

# INSTRUCTIONS FOR ANNUAL FINANCIAL REPORT FOR CHARITIES- FORM COF-85

A COF-85 is required to be filed as part of an organization's initial and annual registrations. However, the COF-85 is required only when an organization files a 990-N with the IRS or files nothing with the IRS at all. This form is not required for organizations that file a 990 or 990-EZ with the IRS. If your organization files a 990 or 990-EZ with the IRS, a signed copy of that form will satisfy the registration requirement.

The directions for the IRS Form 990 are thorough and do a good job of explaining what is needed. You will see italics at the end of various numbers in the instructions. Those italics reference the corresponding lines on the 990 that will also be helpful in completing this form. You should consult the directions for the 990 if further research is needed.

At the top of the form, be sure to note the name of the organization for which this financial report is completed, the mailing address of the organization, the EIN of the organization, and the fiscal year end that is being reported. Please note both the month and year of the fiscal year end being reported.

**Print this form; complete it; and mail it to:**

**Charitable Organization Division, Secretary of State, State House, Annapolis, MD 21401.**

**For questions about the form, please call us at 410-974-5534 or email us.**

Directions for completing the financial report; form COF-85:

## Part I-Statement of Revenue:

1. Enter the gross revenue received from charitable contributions, grants, and all other gifts received by the charitable organization for the fiscal year being reported. This amount should include all donated goods, both cash and in-kind. If the organization is a 501(c)(3), the amount reported on this line should be close or the same as the amount of tax deductible contributions that were received by the charitable organization. Do not include any money received from the government (any level of government) on this line. *See instructions for IRS Form 990, Part VIII, Line 1a, 1b, 1c, 1d, and 1f for further guidance.*
2. Enter the gross revenue received by the charitable organization from the government. All government money should be included on this line. The money reported on this line is not considered a charitable contribution by Maryland. It should not be counted towards an annual registration fee. *See instructions for IRS Form 990, Part VIII, Line 1e for further guidance.*
3. Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. Program service revenue also includes tuition received by a school, revenue from admission to a concert or performance, museum, and registration/user service fees. *See instructions for IRS Form 990, Part VIII, Line 2 for further guidance.*
4. Membership dues and assessments received that compare with the membership benefits provided by the organization should be reported on this line. Benefits would include subscriptions, newsletters, use of an organization's facilities, and discounts on services or admissions to events that a nonmember can buy. *See instructions for IRS Form 990, Part VIII, Line 2 for further guidance.*
5. The amount of revenue received from savings accounts, investments, and securities. *See instructions for IRS Form 990, Part VIII, Lines 3-4 for further guidance.*
6. Fundraising/Special events revenue is reported on line 6. Special events include dinners, dances, concerts, sporting events, auctions, carnivals. The gross revenue received from these events should be entered on line 6a. The expenses directly associated with making the Fundraising event occur should be entered on line 6b. The difference between 6a and 6b should be reported on line 6c (equation is 6a minus 6b equals 6c). If 6c is a negative amount, please indicate that by putting the number in parenthesis. If gaming occurs at a fundraising event, the income and expenses from this should be reported on line 7, separate from the rest of the Fundraising event. *See instructions for IRS Form 990, Part VIII, Lines 8a, 8b, and 8c for further guidance.*

7. Gaming events revenue should be reported on line 7. Gaming events include raffles, pull tabs, and any other form of gambling that occurs with a gaming device. A gaming device, according to Maryland law, means:
  - i. A gaming table, except a billiard table, at which a game of chance is played for money or any other thing or consideration of value; or
  - ii. A game or device at which money or any other thing or consideration of value is bet, wagered, or gambled.A gaming device includes a paddle wheel, wheel of fortune, chance book, and bingo. The gross revenue received from these events should be entered on line 7a. The expenses directly associated with making the gaming event happen should be entered on line 7b (this includes payment of cash prizes). The difference between 7a and 7b should be reported on line 7c (equation is 7a minus 7b equals 7c). If 7c is a negative amount, please indicate that by putting the number in parenthesis. *See instructions for IRS Form 990, Part VIII, Lines 9a, 9b, and 9c for further guidance.*
8. Sales of inventory should be reported on line 8. Sales of inventory include sales of items that are donated to the organization, that the organization makes to sell to others, or items that the organization buys for resale. You should not include the sale of goods related to a fundraising event, as that should be reported on line 6. Gross revenue from the sales of inventory should be reported on line 8a. The cost of the items sold should be reported on line 8b. The difference between 8a and 8b should be reported on line 8c (equation is 8a minus 8b equals 8c). If 8c is a negative amount, please indicate that by putting the number in parenthesis. *See instructions for IRS Form 990, Part VIII, Lines 10a, 10b, and 10c for further guidance.*
9. Report all revenue not reportable on lines 1-8 here. Provide an attachment explaining how that revenue was generated.
10. Enter the total revenue received on line 10. This amount should equal the sum of lines 1, 2, 3, 4, 5, 6c, 7c, 8c, and 9.

Part II- Statement of Expenses:

11. The total cost of all program services expenses should be reported on line 11. Program services expenses are activities which the organization was created to conduct and which form the basis for the organization's tax-exempt status. Each major program service shall be distinguishable from all other program services and shall include activities, the costs of which can be practicably segregated and accounted for in the records of the organization. Examples of program services expenses include, but are not limited to, the following:
  - a. Research;
  - b. Public education;
  - c. Professional education and training;
  - d. Patient services; and
  - e. Community services.The expenses of public education materials and activities which include a specific appeal for financial support, may be jointly allocated with other functions according to the Financial Accounting Standard Board's Statement of Position 98-2 and any subsequent accounting guidance. This section is taken from the Code of Maryland Regulations 01.02.04.04A. *See instructions for IRS form 990, Part IX, Column B for further guidance.*
12. The total cost of all management and general expenses should be reported on line 12. Management and general expenses are the expenses which are not directly identifiable with any of the organization's program service activities or fund-raising activities but are indispensable to the conduct of each of them and to an organization's existence. They include expenditures for the overall direction of the organization, general record keeping, business management, general board activities, and related purposes. Examples of management and general expenses include, but are not limited to, the following:
  - a. General board and committee meetings;
  - b. Executive direction;
  - c. General staff meetings;
  - d. Office management;
  - e. Accounting, auditing, and budgeting;
  - f. Legal services;
  - g. Personnel procurement;

- h. Purchasing and distribution of materials unrelated to fundraising activities
- i. Receptionist, switchboard, mail distribution, filing, and other central services;
- j. Administrative reporting;
- k. Legal and accounting services generated by papers required to be filed by the Act;
- l. Fees required by the Act; and
- m. Organization and procedure studies.

If the chief officer or any member of his staff spends a portion of their time directly supervising fund-raising or program service activities, their salary and expenses shall be prorated among those activities. If the chief officer or any member of the staff spends all of their time supervising the overall direction of the organization, their salary and expenses shall be management and general expense. Direct supervision of program services and of fund-raising shall be allocated to those activities and not to the management and general expenses. This explanation is taken from the Code of Maryland Regulations 01.02.04.04B. *See instructions for IRS Form 990, Part IX, Column C for further guidance.*

13. The total cost of all fund-raising activities should be reported on line 13. Fund-Raising expenses are the expenses of those activities of which the intent and purpose is an appeal for financial support or the solicitation of funds. They include expenditures for activities that constitute an integral and inseparable part of an appeal for financial support. Examples of fund-raising expenses include, but are not limited to, the following:
- a. Transmitting appeals for contributions to the public;
  - b. Salaries of personnel associated with campaigns or other solicitations;
  - c. Fund-Raising services and materials received from affiliates;
  - d. Publicizing fund-raising campaigns and special events
  - e. Conducting fund-raising campaigns, including the services of fund-raising consultants and professional solicitors; purchasing, preparing, maintaining, and revising mailing lists; recruiting and training volunteer solicitors and other campaign personnel, soliciting in person or by mail; acquiring and distributing of seals and other enclosures with appeals for contributions, campaign kits, coin containers, and other fund-raising materials; and maintaining fundraising records;
  - f. Participation in local federated and governmental fund-raising campaigns, including attendance at pre-campaign budget reviews;
  - g. Participation in fund-raising special events by employees of the organization benefited;
  - h. Solicitation of bequests, foundation grants, and other special gifts;
  - i. Clinics, workshops, and other activities for improving fund-raising techniques;
  - j. Preparation and distribution of fund-raising manuals and instructions;
  - k. Feasibility studies;
  - l. Goods, food, entertainment, or drink sold or provided in connection with an appeal for contributions; and
  - m. Postage and printing expenses incurred in connection with an appeal for contributions.

An organization shall allocate to fund-raising expenses an appropriate portion of the salaries of regular staff members who devote time to record keeping relating to fund-raising activities whether during a campaign period or other period of solicitation. This explanation is taken from the Code of Maryland Regulations 01.02.04.04C. *See instructions for IRS Form 990, Part IX, Column D for further guidance.*

14. Report all expenses not reportable on lines 11-13 here. Provide an explanation as to how that expense was incurred.
15. Enter total expenses on line 15. This should equal the sum of lines 11, 12, 13, and 14.

Part III-Totals:

16. Enter the excess or deficit for this fiscal year. This figure will give how much money the organization made or lost in the fiscal year. The equation for this line is line 10 minus line 15 equals line 16.
17. Enter the net assets or fund balance from the beginning of the fiscal year. This is the amount of assets or funds that the organization had in its possession at the end of the prior fiscal year. If filing this form for a second year in a row, this amount can be found on line 18 of the COF-85 from the prior fiscal year (line 21 of the old COF-85).
18. Enter the net assets or fund balances at the end of this fiscal year. The equation for this line is line 16 plus line 17 equals line 18.

Part IV- Statement of Program Accomplishments

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. If the organization does not have three program service accomplishments list the ones that it does have. Describe the services provided, the number of persons benefited, and other relevant information for each program in the left column. In the right column, provide the total expense in performing that program service. *See instructions for IRS Form 990, Part III for further explanation.*

Part V- List of officers, directors, trustees and key employees

List the officers, directors, trustees, and key employees. For this form, a key employee would be an Executive Director, CEO, CFO, or someone who manages the day-to-day operations or the money of the charitable organization. The employee can be paid or a volunteer. Give their name, address, title, average hours per week devoted to the position, and reportable compensation. In the first column, print the name of the person and an address at which that board member may be reached; this address should be a home or business address that is different than the mailing address of the charity. In the second column, print the title of the person. In the third column, provide the average hours per week the person devotes to that position/job function for the charitable organization. In the fourth column, provide the reportable compensation of the person. Reportable compensation is the amount of money that the person must report as income generated from their position at this organization when paying federal income taxes. *See instructions for IRS Form 990, Part VII for further explanation of reportable compensation*

Part VI- Other Information

19. Check "yes" if there is at least one other charitable organization with a board of directors that is similar or identical to this organization.
20. Provide the name of the person who has custody of the financial records of this organization. Provide the address at which those financial records may be found as well as a telephone number and email address at which that person may be contacted.

Provide the name of the officer, director, trustee, or key employee signing the COF-85. List their title and the date of signature. Be sure to sign the signature line as well.



# Annual Financial Report for Charities- Form COF-85

Office of the Secretary of State, State House, Annapolis MD 21401 Telephone: 410-974-5534

This form should be filed annually as part of the charitable organization's annual update of registration. This form **must** be completed if the organization does not file a 990 or 990-EZ with the IRS. This form **must** also be completed if the organization files a 990-N with the IRS. You do not need to complete this if the organization files a 990 or 990-EZ with the IRS.

Name of organization \_\_\_\_\_

Mailing address of organization \_\_\_\_\_

EIN \_\_\_\_\_

Fiscal year end being reported: \_\_\_\_\_ Month \_\_\_\_\_ Year

### **Part I- Statement of Revenue**

- 1. Contributions/donations received: \_\_\_\_\_
- 2. Government Grants/Monies received: \_\_\_\_\_
- 3. Program Service Revenue received: \_\_\_\_\_
- 4. Membership Dues and Assessments received: \_\_\_\_\_
- 5. Investment Income received: \_\_\_\_\_
- 6. Fundraising/Special Events Income:
  - a. Gross revenue received from fundraising events: \_\_\_\_\_
  - b. Less Direct Expenses: \_\_\_\_\_
  - c. Net revenue received from fundraising events (= line 6a- line 6b) \_\_\_\_\_
- 7. Gaming Activities Income:
  - a. Gross revenue received from gaming activities: \_\_\_\_\_
  - b. Less Direct Expenses: \_\_\_\_\_
  - c. Net revenue received from gaming activities (= line 7a- line 7b) \_\_\_\_\_
- 8. Revenue from Sales of Inventory:
  - a. Gross revenue received from sales of inventory: \_\_\_\_\_
  - b. Less cost of goods sold: \_\_\_\_\_
  - c. Net revenue received from sales of inventory (= line 8a- line 8b): \_\_\_\_\_
- 9. Other income (provide attachment explaining): \_\_\_\_\_
- 10. **Total Revenue (sum of lines 1 through 9):** \_\_\_\_\_

### **Part II- Statement of Expenses**

- 11. Program Services Expenses incurred: \_\_\_\_\_
- 12. Management and General Expenses incurred: \_\_\_\_\_
- 13. Fundraising Expenses incurred: \_\_\_\_\_
- 14. Other Expenses incurred (provide attachment explaining): \_\_\_\_\_
- 15. **Total Expenses (sum of lines 11 through 14):** \_\_\_\_\_

**Part III- Totals**

- 16. Excess (or deficit) income for the year (= line 10- line 15) \_\_\_\_\_
- 17. Net assets or fund balances at beginning of year \_\_\_\_\_
- 18. **Net assets or fund balances at end of year (=line 16+ line 17)** \_\_\_\_\_

**Part IV- Statement of Program Accomplishments**

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses. Describe the services provided, the number of persons benefited, and other relevant information for each program.

DESCRIPTION OF PROGRAM SERVICES PROVIDED:	EXPENSES:
a.)	
b.)	
c.)	

**Part V- List of officers, directors, trustees, and key employees**

List the officers, directors, trustees, and key employees. Give their name and address, title, average hours per week devoted to the position, and reportable compensation

NAME AND ADDRESS	TITLE	HOURS PER WEEK	REPORTABLE COMPENSATION

**Part VI- Other Information**

- 19. Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc. to any other charitable or non-charitable organization?     Yes     No

- 20. The financial books are in the care of: \_\_\_\_\_  
 Located at: \_\_\_\_\_  
 Telephone number: \_\_\_\_\_  
 Email address: \_\_\_\_\_

UNDER THE PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS REPORT, INCLUDING ACCOMPANYING STATEMENTS AND TO THE BEST OF MY KNOWLEDGE AND BELIEF IT IS TRUE, CORRECT, AND COMPLETE.

Name of Officer: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Signature of Officer: \_\_\_\_\_