

Dear York Youth Football and Cheerleading Association Members:

On June 13 of this year, York Youth Football received a notice from the IRS notifying us that our tax exempt status had been revoked for not filing annual information returns for the 2007, 2008, and 2009 tax years. We are writing this letter to all families to discuss the ramifications of this IRS action and to explain the steps we are taking to address the situation.

BACKGROUND: In 2006, Congress enacted legislation requiring tax-exempt organizations to begin to send the IRS annual information returns. In addition, the law automatically revokes the tax exempt status of any organization that does not file the required returns for three consecutive years. On June 8, 2011, the IRS posted the Automatic Revocation of Exemption List, naming 279,599 non-profit organizations across the country that had their status revoked for failure to file the required returns. Unfortunately, York Youth Football and Cheerleading did not file the required returns in those years. As a result, our organization is on that list. Fortunately, however, the IRS in its own notices recognizes that many small organizations are operated by volunteers and face unique challenges in meeting their federal tax obligations. In recognition of this, the IRS is allowing these organizations to reinstate their tax exempt status by filing a new Application for Recognition of Exemption (Form 1023) and by paying a user fee of \$100 to \$850 (depending on the size of the organization).

HOW DOES THIS REVOCATION AFFECT YORK YOUTH FOOTBALL? There are two major consequences that occur when an organization's exempt status is revoked:

The first consequence is that the organization can no longer receive tax-deductible contributions. But pure donations have never been a particularly large component of the revenue that we raise to fund our program as our revenue stream is basically comprised of registration fees, concession sales, and player program advertising sales. We have consciously avoided taking any straight charitable donations since June. So despite being hampered by an inability to accept donations, our success in raising fees in other areas has minimized this consequence.

The second consequence is the possibility of the organization having to pay income taxes for prior years if our request for retroactive reinstatement is not approved. For York Youth Football and Cheerleading, this consequence, though certainly not desirable, will not have a major impact. This is because York Youth Football and Cheerleading has always put any revenues raised right back into the program thereby negating any "profit" on which a tax would be based. In any event, we are hopeful that we'll receive retroactive reinstatement which would mean no tax would be due at all.

P.O. Box 411
York, ME 03909

WHAT STEPS HAVE BEEN TAKEN TOWARD REINSTATEMENT?

The Board of York Youth Football and Cheerleading is comprised of professionals who are well-equipped to work through the reinstatement process. Shortly after the IRS notification, Tom McCarthy was made Board Treasurer. Tom is an attorney and former IRS agent with over 30 years of tax experience. His job has not been easy as many of the financial records from previous years were not readily available and various methods have been employed to recreate those records. Happily, though, the compilation of those records is now virtually complete and the appropriate tax filings are expected to occur within the next week or two.

FAQ's

1. Does this IRS action in any way jeopardize our status as a corporation or as a member of Southern Maine Youth Football League?

Absolutely not. This is a tax issue only. We remain in good standing with the State of Maine and with the League. Many other youth sports programs throughout the state and country are in the same situation.

2. When do you think York Youth Football's tax exempt status will be reinstated?

This is an unprecedented action by the IRS. Over a quarter million organizations have had their tax exempt status revoked. Many have already applied and many more will continue to apply for reinstatement. The number of returns being processed by the Exempt Organizations Unit is staggering. We are hopeful that our status will be reinstated within a few months. But we are extremely confident that we'll be reinstated well before the 2012 fundraising season begins.

3. Does this affect York Youth Football's ability to collect funds for concessions, logo wear, programs, and admissions?

Not at all. The only revenue that we cannot accept at this time would be donations where the donor might be expecting to take a charitable contribution on his/her tax return.

WHAT HAS THE CURRENT BOARD DONE TO STRENGTHEN CONTROLS AND INCREASE TRANSPARENCY?

The transition from the prior Board to this Board unfortunately was not a smooth transition. Policies and procedures have needed to be recreated. We have revised systems, installed new cash controls and we are working toward a major revision in the by-laws.

All information that will need to be passed on to future Boards is being saved in electronic format and stored in a bank safe deposit box.

We are implementing two year terms for the positions of President, Treasurer, and Fundraising as these positions are pivotal to the smooth transition from Board to Board.

We have committed to opening up channels of communication between the Board and the York Youth Football community. Beginning in 2012, we will be posting our 2012 operating budget alongside the actual 2011 results on our webpage.

Our overriding commitment is to pass the baton to future Boards in an effective and orderly manner, providing our successors with clear direction, concise information, and effective training.

As with any message sent by the York Youth Football Board, we again want to thank all of you for your support of this valued program. We do what we do for the York Youth Football community and, most importantly, for our "Boys of Fall" who are playing each week and for the girls who are cheering them on.

Sincerely,




Penny Hogan, President




Tracy McCarty, Pee Wee Vice President



Tom McCarthy, Treasurer




Jennifer Bouchard, Secretary



Joanie Monteith, Fund Raising and Event Coordinator



Jen Scully, Concessions Manager



Cherise Fegan, Equipment Manager

2011 Executive Board members:

Penny Hogan, President, Tracy McCarty, Vice President Pee Wees, Tom McCarthy, Treasurer, Jen Bouchard, Secretary, Joanie Monteith, Fundraising and Events Coordinator, Jen Scully, Concessions Manager, and Cherise Fegan, Equipment Manager