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## **OPERATING PROJECTS AT THE JOY TO THE WORLD FOUNDATION**

**The Joy to the World Foundation** is a not-for-profit, tax-exempt, public charity organized and operated under the law of Colorado for the purpose of helping donors accomplish their charitable objectives in religious, educational, scientific, benevolent, and health related activities.

The Joy to the World Foundation offers donor advised funds, operating projects and endowments. The Foundation also works with charitable trusts, supporting organizations, private foundations and other charitable entities.

Operating Projects are those projects that have been established to carry out specific charitable purposes that fit within the organization's charitable objectives.

### **Operating Project Requirements:**

**Approval:** Operating Projects must be approved in advance by the Foundation's Executive Team for operation with an application, approved budget, proposed activities and an appointed project manager.

**Annual Requirements:** Operating Project managers must submit a budget and proposed set of anticipated activities for the year. At the end of the year, project managers must also submit a brief report on the project's activities during the year with an accounting of how the funds were used. The Foundation will provide project managers with a spreadsheet listing distributions from the Foundation as reported to help prepare this report.

### **Disbursements to an Operating Project:**

**Ministry Expenses:** Invoices can be paid directly for necessary project expenses. Distributions can also be made directly to other nonprofit corporations providing services to an operating project.

**Expense Reimbursement:** Expense reimbursements can be made payable to individuals who incur costs while assisting the operating project to achieve its charitable purpose. To receive an expense reimbursement project managers will need to provide:

Receipts for costs incurred in support of the purpose of the Operating Project. If possible, original receipts are requested; scanned and faxed receipts will be accepted if originals are not available.

**Salary, Benefits and Living Expenses:** The Joy to the World Foundation is not set up to have employees other than the Foundation's office staff. If someone in an Operating Project is to receive a salary, benefits or living expenses for their services, there must be a Grant made to an employing entity or payment of an invoice for services. An individual cannot receive a distribution for salary, living expenses or benefits from the Foundation nor can these expenses be paid on behalf of the individual by the Foundation. To receive a grant for salary, benefits and living expenses, become an independent contractor through the Charitable Associates Network or a Non-Profit Corporation can be established to receive distributions for these purposes. The Non-Profit Corporation then becomes the employing entity for the individuals and should file the necessary federal and state paperwork to report their earnings. The Joy to the World Foundation is able to make a grant to a Non-Profit Corporation or Charitable Trust for charitable activities, even if that entity is not tax-exempt, so long as the entity's purposes fall within the purposes of the Foundation. The Charitable Associates Network (CAN) has been established to provide contract laborers to charitable organizations and charitable projects in the United States and around the world.

### **Non-Profit Entities:**

**Establishing a Non-Profit Corporation:** A Non-Profit Corporation is a corporation that is filed with the state in which the project manager resides. A Non-Profit Corporation is not tax-exempt unless it files a 1023 application with the IRS and is approved as a tax exempt organization. **A Non-Profit Corporation that is not tax exempt must file an annual tax return using IRS Form 1120 which is a regular corporation income tax return.** This tax return is due on March 15. Individuals setting up a Non-Profit corporation that will not be tax exempt should obtain the services of a knowledgeable accountant for tax advisement. Several of the Operating Projects at the Foundation utilize *Clergy Advantage* out of Loveland, Colorado, [www.clergysupport.com](http://www.clergysupport.com), because they provide a valuable tax planning service for anyone employed by a charity or ministry. They can provide tax services over the phone and they have clients in all 50 states. The goal is to only receive in grants what the corporation is spending in expenses. If there is no profit left in the corporation at the end of the year, there will not be any tax due. After registering the corporation with the state, the corporation will need to get an Employer Identification Number (EIN) from the IRS which can be done online at [www.irs.gov](http://www.irs.gov). The Joy to the World Foundation will need a copy of the corporation's Certificate of Good Standing from the state and its EIN authorization from the IRS in order to make grants to the entity.

### **Guidelines for Non-Profit Corporation:**

- Must have a Federal (EIN)
- Articles and Bylaws
- Board Members – number is established by state law
- Annual Federal Tax Filings, Federal and State (Form 1120)
- Employee Tax reporting
- Annual Registration State Agency

