

Form PC Instructions

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Form PC Instructions

I. THE BASICS

A. 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.

B. You Must Be Registered

You must be registered with the Division in order for the Division to process your Form PC. If you need to register, please also visit our website at www.mass.gov/ago/charities and click on “Registering a Charity.”

C. 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 copy of the Federal Form 8868 or a short letter explaining the need for additional time. The request should include the six-digit Attorney General Account number. Please note that the Division will not send written confirmation of approved extensions, but will notify you if it has been denied. A maximum of 2 three-month extensions are permitted.

D. What Must Be Filed?

All public charities must include the items that follow for their filing to be complete. Your filing will be considered incomplete if any attachments are missing. Please request an extension rather than submit an incomplete filing.

Please type or print all responses clearly and complete each item that is applicable to your organization. If a question is not applicable to your organization, please write N/A. Do not leave any question blank.

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(1) Form PC

Attach all required schedules and explanations.

Schedules A-1 and A-2 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.**

Schedule RO must be completed if there are organizations related to your organization (see definition section of these instructions) during the reporting year.

Schedule VCO *may* be completed if you are a charitable organization established to benefit veterans or the military, intend to solicit donations in the Commonwealth and wish to receive a designation as a Veterans Charitable Organization (VCO). More information about Schedule VCOs can be found in Section I.G on page 6 below.

(2) Federal Form and/or Probate Account¹

One of the following forms must be filed:

- 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

A blank Federal Form 990 or 990-EZ may be obtained from the Internal Revenue Service by telephone order (800-829-3676) or at <https://www.irs.gov/>.

(3) Filing Fee

You must submit the following filing fee based on your Gross Support and Revenue (as reported on Form PC, page 2, line 5B):

Gross Support and Revenue	Filing Fee
Less than \$100,000	\$35
\$100,001 to \$250,000	\$70
\$250,001 to \$500,000	\$125
\$500,001 to \$1 million	\$250
\$1,000,001 to \$10 million	\$500
\$10,000,001 to \$100 million	\$1,000
\$100 million+	\$2,000

¹ An organization with a Gross Support and Revenue of \$5,000 or less (as reported on Form PC, page 2, line 5B) is not required to file a federal return with the Division.

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Payment should be made using the Commonwealth of Massachusetts secure, web-based payment system found at: www.mass.gov/ago/epay.

You will need the following information:

- a) Your six-digit Attorney General Account Number;²
- b) The name of your organization (as it is registered with this office); and
- c) The Gross Support and Revenue for your charity for the fiscal year for which you are filing. The Gross Support and Revenue should be on your Form PC at page 2, line 5B and MUST match that same value on your Federal filing, which can be found:

Location of Gross Support and Revenue on Federal Filing	
IRS Form	Location of Gross Support and Revenue
Form 990	Part VIII, Line 12 less– Line 7d Column A
Form 990-PF	Part I, Column (a), Line 12 less Line 6a
Form 990-EZ	Line IX less Line 5c

(4) Financial Statements

You must submit the following additional type of financial statement based on your Gross Support and Revenue (as reported on Form PC, page 2, line 5B):

Gross Support and Revenue	Type of Financial Statement
Less than \$200,000	No additional financial statement is required
\$200,000 to \$500,000	CPA's Review Report
\$500,000 or more	Audited Financial Statements, prepared by an independent CPA in accordance with generally accepted accounting principles (GAAP), and the accompanying independent auditor's report

All financial statements must be final, not draft versions, and should be unbound. The Division does not accept compilations.

The following organizations are exempt from the audit requirement by regulation (940 CMR 2.02):

- a) Private foundations that file a 990-PF with the IRS;
- b) Trusts filing probate accounts; and
- c) Trusts audited by certain state and federal agencies.

² If you do not know your 6-digit Attorney General Account Number, please visit the Annual Filing Document Search section of this website and search for your organization by name: <http://www.charities.ago.state.ma.us>. The Attorney General Account Number will be listed in the search results and will start with a zero.

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E. Where do I File?

Form PC and all attachments should be filed by mail to:

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

F. How do I request an extension?

i. By Email (Preferred)

Organizations registered with the Division may now use email to request an extension of time to file their annual report (Form PC). Similar to IRS filing guidelines, an organization may request one 6-month extension. We encourage those organizations that would like to request an extension to email: CharitiesExtensions@state.ma.us.

ii. By Mail

The Division will continue to accept extension requests via mail, but electronic submission is strongly encouraged.

iii. Information to Include in Extension Request

All extension requests **must** include the following in the subject line:

- a) Name of the Organization;
- b) Your six-digit Attorney General Account Number;³ and
- c) Federal Employer Identification Number (FEIN).

Sample email subject line:

RE: (organization name), AG# 000000, FEIN 00-0000000

The extension request must either:

- a) Attach/enclose a copy of the IRS Form 8868 (Application for Extension of Time to File an Exempt Organization Return); *or*
- b) The body of the email or letter should briefly outline the need for additional time to file the Form PC.

³ If you do not know your 6-digit Attorney General Account Number, please visit the Annual Filing Document Search section of this website and search for your organization by name: <http://www.charities.ago.state.ma.us>. The Attorney General Account Number will be listed in the search results and will start with a zero.

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A separate request must be submitted for each organization.

Please note that a request for an extension of time to file the Form PC will be denied for organizations that are out of compliance with the annual reporting requirements of the Division. You will receive notification only if the extension is denied.

G. Schedule VCO

Charitable organizations established to benefit veterans or the military, who intend to solicit in the Commonwealth, may apply to receive designation as a Veterans Charitable Organization (VCO). VCO status can be obtained by completing the Schedule VCO and will be valid for 3 years starting with the year of the Form PC being filed.

VCO status exempts eligible organizations from the filing fee requirement of the Form PC, and the \$100 initial registration fee if the organization is registering for the first time. Pursuant to M.G.L. c. 68, s. 19A, any organization receiving VCO status may not utilize paid fundraisers (commercial co-ventures, or professional solicitors); doing so will result in the loss of VCO status.

II. SPECIFIC INSTRUCTIONS - FORM PC

A. Page 1

Please type or print all responses clearly and 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 of page 1 is for PC filers that are permitted under law to stop filing after this report. 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. A charity incorporated in Massachusetts must obtain a judicial dissolution, not merely file a "final report." The Division has prepared a guide to dissolution that is available on our website.

B. Question 4 and Schedule RO

If your organization has a Related Organization as defined in [Insert definitions section], you must answer "Yes" and complete Schedule RO. Once completed, Schedule RO should provide a roadmap to the system of organizations which are related to your organization. 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.

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i. Schedule RO, Question 1

For each Related Organization you must identify its name, primary purpose or business activity, the fiscal year end-date (“FYE”) for the Related Organization and restrictions on its assets as of its most recent FYE broken down as follows:

	Category of Assets	Additional Description
A	Donor restricted funds (-) liabilities	n/a
B	3 rd party restricted funds (-) liabilities	Those funds 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.
C	Unrestricted funds (-) liabilities	Unrestricted Funds includes funded depreciation.
D	Total net assets (A+B+C)	n/a

Additional information about restricted or unrestricted funds may be provided by attaching an explanation.

ii. Schedule RO, Question 2

You must identify the amount of compensation paid to the chief executive (e.g., executive director) of your organization and the four other current or former directors, trustees, officers, or employees within your family of Related Organizations that receives the highest aggregate compensation within the system of Related Organizations identified in Schedule RO, Section 1. 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.

iii. Additional notes for Schedule RO

Religious Related Organizations: If the filing organization is related to a religious organization, the filer need not disclose the assets that the religious organization holds or the compensation that the religious organization pays, so long as the filer (1) states the name and primary purpose of the religious organization in Schedule RO, Question 1 and (2) answers “yes” to Schedule RO, Question 3.

Non-Charitable Related Organizations: If the filing organization is a foundation created by a non-charitable Related Organization and the non-charitable Related Organization (a) is not required by law to register and file with the Division, (b) is not created, owned or controlled by

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any charitable organization, and (c) is not established to benefit or further the purposes of any charitable organization, the filer need not disclose the assets that the non-charitable Related Organization holds or the compensation that the non-charitable Related Organization pays so long as the filer (1) states the name and primary purpose or business activity of the non-charitable Related Organization in Schedule RO, Question 1 and (2) answers “yes” to Schedule RO, Question 3.

C. 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. Below we have broken down how to complete Question 5 based on the type of tax return you have attached.

Question 5 by IRS Form Your Organization Files				
Sub-Part	Description	Form 990	Form 990-PF	Form 990-EZ
A	Contributions, gifts, grants, and similar amounts received	Part I, Line 8 – Current year	Part I, Column (A), Line 1	Part I, Line 1
B	Gross support and revenue	Part VIII, Line 12-Column A less Line 7D-Column A	Part I, Column (a), Line 12 less Line 6a	Line IX less Line 5c
C	Program services and similar amounts paid out	Part IX, Line 25 – Column B	Part I, Column (a), Line 25	Part III, Line 32
D	Fundraising expenses	Part IX, Line 25 – Column D	Enter amount from your own records	Enter amount from your own records
E	Management and general expenses	Part IX, Line 25 – Column C	Not required	Enter amount from your own records
F	Payments to affiliates	Part IX, Line 21 – Column A	Not required	Enter amount from your own records
G	Total expenses	Part IX, Line 25 – Column A	Part I, Column (a), Line 26	Part I, Line 17
H	Net assets or fund balances at the end of the year	Part I, Line 22 – End of Year	Part III, Line 6	Part I, Line 21

Effective for fiscal years ending on or after 12/31/2010, organizations with a gross support and revenue of \$5,000 or less are no longer required to file a federal form with the Form PC. If your organization meets that threshold the Division will ask that you nevertheless complete Question 5 using figures from your own records.

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D. 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.

E. Questions 13

If your response to Question 13 is yes, complete Schedule A-1 unless your organization is exempt from the solicitation certificate requirement and mark the appropriate box under Question 15.

F. Question 14

If your response to Question 14 is yes, complete Schedule A-2 unless your organization is exempt from the solicitation certificate requirement and mark the appropriate box under Question 15.

G. 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.

H. Question 23

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.

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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.

I. Question 24

Follow the instruction on the form. See definitions of "Related Party" and "Indebtedness."

III. Definitions

A. Related Organization

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.

B. Related Party

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

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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 contrast 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 contracts written.

C. Termination of Employment or Change of Control Compensatory Arrangement

A Termination of Employment or Change of Control Compensatory Arrangement is 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.

D. Indebtedness

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.

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IV. 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

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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

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