership rights or voting stock;
- (b) Any entity (whether nonprofit or for-profit) under common control with your organization. For this purpose, “control” means over 50% of an entity’s directors, trustees, or other members of its governing body are representatives of, or are directly or indirectly controlled by a second entity;
- (c) Any entity (whether nonprofit or for-profit) (i) a purpose of which is to benefit or further the purposes of the reporting organization, or which the reporting organization was established to benefit or further in its purposes and (ii) which engaged in business **transactions or business arrangements** (including pledges or assignments of collateral and loan guarantees or other contracts of suretyship) with **the reporting organization**, or paid compensation to, an officer, director, trustee or employee of the reporting organization.

2. A Related Party is:

- (a) An officer, director, or trustee (or an individual having powers or responsibilities similar to those of officers, directors, or trustees) of your organization.
- (b) An employee of your organization who has management responsibilities for achieving the objectives of the reporting organization and who is authorized to establish institution-wide policies or make institution-wide decisions by which those objectives are to be achieved. This includes, for example, the chief executive officer, chief operating officer, vice presidents in charge of principal functions with institution-wide responsibilities, and other persons who perform similar policy or decision making functions. Persons without formal titles may also be management employees. (Note: In contract with the IRS definition of “key employees,” this section does include individuals who may be heads of sub-units within your organization, if they have institutional policy or decision making responsibility.)
- (c) A spouse (other than a spouse who is legally divorced from the individual or who is residing apart under a decree of separate maintenance), a child (including legally adopted children), grandchild, sibling, parent, and grandparent of individuals described in (a) and (b) above.
- (d) Any entity (whether nonprofit or for-profit) (1) which is directly or indirectly owned or controlled by an individual, or individuals, described at (a), (b) or (c) above; or, (2) of which an individual identified at (a) or (b) above is an officer, director, trustee, partner, or employee, or of which an individual identified at (c) above is an officer, director, trustee, or partner. For this purpose, “owned” means an individual, or individuals, described at (a), (b) or (c) above, alone or collectively, directly or indirectly hold more than 35% of voting membership rights or voting stock in an entity other than the reporting organization. “Controlled” means an individual or individuals, described at (a), (b) or (c) above, alone, or collectively, comprise over 35% of the directors, trustees, or other members of the governing body of an entity other than the reporting organization. If in substance the transaction is between your organization and an entity described in the first sentence above, then the entity will be a related party regardless of how billing may be structured or contacts written.

3. Termination of Employment or Change of Control Compensatory Arrangement means a compensatory plan or arrangement pursuant to which payment(s) or other value will result from the resignation, retirement or any other termination of the individual's employment, or from a change in control of the organization or a change in the individual's responsibilities following a change in control. This includes arrangements accompanied by non-competition agreements, consulting contracts, or other personal service agreements entered into by the individual.

4. Indebtedness means any loan or other obligation, contingent or otherwise, which should, in accordance with generally accepted accounting principles, be classified on the obligor's balance sheet as a liability and (i) all liability for money borrowed or the deferred purchase price of property or services, (ii) obligations as lessee under leases which should or have been capitalized on the books of the lessee, (iii) obligations under letters of credit issued for the account of any person, (iv) all guarantees and contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any person, or to assure a creditor against loss, (v) obligations secured by any lien on property owned by you, whether or not the obligations have been assumed or guaranteed.

TABLES

The following tables are to be used to enter the codes requested on the Form:

Table 1

COUNTY	CODE	COUNTY	CODE
Barnstable	1	Middlesex	9
Berkshire	2	Nantucket	10
Bristol	3	Norfolk	11
Dukes	4	Plymouth	12
Essex	5	Suffolk	13
Franklin	6	Worcester	14
Hampden	7	Out-of-state	15
Hampshire	8	Foreign	16

Table 2

TYPE OF ORGANIZATION	CODE	TYPE OF ORGANIZATION	CODE
Arts/Culture/Humanities	1	Recreation/ Sports/ Leisure/ Athletics	14
Educational Institutions and Related Activities	2	Youth Development	15
Environmental Quality/ Protection/ Beautification	3	Human Services - Multipurpose and Other	16
Animal Related	4	International/ Foreign Affairs/ National Security	17
Health - General and Rehabilitative	5	Civil Rights/ Social Action/ Advocacy	18
Mental Health and Crisis Intervention	6	Community Development/ Capacity Building	19
Diseases/ Disorders/ Medical Disciplines	7	Philanthropy/ Voluntarism/ Grantmaking Foundations	20
Medical Research	8	Science and Technology Research Institutes/ Services	21
Crime and Legal Related	9	Social Science Research Institutes/ Services	22
Employment and Job Related	10	Public/ Society Benefit - Multipurpose and Other	23
Food/ Agriculture/ Nutrition	11	Religion Related/ Spiritual Development	24
Housing and Shelter	12	Mutual/ Membership Benefit Organization/ Other	25
Public Safety and Disaster Preparedness/ Relief	13	Other	26

Table 3

PURPOSE	CODE	PURPOSE	CODE
Higher education	1	Police	32
Secondary education	2	Fire	33
Elementary education	3	Emergency aid / disaster relief	34
Pre-elementary education	4	Other public safety	35
Day care center (child or adult)	5	Ex-offenders	36
Scholarships	6	Victim advocacy	37
Parent teacher groups	7	Fraternal	38
Other educational	8	Professional/occupational	39
Hospital	9	Veterans	40
Rehabilitation	10	Children	41
Nursing home, long-term care	11	Adoption	42
Direct health services (non-hospital)	12	Youth sports	43
Mental health	13	Elderly	44
Family planning	14	Family services	45
Drug abuse	15	Legal services	46
Alcohol	16	Poor	47
AIDS	17	Persons with disabilities	48
Alzheimer's	18	Minorities	49
Heart disease	19	Women's issues	50
Cancer	20	Gay, lesbian, transgendered, bisexual	51
Other health	21	Homeless shelter	52
Museum	22	Animals	53
Library	23	Consumer	54
Performing arts	24	Civic	55
Other cultural	25	Issue advocacy	56
Historical society	26	Religious	57
Other historical	27	Friends of	58
Environment	28	Research	59
Land conservation	29	Provide grants	60
Community/neighborhood development	30	Other:	61
Housing facility	31	Other:	62