

HB

75

<TARGET><BILL>HB 75</BILL><SUBJECT>HB
75</SUBJECT><COMM>SF IN 28</COMM></TARGET>

SENATE FINANCE COMMITTEE REPORT

DATE: 4/11/14

FURTHER:

DATE TURNED
IN TO OFFICE: _____

Finance Committee considered CS FOR HOUSE BILL NO. 75(FIN)

HB 75-CONTRIBUTION FROM PFD: AUDITS; UNIVERSITY

"An Act amending certain audit requirements for entities receiving contributions from permanent fund dividends; requiring the three main campuses of the University of Alaska to apply to be included on the contribution list for contributions from permanent fund dividends; and requiring the university to pay an application fee for each campus separately listed on the contribution list for contributions from permanent fund dividends."

and recommends:

- be replaced with SCS CS HB 75 (FIN) [] Same Title [] Technical Title Change
[] New Title/SCR No. _____
- [] adopt previous SCS _____ (_____) [] Same Title [] Technical Title Change
[] New Title/SCR No. _____
- [] attached amendment(s)
- [] adopt _____ Letter of Intent
- [] further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV		✓		2
UA	✓			3

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	DUALCARY			✓	
<i>[Signature]</i>	Hoffman	✓			
<i>[Signature]</i>	Olson			✓	
<i>[Signature]</i>	Bishop	✓			
<i>[Signature]</i>	FAIRELOUGH	✓			
CO-CHAIR: <i>[Signature]</i>	Kelly	✓			
CO-CHAIR: <i>[Signature]</i>	Meyer	✓			

28-LS1681\A
Mischel/Martin
4/13/14

SENATE CONCURRENT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Introduced:
Referred:

A RESOLUTION

1 **Suspending Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State**
2 **Legislature, concerning House Bill No. 75, amending certain audit requirements for**
3 **entities receiving contributions from permanent fund dividends; requiring the three**
4 **main campuses of the University of Alaska to apply to be included on the contribution**
5 **list for contributions from permanent fund dividends; and requiring the university to**
6 **pay an application fee for each campus separately listed on the contribution list for**
7 **contributions from permanent fund dividends.**

8 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

9 That under Rule 54, Uniform Rules of the Alaska State Legislature, the provisions of
10 Rules 24(c), 35, 41(b), and 42(e), Uniform Rules of the Alaska State Legislature, regarding
11 changes to the title of a bill, are suspended in consideration of House Bill No. 75, amending
12 certain audit requirements for entities receiving contributions from permanent fund dividends;
13 requiring the three main campuses of the University of Alaska to apply to be included on the
14 contribution list for contributions from permanent fund dividends; and requiring the university

1 to pay an application fee for each campus separately listed on the contribution list for
2 contributions from permanent fund dividends.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 75(FIN)
Fiscal Note Number: 2
(H) Publish Date: 3/25/14

Identifier: HB075CS(FIN)-DOR-PFD-03-24-14
Title: CONTRIBUTION FROM PFD: AUDITS;
UNIVERSITY
Sponsor: SEATON
Requester: (H) FIN

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Permanent Fund Dividend Division
OMB Component Number: 981

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates					
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES								
Personal Services	***		***	***	***	***	***	***
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	***	0.0	***	***	***	***	***	***

Fund Source (Operating Only)

None								
Total	***	0.0	***	***	***	***	***	***

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

House FIN CS adds 7% withholding of contributions for Pick.Click.Give costs.

Prepared By: Dan DeBartolo - Division Director Phone: (907)465-4785
Division: Permanent Fund Dividend Division Date: 03/24/2014 08:00 AM
Approved By: Angela M. Rodell, Commissioner Date: 03/24/14
Agency: Department of Revenue

FISCAL NOTE ANALYSIS #2

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 75(FIN)

Analysis

This bill requires each component of the University of Alaska that participates in Pick.Click.Give to remit the \$250 application fee, instead of one \$250 fee for the entire University of Alaska organization. Each of the three main campuses must apply for the program separately, while satellite campuses may optionally apply for the program. The bill also reduces audit requirements that participating non-profits must perform in order to be eligible for the program. The bill does not affect the Permanent Fund Dividend Division's primary mission or operations.

This version of the bill adds subsection (n) to AS 43.23.062 which allows the Department of Revenue to withhold 7% of gross actual contributions from the Pick.Click.Give participating organizations in a given dividend year for the purpose of program coordination. The funds would be withheld at the point of dividend distribution and may be appropriated for the costs of administering the Pick.Click.Give program. The funds would be held in an account separate from the one used to collect the \$250 application fee.

The fiscal note amounts are indeterminate as the number of pledges, the number of withdrawals, and the annual amount of the dividend cannot be predicted.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHB 75(FIN)
Fiscal Note Number: 3
(H) Publish Date: 3/25/14

Identifier: HB075-UA-SYSBRA-3-20-14
Title: CONTRIBUTION FROM PFD: AUDITS;
UNIVERSITY
Sponsor: SEATON
Requester: House Finance

Department: University of Alaska
Appropriation: University of Alaska
Allocation: Budget Reductions/Additions - Systemwide
OMB Component Number: 1296

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015 Appropriation Requested	Included in Governor's FY2015 Request	Out-Year Cost Estimates				
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services			4.3	4.3	4.3	4.3	4.3
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	4.3	4.3	4.3	4.3	4.3

Fund Source (Operating Only)

1048 Univ Rcpt			4.3	4.3	4.3	4.3	4.3
Total	0.0	0.0	4.3	4.3	4.3	4.3	4.3

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Initial _____

Prepared By: <u>Michelle Rizk</u>	Phone: <u>(907)450-8187</u>
Division: <u>University of Alaska</u>	Date: <u>03/20/2014 08:00 AM</u>
Approved By: <u>Michelle Rizk</u>	Date: <u>03/20/14</u>
Agency: <u>University of Alaska</u>	

FISCAL NOTE ANALYSIS #3

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. CSHB 75(FIN)

Analysis

The bill requires the three main campuses to pay the \$250 application fee annually to participate in the Pick. Click. Give. program and the other 14 campuses within the UA system optional participants. The cost will range from \$750-\$4250 depending on how many of the other university campuses participate.

In FY15, the University of Alaska Foundation would cover the \$250 application fee using private funds for each of the university campuses that files an application. In future years, each campus would be responsible for covering the fee.

ADOPTED 4/15/14

28-LS0323\Y
Mischel/Martin
4/13/14

SENATE CS FOR CS FOR HOUSE BILL NO. 75(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES SEATON, Kawasaki, Thompson, Peggy Wilson, Muñoz, Josephson, Tarr

A BILL

FOR AN ACT ENTITLED

1 "An Act amending certain audit requirements for entities receiving contributions from
2 permanent fund dividends; requiring the three main campuses of the University of
3 Alaska to apply to be included on the contribution list for contributions from permanent
4 fund dividends; relating to notice provided on the electronic dividend application form;
5 relating to administrative costs for administering the program of contributions from
6 permanent fund dividends; relating to a coordination fee for entities that receive
7 contributions from permanent fund dividends; and requiring the university to pay an
8 application fee for each campus separately listed on the contribution list for
9 contributions from permanent fund dividends."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 43.23.062(a) is amended to read:

12 (a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare

1 the electronic Alaska permanent fund dividend application to allow an applicant who
2 files electronically to direct that money be subtracted from the dividend payment and
3 contributed to one or more of the educational organizations, community foundations,
4 or charitable organizations that appear on the contribution list contained in the
5 application. A contribution to an organization may be \$25, \$50, \$75, \$100, or more, in
6 increments of \$50, up to the total amount of the permanent fund dividend that the
7 applicant is entitled to receive. If the total amount of contributions elected by an
8 applicant exceeds the amount of the permanent fund dividend that the applicant is
9 entitled to receive, contributions shall be deducted from the dividend in the order of
10 priority elected by the applicant on the application until the entire amount of the
11 dividend that the applicant is entitled to receive is allocated for contribution. The
12 electronic dividend application form must include notice that **seven percent of the**
13 **[NO]** money contributed will be used for administrative costs incurred in
14 implementing this section, and money from the dividend fund will not be used for that
15 purpose.

16 * **Sec. 2.** AS 43.23.062(b) is amended to read:

17 (b) The department shall list each [CAMPUS OF THE UNIVERSITY OF
18 ALASKA AND SHALL LIST EACH OTHER] educational organization, community
19 foundation, or charitable organization eligible under (c) and (d) of this section **and**
20 **each university campus that applies under (m) of this section** on the contribution
21 list. The department shall maintain an electronic database for the contribution list that
22 is accessible to the public and that permits searches by organization name, geographic
23 location, and type. The department shall provide a statement of the contributions made
24 by an individual that is suitable for federal income tax purposes to each individual
25 who elects to contribute under (a) of this section.

26 * **Sec. 3.** AS 43.23.062(d) is amended to read:

27 (d) Except for each campus of the University of Alaska, the department may
28 include an educational organization, community foundation, or charitable organization
29 on the contribution list for a current dividend year only if the organization

30 (1) before March 31 of the qualifying year, files an application for
31 inclusion on the list for that dividend year on the form required by the department;

1 (2) is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal
2 Revenue Code) as an educational or a charitable organization on the date of
3 application;

4 (3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3)
5 (Internal Revenue Code) as an educational or a charitable organization during the two
6 calendar years that immediately precede the year the application is filed;

7 (4) unless exempted under federal law, has a current Internal Revenue
8 Service Form 990 on file with the United States Department of the Treasury, Internal
9 Revenue Service, or, if the Internal Revenue Service has granted a filing extension for
10 the current year, has on file that form for the immediately preceding year;

11 (5) is directed by a voluntary board of directors or local advisory
12 board, a majority of whose members are residents of the state;

13 (6) if a community foundation, provided in the state aid during the two
14 calendar years that immediately precede the year the application is filed, or, if an
15 education organization or charitable organization, provided in the state services during
16 the two calendar years that immediately precede the year the application is filed;

17 (7) receives at least \$100,000 or five percent of its total annual
18 receipts, whichever is less, from contributions;

19 (8) has completed and provided to the department a financial audit
20 with an unqualified opinion conducted by an independent certified public accountant
21 for the fiscal year to which the Internal Revenue Service Form 990 required under (4)
22 of this subsection applies [, OR IF THE ORGANIZATION IS EXEMPTED FROM
23 FILING FORM 990, FOR THE FISCAL YEAR OF THE ORGANIZATION THAT
24 ENDED IMMEDIATELY BEFORE THE CURRENT FISCAL YEAR]; this
25 paragraph applies only to an organization that is required by the federal
26 government to complete a financial audit by an independent certified public
27 accountant [WITH A TOTAL ANNUAL BUDGET THAT EXCEEDS \$250,000
28 DURING THE FISCAL YEAR TO WHICH THE AUDIT REQUIRED UNDER
29 THIS PARAGRAPH APPLIES]; and

30 (9) does not make grants or contributions to an organization that is
31 exempt from taxation under 26 U.S.C. 501(c)(4) or (6).

1 * **Sec. 4.** AS 43.23.062(e) is amended to read:

2 (e) Unless an appropriation specifically directs that the money be used for
3 costs incurred in implementing this section, the department may not use money from
4 the dividend fund for administrative costs incurred in implementing this section, even
5 if it has been appropriated for costs of administering the dividend program. [THE
6 DEPARTMENT MAY NOT USE MONEY CONTRIBUTED UNDER (a) OF THIS
7 SECTION FOR ADMINISTRATIVE COSTS INCURRED IN IMPLEMENTING
8 THIS SECTION.] Contributions shall be distributed to each organization as soon as
9 practicable.

10 * **Sec. 5.** AS 43.23.062(f) is amended to read:

11 (f) The department shall charge an application fee of \$250 for each
12 educational organization, community foundation, or charitable organization that files
13 an application under (d) of this section **or for each university campus that files an**
14 **application under (m) of this section.** The application fees shall be separately
15 accounted for under AS 37.05.142. The annual estimated balance in the account
16 maintained under AS 37.05.142 for application fees collected under this subsection
17 may be appropriated for costs of administering this section.

18 * **Sec. 6.** AS 43.23.062 is amended by adding new subsections to read:

19 (m) The University of Alaska shall apply separately for each of the three main
20 campuses to be listed on the contribution list for the current dividend year in the
21 manner prescribed by the department. The University of Alaska may apply for each
22 campus other than the three main campuses to be listed on the contribution list for the
23 current dividend year in the manner prescribed by the department.

24 (n) In addition to the application fee in (f) of this section, the department shall
25 withhold a coordination fee from each organization, foundation, or university campus
26 that receives contributions under this section in the immediately preceding dividend
27 year. The coordination fee for an organization, foundation, or university campus that
28 receives contributions under this section shall be seven percent of the amount of
29 contributions reported by the department under (j) of this section for the organization,
30 foundation, or university campus for the immediately preceding dividend year. The
31 coordination fee shall be separately accounted for under AS 37.05.142 and shall be

1 accounted for separately from the application fee collected under (f) of this section.
2 The annual estimated balance in the account maintained under AS 37.05.142 for
3 coordination fees collected under this subsection may be appropriated for costs of
4 administering this section.

Alaska State Legislature

State Capitol, Room 102
Juneau, AK 99802
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270 W. Pioneer Avenue
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REPRESENTATIVE Paul Seaton

District 30

HB 75 Amending Pick.Click.Give Audit Requirement

HB 75 allows greater participation in the Pick.Click.Give program by small non-profits that meet all of the eligibility requirements for the program, but do not participate due to the cost prohibitive audit requirement.

The creation of the popular Pick.Click.Give program by the 25th Alaska State Legislature gave Alaskans a simple and convenient option to donate to charities and non-profits of their choice. These organizations, which provide important services to our communities, rely on donations to function.

One criterion that must be met by organizations wishing to participate often stops smaller Alaskan charities and non-profits from applying. This is the required financial audit for organizations with a total budget of \$250,000 or greater. The cost of the required financial audit for smaller groups is much greater than the donations received by these groups through the Pick.Click.Give program, which makes participation in the program impractical. Not only does this mean that these smaller groups will not receive donations through the program, some groups have found that exclusion from the program gives their supporters the mistaken impression that they are no longer certified non-profits.

This bill eases the financial burden on these organizations and allows Alaskans a more complete choice of organizations by eliminating the financial audit requirement for organizations that do not file a federal audit. This does not remove financial accountability. All Pick.Click.Give donation recipients must be 501(c)(3) tax-exempt organizations, which are required to file the form 990 annually with the IRS. The IRS form 990 was overhauled in 2008, is a public record and accessible online to donors. The annual filing now requires disclosure of not only detailed financial information, but governance practices, policies, program services, and other compliance measures. This rigorous test of accountability is already required and provides a complete picture of finance and management of a nonprofit. Additionally, an audit is required of organizations that expend \$500,000 or more in federal awards. These organizations will be required to submit a copy of this audit to the state. Entities that expend less than \$500,000 in federal funds still must still make their records available for review by the federal government.

This bill further requires each campus of University of Alaska to pay the \$250 application fee to participate in the program, just as all other eligible organizations do.

The Pick.Click.Give program encourages Alaskans to give back to their community by bringing the many worthy state programs right to their doorstep. Smaller non-profits nourish Alaskan communities on a personal level, open pathways for budding artistic talents and provide educational opportunities that fit just right with community needs. These organizations deserve the chance to connect through Pick.Click.Give to the Alaskans they serve.

Staff Contact: Heather Beggs, 465-2028

Alaska State Legislature

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REPRESENTATIVE Paul Seaton District 30

Sectional Analysis HB 75

-
- Section 1 Lists the types of organizations eligible to apply to the Pick.Click.Give. program.
- Section 2 Details eligibility requirements for application to the Pick.Click.Give. program, including 501(c)(3) tax exempt status, filing a form 990 with the IRS, and requiring a financial audit by a certified public accountant. The audit will only be required by organizations that already must file an audit with the federal government.
- Section 3 Requires a \$250 application fee for administration of the program. All organizations would be required to pay the fee, including each campus of the University of Alaska.
- Section 4 Allows the University of Alaska to list each campus, but only requires it to list the main three campuses.
- Adds an application fee for coordination of the statewide outreach of the program. The 7% fee will be withheld from each organization's distribution and placed in a separate fund.

Alaska State Legislature

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REPRESENTATIVE Paul Seaton

District 30

Summary of Changes between HB 75 and CSHB 75 (FIN)

CSHB 75 (FIN) amends the audit requirement rather than repealing it completely. Only applicants that are already required to have a federal audit would be required to submit a copy of that audit with their application. (An audit is required of organizations that expend \$500,000 or more in federal awards.)

CSHB 75 (FIN) does not require every campus of the University of Alaska to be listed on Pick.Click.Give. Only the three main campuses would be required to be listed. All campuses *may* be listed. All campuses are still required to pay the application fee, as in the original HB 75.

CSHB 75 (FIN) adds language adding a coordination fee for all Pick.Click.Give. donation recipients. Seven percent of the amount received from the prior dividend year through the program would be withheld from the distribution check to organizations.



LITERACY COUNCIL of ALASKA

517 Gaffney Road, Fairbanks, AK 99701 • Phone (907)456-6212 • Fax (907)456-4302 • lca@literacycouncilofalaska.org

January 22, 2013

Re: Contributions from Dividends, "Pick.Click.Give."

To Whom It May Concern:

The Literacy Council of Alaska (LCA) has had an annual budget ranging from \$500,000 to \$650,000 since the creation of Pick.Click.Give. LCA is not required to have our financial statements audited by any local, state, or federal agency. However, under current Alaska Statute, LCA is required to get an audit to qualify for Pick.Click.Give.

As a good management practice and to ensure that no material modifications are necessary within our financial statements, LCA has an independent Certified Public Accountant (CPA) perform a review on our financial statements annually. To have a CPA review of our financials might cost \$5,000. To have a CPA perform an audit might cost \$10,000.

The Literacy Council of Alaska is not able to justifying paying the cost of an audit for the sole purpose of participating in Pick.Click.Give. Within current Alaska Statute, the audit requirement creates a financial prohibition which prevents equitable program participation. In addition to the Literacy Council of Alaska, there are other equally historical and reputable nonprofits in the Interior that do not participate for the same reason.

The Literacy Council of Alaska would like to participate in Pick.Click.Give. We applaud the great efforts of legislators and all those who have actively created this great program. The results are wonderful and philanthropy has increased! The Literacy Council of Alaska is supportive of legislative efforts to increase equitable participation in Pick.Click.Give. by modifying Sec. 43.23.062 Contributions from Dividends. Please do not hesitate to contact the Literacy Council of Alaska Executive Director with further questions regarding Pick.Click.Give.

Sincerely,

Mike Kolasa
Executive Director

ELGEE REHFELD MERTZ, LLC

CERTIFIED PUBLIC ACCOUNTANTS

9309 Glacier Highway, Suite B-200 • Juneau, Alaska 99801
907.789.3178 • FAX 907.789.7128 • www.ermcpa.com

February 6, 2013

Rep. Paul Seaton
State Capitol Room 102
Juneau AK, 99801

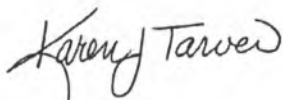
Dear Representative Seaton,

Our firm is in support of the changes proposed in HB75. We feel that the cost of the audit often outweighs the benefit in participating in the 'pick, click, give' program for smaller not-for-profit organizations (NPO). In fact, we typically recommend that organizations with no external audit requirement not have an audit. The amount of time required to document our adherence to the professional standards for an audit make even our lowest audit fees exceed what many small non-profits can afford. We can offer other levels of service that meet their internal needs better than an audit, such as agreed upon procedures, compilations or reviews. With these types of engagements we can provide a more focused review of areas that the board or management has concerns about. As far as the use of an audit in a decision of whether to donate or not to an NPO, with the form 990 available online for almost all NPO's, regardless of size, donors have the ability to review financial data prior to making their donation. We feel that the form 990 would provide an good basis for evaluation of smaller NPOs that aren't required to have an audit for any other reason than to submit their 'pick, click, give' application.

Many NPOs, through federal and state award spending, are required to have an audit performed on an annual basis. Both the Federal and State of Alaska single audit threshold, for determining whether a single audit is required, is \$500,000 of respective award dollars expended. For those NPOs that have a single audit it is reasonable that it be submitted with their application but to require an audit only for participation in the 'pick, click, give' program for smaller NPOs does not make fiscal sense.

Please contact us if you have any questions.

Sincerely,



Karen J. Tarver, CPA
Partner

COPPER RIVER WATERSHED PROJECT

☪ *Voices for a wild salmon economy* ☪



January 8, 2013

The Honorable Gary Stevens
Alaska State Legislature
120 4th Street, State Capitol, Room 111
Juneau, AK 99801-1182

Dear Senator Stevens,

I am writing to you about the Pick.Click.Give. program offered through Alaska's Permanent Fund Division. As you know, the Pick.Click.Give. program was initiated to offer Alaskan recipients of a Permanent Fund Dividend check an opportunity to practice philanthropy with their favorite charitable organizations.

The Pick.Click.Give. regulations require organizations who want to be recipients of such charitable donations to have had an audit conducted in the prior fiscal year if their budget exceeds \$250,000. However, *federal* regulations require an audit only if an organization's expenditures of federal funds exceeds \$500,000 in a fiscal year. Our organization falls into a gap, then, between these two requirements because our budget generally exceeds \$250,000 but doesn't go over \$500,000. In this case, we are not required to conduct an audit, but if we were to pay for one it would cost a minimum of \$8,000. (Participation in the Pick.Click.Give. program our first year generated \$600.) If our budget goes over \$500,000 in a given year, which it did in 2010 and 2011, then we have sufficient grant funds to pay for a federal single audit. Those two years were unusual, however, and we don't expect our budget to exceed \$500,000 in future years.

Organizations with budgets under \$250,000 are small enough to avoid the audit requirement, and large non-profits across the state can generally afford an audit because their administrative expense revenues can absorb the cost, but those organizations caught in the middle of these dollar thresholds are effectively left out of the Pick.Click.Give. program.

Would you consider drafting or supporting legislation that would modify the Pick.Click.Give. program audit requirements to be consistent with federal audit requirements? Another solution might be to require a less detailed accounting review, such as a compilation, for mid-size non-profits rather than a full-scale audit.

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tel 907.424.3334

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Board of Directors

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Joel Azure, Cordova
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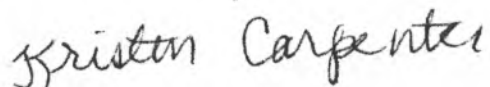
Denny Patnode, Gakona
Maria Wessel, Cordova

Attached is the letter we received from the State's Permanent Fund Division in response to our application for the Pick.Click.Give. program in 2011.

I look forward to working with your office on this issue, which almost certainly affects many other non-profits in Alaska.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Kristin Carpenter". The signature is written in a cursive, slightly slanted style.

Kristin Carpenter
Executive Director

cc: Laurie Wolf, Vice President, The Foraker Group

January 24, 2013



Honorable Representative Paul Seaton
State of Alaska

RE: Support for HB75

Dear Representative Paul Seaton and Finance Committee:

It is a valuable addition to the non-profit section to have the ability to diversify fundraising efforts, especially at a time of escalating prices at the gas pumps, grocery stores, and utility bills that burden social services across this great state.

It was a blessing to witness the evolution of the Pick. Click. Give. Program five years ago, creating another avenue for non profits to become less dependent on government subsidies and grants, allowing the Alaska state resident to choose non-profits as recipients of their financial contributions through the Permanent Fund Dividend, Pick. Click. Give. program, providing the Alaska resident a terrific and simple way to contribute to agencies that they have positively witnessed or accessed services at one time or another.

By removing the audit requirement through HB75, it will allow our agency as well as many others who don't have the financial ability or income to fund an annual audit that can cost anywhere from \$7-10K.

Your support of HB75 will provide the Seward Senior Center another opportunity to become one of the hundreds of recipients of the Pick. Click. Give. program, especially at a time when we struggle to meet the nutritional, transportation and social needs of our aging community in Seward.

Thank you for your consideration of HB75 and the positive impact it will have on the mid-size non-profit agency in Alaska.

Sincerely,

DANA B. PAPERMAN

Dana Paperman

Seward Senior Citizens, Inc., PO Box 1195 ~ Seward, AK 99664, (907) 224-5604
ssc@seward.net/www.sewardsenior.org

"Serving senior citizens for 35 years"

***Board of Directors
2013***

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Tember Eliason
Carol Souza
Donna Evans
Executive Director*

Dana Paperman

Our Mission Statement

*To insure honor, dignity,
security, and independence
for older Alaskans;
assistance in maintaining
meaningful and quality lives.*

*A non-profit agency
TAX ID: 92-0072425*



1944 EAST REZANOF DRIVE
KODIAK, ALASKA 99615
(907) 486-4126 FAX 486-5567

KODIAK ISLAND FOOD BANK

January 24, 2014

Dear Representative Seaton,

I am writing in support of HB 75 on behalf of the Kodiak Island Food Bank and the Kodiak Baptist Mission. Once again people will not have the opportunity to support Kodiak's Food Bank through the Pick Click Give Campaign. As you are aware non-profit organizations with receipts over \$250K are required to have a financial Audit to participate in this program. While we subject ourselves to a financial review to assure management and our donors that funds are being handled according to GAAP accounting principles, we have determined that an audit is an excessive assurance of this and an irresponsible use of donor funds.

Intentional or not, the present policy implemented by the State picks de facto winners and losers. Through Pick Click Give, the State is effectively endorsing (with tax dollars) some nonprofits over others because of a measure (the audit) that really isn't necessarily a good indicator of an organizations worthiness to be supported.

At the point that an organization has navigated the IRS approval process to be endorsed as a 501 © 3 it is fully qualified by the IRS to be a publicly supported organization. Further, to maintain that qualification it must file public documents such as the 990 offering significant insight into the workings of an organization. This raises the question who does it serve to have the State of Alaska add burdensome additions to this existent process?

We support your efforts as represented in HB 75 and encourage you to make every effort to see it through. We ask the State to end its practice of limiting donations to selective nonprofits and let the generous people of this State pick the causes they want to support.

Sincerely,

Trevor Jones
Executive Director



January 25, 2013

Representative Bob Lynn
State Affairs and Finance Committee
Alaska State Legislature
State Capitol, Room 108
Juneau, Alaska 99801-1182

Re: HB75; Contribution from PFD; Audits; University

Dear Chairman Lynn:

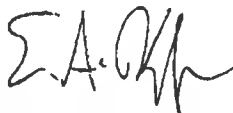
I am the president of the Juneau Community Foundation and I am writing to you regarding the above-referenced bill, which affects the Pick.Click.Give program. Although this program has been highly successful and is much appreciated, HB75, which is now before your committee, could make it even better. On behalf of the Juneau Community Foundation, I would therefore urge your committee to review and pass HB75.

One of the important provisions of the bill is a modification of the audit requirement presently contained in the law. Right now, the statute requires that any organization with a total budget greater than \$250,000.00 provide a full audit to the state as a precondition to participating in the Pick.Click.Give program. As defined in the statute, the term "budget" includes not just the operating budget but also all funds contributed to the affected charitable organization. This is a hardship for small organizations such as the Juneau Community Foundation, which has a small operating budget (about \$60,000 per year), and yet is subject to the audit requirement because of the generosity of our donors who make significant contributions.

We understand and appreciate the need for charities in the Pick.Click.Give program to be responsible and accountable. Nonetheless, we believe that the audit requirement is unnecessary and discourages worthwhile organizations from participating in this worthwhile program. Even without an audit, there are still a number of standards that a charity must meet in order to be qualified. Our Form 990 is filed every year with the IRS and is available for public review. In addition, the IRS has expanded reporting requirements in recent years to provide greater transparency.

For all of these reasons, we believe that there are adequate controls in place even without the requirement of an expensive and burdensome audit. Accordingly, we ask that you consider and approve of the changes proposed in HB75. Please let me know if you have any questions about our support for this bill. I would be glad to testify in front of the committee about the experience of our foundation if you believe that would be helpful.

Sincerely,

A handwritten signature in black ink, appearing to read "E.A. Kueffner", with a stylized flourish at the end.

Eric A. Kueffner
President

C: Rep. Paul Seaton

Greater Ketchikan Chamber of Commerce

2417 Tongass Ave., Ste. 223A
Ketchikan, AK 99901



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Tongass Federal Credit Union

Mary Wanzer
Vice President
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Alaska

Katherine Tatsuda
Tatsuda's IGA

Len Laurance
Inter-Island Ferry Authority

February 10, 2014

Kathleen Light, Executive Director
Ketchikan Area Arts & Humanities Council
330 Main St., Ketchikan, AK 99901

Dear Ms. Light

It is with enthusiasm that we write this letter to express the Greater Ketchikan Chamber of Commerce's support for the efforts being made by your organization and many others to have repealed certain audit requirements for non-profits participating in PICK. CLICK. GIVE. through the passage of HB 75.

The value to our community of non-profit organizations such as yours cannot be overstated, and it is essential that they receive the funding necessary to function. Participation in PICK. CLICK. GIVE. provides these bodies with an incredible fundraising opportunity, and audit requirements should not be so prohibitive as to make this option unviable. Citizen support for and private donations to organizations such as yours are integral to the functioning of a healthy economy. Allowing organizations access to this revenue is consistent with both the Chamber's mission of promoting a "healthy business climate" and its vision for "a quality of life which is attractive" to prospective citizens and investors.

We, along with the Chamber's Board of Directors, fully support the efforts of the Ketchikan Area Arts & Humanities Council as they encourage the Alaska State Legislature and Administration to alter the PICK. CLICK. GIVE. audit requirements through the passage of HB 75.

Sincerely,

Chelsea J. Goucher

Executive Director

Nancy Christian

President of the Board

Greater Ketchikan Chamber of Commerce
O: (907) 225-3184
C: (907) 220-2133
E: chelsea@ketchikanchamber.com

From: Mark Wohlgemuth [mailto:mwcpa@gci.net]
Sent: Saturday, January 25, 2014 1:02 PM
To: Heather Beggs
Cc: michelangelo@anchorageballet.org; 'Shane Mitchell'
Subject: Audit requirement for Pick Click and Give

As a CPA in Alaska that has 30 years of experience working with nonprofits, preparing 990 tax returns, and serving on board of directors, I wish to add my name to those wanting a review of the audit requirement.

For smaller entities, I don't believe an audit is necessary, cost effective, or beneficial. IRS Form 990 requirements and CPA ethic and professional due diligence requirements are actually probably more important for accurate understanding and useful information than to have audited financials (with the associated cost). My understanding, is that currently the average nonprofit pays about \$15,000 minimum for an audit. I believe this is an undue burden on smaller entities, just to have access to the PICK Click program.

Additionally, Form 990 returns are readily available to users on such sites as Guidestar, whereas audits are not publicly available. This makes the tax return much more useful for donors than to incur an audit.

From my experience, I do believe that self prepared 990's are not as accurate or useful as those prepared by a CPA, and therefore may be misleading to donors. May I suggest that a more useful rule (rather than an audit) is to have the 990 prepared and signed by a CPA with a current license in Alaska.

Regards

Mark Wohlgemuth

Certified Public Accountant

907-243-6116

907-243-6117 (fax)

mwcpa@gci.net

Gandhi "At the root of all conflict is an untruth"

PO Box 210948

Anchorage Ak 99521

4100 McLean Place



ANCHORAGE CONCERT CHORUS

January 22, 2014

Rep Paul Seaton
State Capital Room 102
Juneau, AK 99801

RE: Audit Requirements for Contributions from Pick, Click, Give

Dear Representative Seaton:

On behalf of myself, the membership of the Anchorage Concert Chorus (ACC), and other small not-for-profit organizations I'd like to thank you for your sponsorship of HB75 and encourage your fellow legislators to endorse it.

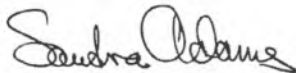
The Anchorage Concert Chorus is a membership organization with each member, not on scholarship, paying \$425 per year to rehearse and perform under the baton of conductor, Grant Cochran. The PCG program offers our members an opportunity to pay their fees and, at the same time, be encouraged to make additional donations to the Chorus and other organizations. We have obtained new donors through the program and appreciate that opportunity.

We have participated for three years and been unable to do so for at least one other year due to the audit requirement. We will be in that same situation for the 2015 year.

The Chorus receives a financial review every year but cannot justify the \$10,000 per year for an audit. I know there are many other organizations in our same situation. While I realize organizations need to be accountable, a full-blown audit seems excessive.

Thank you again for your efforts in bringing HB75 to the legislature. I hope the bill becomes law in time for us to participate in the 2015 program.

Sincerely,



Sandra Adams
Executive Director

Founded in 1947

PHONE 907-274-7464
FAX 563-5980

ARTISTIC DIRECTOR/
CONDUCTOR
Grant Cochran, D.M.A.

EXECUTIVE DIRECTOR
Sandy Adams

PRESIDENT
Melissa Schmidt

PRESIDENT-ELECT
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SECRETARY
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CORRESPONDING
SECRETARY
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Paul McGee
Lora Nordstrom
Lana Ramos
Megan Sandone
Anna Seitz
Pat Smith
Teena Woscek

CITY OF SEWARD

P.O. Box 167
410 Adams Street
Seward, Alaska 99664-0167



- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- City Clerk (907) 224-4046
- Community Development (907) 224-4049
- Utilities (907) 224-4050
- Fax (907) 224-4038

March 11, 2013

Honorable Representatives Seaton, Kawasaki and Thompson, and Members of the Finance Committee,

2013 is shaping up to be a record year for the Pick-Click-Give program. Nearly 20,000 Alaskans have contributed almost \$2 million for food and shelter for fellow Alaskans, aided families affected by domestic violence, rescued animals and many other causes. The program truly does make small gifts large, yet some small organizations that can provide meaningful local services are at present ineligible.

Currently, organizations with a total budget of \$250,000 or more are required to file an audited financial statement to be eligible, which in many cases would cost more than the donations they might receive through the Pick-Click-Give program.

Accountability can be maintained, and a broader choice of organizations to support can be presented to Permanent Fund recipients by adopting HB-75. This bill would allow smaller organizations: those with more than \$250,000 total budget but receiving less than \$500,000 in Federal finding, to substitute the already required IRS Form-990 for the audit requirement. This is a form anyone can access to determine if the organization meets not only the Federal requirements for non-profits, but their own personal standards as well.

The City of Seward supports the goal of enabling the Pick-Click-Give program to allow smaller deserving organizations providing important services at the local level to participate. We appreciate your bringing this bill forward, believe it to be in the best interests of the State, and urge adoption by the Legislature.

Sincerely,

A handwritten signature in black ink, appearing to read "David Seaward".

David Seaward,
Mayor

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 14-2540

A RESOLUTION OF THE CITY OF KETCHIKAN, ALASKA SUPPORTING HOUSE BILL 75, IN PART AN ACT REPEALING CERTAIN AUDIT REQUIREMENTS FOR ENTITIES RECEIVING CONTRIBUTIONS FROM PERMANENT FUND DIVIDENDS; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, Alaska Statute 43.23.062 allows for applicants from who file for the permanent fund dividend to direct donations that would be subtracted from the dividend payment and contributed to one or more of the organizations that appear on the contribution list contained in the application; and

WHEREAS, Alaska Statute 43.23.062(d)(8) requires such organizations to complete and provide a full annual audit with an unqualified opinion conducted by an independent certified public accountant; and

WHEREAS, small organizations are prohibited from participating in the permanent fund dividend contribution program due to the onerous financial burden of complying with the full annual audit provision; and

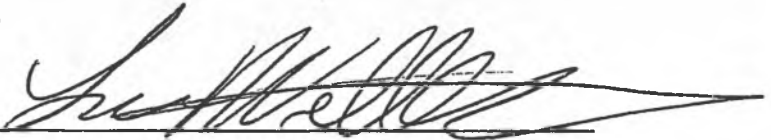
WHEREAS, the cost of such audits may well exceed the anticipated donations received through the permanent fund dividend contribution program.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

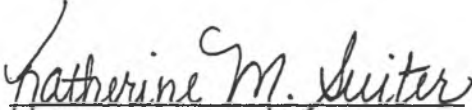
Section 1: The Council of the City of Ketchikan, Alaska supports House Bill 75, specifically relative to repealing certain audit requirements for entities receiving contributions from permanent fund dividends.

Section 2: This resolution shall become effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 20th day of February, 2014.


Lew Williams III, Mayor

ATTEST:


Katherine M. Suiter, City Clerk



Ketchikan Area Arts & Humanities Council

Creating and Promoting Opportunities for All Community Members to Experience the Arts

January 21, 2014

Representative Seaton –

On behalf of the Board of Directors of the Ketchikan Area Arts and Humanities Council (KAAHC), thank you for your efforts to correct the requirements for participation in the Pick.Click.Give. program, allowing all non-profit organizations in our State the ability to benefit.

Currently KAAHC is unable to participate in P.C.G. due to the financially onerous annual audit requirement of organizations with operating budgets of over \$250,000. The budget of KAAHC is \$350,000, and therefore we are not eligible for the program without a full, annual CPA prepared audit. In the Ketchikan area a full audit costs from \$12,000 to \$15,000. The cost of an annual audit exceeds anticipated donations received by P.C.G. and therefore does not merit an expenditure of as much as 4% of our budget.

Unfortunately in addition to being unable to receive donations from constituents through the P.C.G. program, there has been significant negative backlash not being included on the P.C.G. approved non-profit list. And the backlash is becoming more pronounce every year we are absent from the participant list. Many of our constituents have asked me questions such as, "Why aren't you in Pick.Click.Give.? Isn't the Arts Council a non-profit? What is wrong with the Arts Council that it can't participate?" Even though we have spent quite a bit of effort and time trying to educate our members, they still do not understand that our organization is restricted from participating due to the current onerous financial requirements of the annual audit requirement. It is difficult for our small organization to combat radio and TV ads stating all non-profits benefits from P.C.G., when in fact we can not afford to.

It is crucially important that the barrier of an annual audit requirement for participation be removed from the Pick.Click.Give. program, allowing all Alaskan non-profits to participate or at least not be adversely affected by the program.

Thank you for your efforts to make Pick.Click.Give. effective for all Alaskan non-profits and the people we serve.

Kathleen Light
Executive Director





STERLING AREA SENIOR CITIZENS

34453 Sterling Hwy., Sterling, Alaska 99872 (907) 262-6808 / Fax (907) 262-3883

January 22, 2013

Alaska State Representative Paul Seaton
345-Sterling Hwy
Homer, AK 99603

Dear Representative Seaton,

We at Sterling Area Senior Citizens, Inc. have just been informed of HB75 which would enable our Senior Center to apply for the Pick-Click-Give program that is so vigorously advertised across the state. We are presently in the same situation as the Seward Senior Center since we have just over a \$250,000 budget for the last couple of years and are now required to have a full audit at a cost of \$7-9000 which is prohibitive for our non-profit organization. It's a shame to punish those non-profits who are struggling to meet our operating expenses by putting an extra burden on them in order to be included in the PFD program.

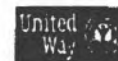
Please accept this letter as our support for the HB75 bill you are sponsoring. Feel free to share our opinion with other representatives as necessary while attempting to eliminate this audit requirement from 501 (c) 3 non-profit organizations.

Regards,

A handwritten signature in black ink, appearing to read "Mike McKinley", is written over a horizontal line.

Mike McKinley
Director
Sterling Senior Center
sterlingseniorcenter@alaska.net
907-262-6826

Cc: Senator Cathy Giessel





BIGGEST LITTLE SENIOR CENTER on the PENINSULA

NINILCHIK SENIOR CITIZENS, INC.
Phone: 907-567-3988

PO BOX 39422
seniors@ptialaska.net

Ninilchik, AK 99639-0422
Fax: 907-567-3988

January 22, 2013

Representative Paul Seaton
270 W. Pioneer Ave, Suite 102B
Homer, AK 99603

Dear Rep Seaton,

Last year we were unable to participate in the Pick. Click. Give program because our total operating budget was just over \$250,000. That meant we would need an expensive audit that would never be recouped by donations from the program. If the limit could be raised to \$500,000 many more charities could participate. Some people ask us why we were not participating. Their notions vary from poor management to us not needing the money. Those who ask are surprised we do not meet the state's criteria. Bad press all the way around.

Thank you for your efforts to remedy this problem through HB 75.

Sincerely,

Kathryn Kennedy
Director

January 22, 2014
Rep. Paul Seaton
State Capitol Room 102
Juneau, AK 99801

Re: HB 75 and Repeal of the Audit Requirements for Organizations to participate in Pick.Click.Give.

Dear Representative Seaton,

Several months ago, I was contacted by Sherri Burkhart Reddick of the Anchorage Symphony Orchestra (ASO), requesting a quote for a financial statement audit. When I talk to prospective clients, I try to take the time to understand why they are requesting services of me and the firm I work for, and what they hope to get out of the process. It was at this time that I became aware of the State of Alaska audit requirement surrounding the Pick.Click.Give program.

My discussion with Sherri indicated that the ASO is a well-run and financially conservative organization that supports a vital mission within Anchorage and Alaska in general. She shared with me some basic numbers about the size of the ASO and the cost involved with running it. Like many nonprofits, the ASO must make tough decisions that balance out the services offered to offer to the community with the costs associated to provide it. I get the impression that the ASO doesn't spend money where it shouldn't. Sherri then let me know how much money that organizations of similar size to the ASO have been receiving through the Pick.Click.Give program. I think the average was about \$7,500 a year. As you may have seen in other letters sent to your office, the quoted price for delivering a financial statement audit for an organization is easily as much as twice this amount. I ended up giving Sherri a quote that was similar to this, while simultaneously recommending that she not accept it.

While I understand that the state does not wish to risk having PFD money being channeled to poorly run organizations, it is clear that the requirement is unfairly burdensome on small organizations where the cost does not outweigh the benefit of receiving an audit. Further, the budget threshold requirement of \$250,000 is substantially lower than any other private, local, state, or Federal audit requirement that I am aware of. Common sense dictates that it would be imprudent and fiscally irresponsible to incur these additional costs so that the ASO or other organizations like it could participate in Pick.Click.Give. knowing that donations received through the program would likely fall short of covering the additional expenditure resulting in a net loss to the ASO.

As a practicing CPA, I support House Bill 75 and the repeal of the audit requirement for non-profits with budgets over \$250,000 to participate in the Pick. Click. Give. program.

Thank you for sponsoring HB 75 and for your efforts to make more of the services and programs of Alaska non-profits eligible to receive donations through Pick. Click. Give.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Fink', with a long horizontal flourish extending to the right.

Michael Fink, CPA
Anchorage, AK



ANCHORAGE
SYMPHONY
ORCHESTRA

January 22, 2014

Rep. Paul Seaton
State Capitol Room 102
Juneau, AK 99801

Re: HB 75 and Repeal of the Audit Requirements for Organizations to participate in Pick.Click.Give.

Dear Representative Seaton,

The Anchorage Symphony Orchestra strongly supports House Bill 75 and the repeal of the audit requirement for non-profits with budgets over \$250,000 to participate in the Pick. Click. Give. program.

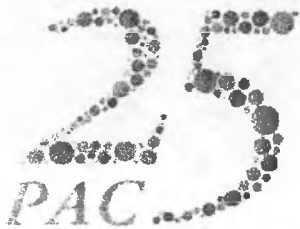
The Anchorage Symphony has not participated in Pick.Click.Give. since 2009 because we do not have annual audits. While we are not required to have audits by any local, state or federal agency, or any corporate or foundation donor, we do believe that it is good practice to have an independent CPA perform an annual review of our financial statements. The annual review and preparation of our 990 IRS report exceeds \$8,500; an annual audit would more than double that cost. We believe it would be imprudent and fiscally irresponsible to incur these additional costs so that we could participate in Pick.Click.Give. knowing that donations received through the program would likely fall short of covering the additional expenditure resulting in a net loss to our organization.

We understand that when Pick.Click.Give. was created it was thought that the audit requirement would provide for accountability, yet financial accountability is still maintained through the requirement of all Pick.Click.Give. recipients to annually file IRS Form 990.

Pick.Click.Give. is a meaningful program that encourages all Alaskans to be philanthropic and supports a variety of worthwhile causes throughout Alaska. It is becoming a "generosity movement" that is gaining in recognition, popularity and success. While this rise in public awareness is happening, some non-profits, who are not eligible to participate, find themselves excluded, adversely affected by community members and supporters assuming that the excluded non-profit is somehow "not in good standing."

Non-profits are also encouraged to advocate for Pick.Click.Give. and publicize the program on web pages, etc. While most if not all non-profits support the program, it is not rational to publicize and advocate for a program from which you are excluded. For those of us who are excluded, we are in the awkward position of appearing unsupportive.

400 D Street, Ste 230 Anchorage, AK 99501 | 907-274-8668
Fax: 907-272-7916 | ASO@YourASO.org | AnchorageSymphony.org



Gregory M. Carr,
25th Anniversary Honorary Chair

John Tracy,
25th Anniversary Chair

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Shane Langland, Vice Chair
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Jennifer Alexander, Past Chair
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Mary Ann Molitor
Henry Penney
Dick Rosston
Debby Sedwick
Katy Spangler
John Tracy

January 22, 2014

Rep. Paul Seaton
State Capital Room 102
Juneau, AK 99801

RE: Audit Requirements for Contributions from Pick, Click, Give

Dear Representative Seaton,

Pick, Click, Give (PCG) was conceived and initiated as a program to encourage Alaskans to make contributions to their favorite charitable organizations through their Permanent Fund Dividends. Over the short life of this program, its success is obvious. Unfortunately, many of our favorite charitable organizations are unable to benefit from access to these potential donors because of the onerous audit requirements. Organizations with smaller budgets just cannot afford to spend in excess of \$10,000 for this purpose alone.

The long-term success of PCG will come if all of our charitable organizations have access to the program. I strongly support HB75 and the removal of the audit requirement for non-profit organizations to participate in PCG.

Thank you for your efforts in bringing HB75 to the legislature. I look forward to the bill becoming law soon.

Sincerely,


NANCY HARBOUR
President

Note: The Alaska Center for the Performing Arts, Inc. is a non-profit, 501(c)3 organization with a budget of \$2.5M. We are required by our contractual obligation to the Municipality of Anchorage as the managers of the facility to have an annual audit which last year cost nearly \$18K. We participate in the PCG program and have received contributions since its inception.

ALASKA
CENTER
FOR THE
PERFORMING
ARTS
www.myalaskacenter.com/25

621 W. 6th Avenue
Anchorage, AK 99501
Phone: (907) 263-2900



ANCHORAGE OPERA

The Schuyler Opera Center

1507 Spar Avenue • Anchorage, AK 99501

907-279-2557 • AnchorageOpera.org

22 January 2014

Rep. Paul Seaton
State Capital Room 102
Juneau, AK 99801

Re: Audit Requirements for Contributions from Pick, Click, Give

Dear Representative Seaton,

On behalf of the Board of Directors of the Anchorage Opera, I strongly support HB 75 and the removal of the audit requirement for non-profit organizations to participate in the Pick, Click, Give program. If the audit requirement remains, Anchorage Opera will not be able to participate in the program as it would be irresponsible of our organization to spend up to \$10,000 annually on an audit, in order to receive \$2,000 - \$3,000 in donations. Additionally, exclusion from the Pick, Click, Give listing of statewide non-profits adversely affects our organization as donors assume there is something wrong with the organization because Anchorage Opera is not listed.

It is important to the long-term success of Pick, Click, Give that the all nonprofit organizations participate on a level playing field. HB 75 levels the field and does so while still allowing for all nonprofit organizations to be accountable.

Thank you for your efforts in bringing HB75 to the legislature. We look forward to the bill becoming law soon.

Sincerely,

Kevin Patterson
Executive Director

Alaska Statute 43.23.062

Sec. 43.23.062 Contributions from dividends.

(a) Notwithstanding AS 43.23.069, the Department of Revenue shall prepare the electronic Alaska permanent fund dividend application to allow an applicant who files electronically to direct that money be subtracted from the dividend payment and contributed to one or more of the educational organizations, community foundations, or charitable organizations that appear on the contribution list contained in the application. A contribution to an organization may be \$25, \$50, \$75, \$100, or more, in increments of \$50, up to the total amount of the permanent fund dividend that the applicant is entitled to receive. If the total amount of contributions elected by an applicant exceeds the amount of the permanent fund dividend that the applicant is entitled to receive, contributions shall be deducted from the dividend in the order of priority elected by the applicant on the application until the entire amount of the dividend that the applicant is entitled to receive is allocated for contribution. The electronic dividend application form must include notice that no money contributed will be used for administrative costs incurred in implementing this section, and money from the dividend fund will not be used for that purpose.

(b) The department shall list each campus of the University of Alaska and shall list each other educational organization, community foundation, or charitable organization eligible under (c) and (d) of this section on the contribution list. The department shall maintain an electronic database for the contribution list that is accessible to the public and that permits searches by organization name, geographic location, and type. The department shall provide a statement of the contributions made by an individual that is suitable for federal income tax purposes to each individual who elects to contribute under (a) of this section.

(c) The department may not include a charitable organization, other than a community foundation, on the contribution list for a dividend year unless the purpose of the charitable organization is to provide services for youth development, workforce development, arts and culture, aid and services to the elderly, low-income individuals, individuals in emergency situations, victims of crime, disabled individuals, individuals with mental illness, primary, vocational, and higher education, health and dental care, recreational facilities, child abuse and neglect, economic development, food assistance, libraries, public broadcasting, recycling of waste, animal rescue, and zoos. The department may not include on the contribution list an educational organization, community foundation, or charitable organization that is the affiliate of a group. For purposes of this subsection,

(1) "affiliate" means an organization or foundation that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, a group;

(2) "group" has the meaning given in AS 15.13.400(8)(B).

(d) Except for each campus of the University of Alaska, the department may include an educational organization, community foundation, or charitable organization on the contribution list for a current dividend year only if the organization

(1) before March 31 of the qualifying year, files an application for inclusion on the list for that dividend year on the form required by the department;

(2) is exempt from taxation under 26 U.S.C. 501(c)(3) (Internal Revenue Code) as an educational or a charitable organization on the date of application;

(3) was qualified for tax exempt status under 26 U.S.C. 501(c)(3) (Internal Revenue Code) as an educational or a charitable organization during the two calendar years that immediately precede the year the application is filed;

(4) unless exempted under federal law, has a current Internal Revenue Service Form 990 on file with the United States Department of the Treasury, Internal Revenue Service, or, if the Internal Revenue Service has granted a filing extension for the current year, has on file that form for the immediately preceding year;

(5) is directed by a voluntary board of directors or local advisory board, a majority of whose members are residents of the state;

(6) if a community foundation, provided in the state aid during the two calendar years that immediately precede the year the application is filed, or, if an education organization or charitable organization, provided in the state services during the two calendar years that immediately precede the year the application is filed;

(7) receives at least \$100,000 or five percent of its total annual receipts, whichever is less, from contributions;

(8) has completed and provided to the department a financial audit with an unqualified opinion conducted by an independent certified public accountant for the fiscal year to which the Internal Revenue Service Form 990 required under (4) of this subsection applies, or if the organization is exempted from filing Form 990, for the fiscal year of the organization that ended immediately before the current fiscal year; this paragraph applies only to an organization with a total annual budget that exceeds \$250,000 during the fiscal year to which the audit required under this paragraph applies; and

(9) does not make grants or contributions to an organization that is exempt from taxation under 26 U.S.C. 501(c)(4) or (6).

(e) Unless an appropriation specifically directs that the money be used for costs incurred in implementing this section, the department may not use money from the dividend fund for administrative costs incurred in implementing this section, even if it has been appropriated for costs of administering the dividend program. The department may not use money contributed under (a) of this section for administrative costs incurred in implementing this section. Contributions shall be distributed to each organization as soon as practicable.

(f) The department shall charge an application fee of \$250 for each educational organization, community foundation, or charitable organization that files an application under (d)

of this section. The application fees shall be separately accounted for under AS 37.05.142. The annual estimated balance in the account maintained under AS 37.05.142 for application fees collected under this subsection may be appropriated for costs of administering this section.

(g) The department may use an agent or enter into a contract for the implementation and operation of the contribution program under this section. Before executing a contract with a corporation or other organization, the organization must provide a copy of its policies and procedures to the department. A contract entered into under this subsection is exempt from AS 36.30 (State Procurement Code).

(h) A public agency that claims a dividend on behalf of an individual under AS 43.23.015(e) may not elect to make contributions from the dividend under (a) of this section.

(i) The department may adopt regulations under AS 44.62 (Administrative Procedure Act) to carry out the provisions of this section. Notwithstanding this subsection and other provisions of law, a state agency, including the department, may not adopt regulations or otherwise impose requirements or procedures on organizations to implement, interpret, make specific, or otherwise carry out the provisions of this section unless required by the federal government. If an organization disagrees with an action of the department under this section and requests an administrative hearing, the hearing shall be conducted by the office of administrative hearings (AS 44.64.010).

(j) By January 20 of each year, the department shall prepare a report identifying the organizations on the contribution list for the immediately preceding year, together with the amount of contributions made to each of the organizations, and shall notify the legislature that the report is available.

(k) A community foundation may not deposit contributions received under this section into a fund that would be included in the definition of a donor advised fund under 26 U.S.C. 4966(d)(2) (Internal Revenue Code).

(l) In this section, "community foundation" means a nonprofit, autonomous, philanthropic institution that is organized and operated primarily as a permanent collection of endowed funds for the long-term benefit of a defined geographic area within one or more municipalities, that has a long-term goal of increasing its permanent unrestricted charitable endowment to benefit the area served, that primarily provides benefits by making grants and may also provide other forms of charitable services, that makes grants that are not limited to providing one type of benefit or to serving one population segment, and that makes grants to multiple grantees.

Pick.Click.Give.

In May 2008, the 25th Alaska Legislature passed House Bill 166 that set up the PFD Charitable Contributions Program, or Pick.Click.Give. The law allows Alaskans filing for their PFD online to donate all or part of their dividend to the campuses of the University of Alaska, community foundations, and eligible charitable and educational organizations. After a three-year pilot project, Pick.Click.Give. is now a permanent part of the PFD program.

The program goal is to increase the dollars generated by individual giving and the number of new donors to nonprofit organizations. Pick.Click.Give. provides a way for donors to support organizations they care about.

The program is available to Alaskans who file on-line for their PFD. The on-line application has a list of eligible organizations, and people choose those to which they want to contribute. Individuals are able to direct from \$25 to the full dividend to eligible nonprofits.

The annual nonrefundable fee for eligible organizations to apply to be listed is \$250. 2011 marked the end of the subsidized support that was available during the three-year pilot for Pick.Click.Give, though private funding has continued to support outreach efforts.

Increasing individual charitable giving is the most effective way to create long-term sustainability for Alaska's nonprofits so they are able to carry out their missions in the community. Pick.Click.Give. provides a safe and secure way for Alaskans to make a contribution and help build sustainable organizations.

While the Alaska Department of Revenue has the ultimate responsibility for implementing the law, several other organizations assist.

- United Way of Anchorage (www.liveunitedanchorage.org) qualifies eligible organizations under the provisions of the law and disburses the donations to the organizations chosen by the donor.
- The Foraker Group (www.forakergroup.org) manages outreach to the Alaska nonprofit community, including support via phone, internet, mail, email and training sessions.
- The Rasmuson Foundation (www.rasmuson.org), along with a host of private and institutional funders, promotes a statewide media and communications campaign that encourages Alaskans to give through Pick.Click.Give.
- The Alaska Community Foundation (www.alaskacf.org) hosts the Pick.Click.Give. project fund for statewide marketing and outreach.

For more information, please visit www.pickclickgive.org

Note: Above information compiled from www.pickclickgive.org



Pick.Click.Give. Application

Application Instructions for 2014 Alaska Permanent Fund Dividend Charitable Contribution Program Under Alaska Statute 43.23.062

Please note: We encourage organizations to use the online application instead of this paper form. Using the online application allows you to input information and double check it before submitting the application. This step will reduce the change of data errors.

The State of Alaska has enacted legislation which allows Permanent Fund Dividend (PFD) recipients to direct a portion or all of their PFD to qualified educational or charitable organizations, or community foundations. Agencies wishing to be considered for inclusion on the list of qualified organizations for the 2012 PFD must timely submit this application and the required documentation. **Applications, payment and required documentation received or postmarked after March 31, 2013 will be denied.**

The application is not complete until a signature page, payment and non-electronic documents are **SUBMITTED BY MAIL**. Please follow all eight steps.

Required Documentation:

Your application will be denied if it is not complete or submitted without ALL of the required documentation.

- A complete application form (either print or the following online form).
- IRS 501(c)(3) tax exempt letter of notification.
- Audited financial statements: most recent, published, audited financial statements complete with auditors opinion letter if your organization's annual revenue budget exceeds \$250,000. The fiscal year of the financial statements should correlate with the year of the IRS Form 990.
- If required, IRS Form 990, 990EZ, or 990N (e-postcard) for the most recently completed fiscal year that ended prior to January 1, 2012. If the 990 / 990 EZ / 990N has not been completed for that fiscal year, provide the IRS granted extension plus the IRS 990 / 990EZ / 990N for the previous fiscal year.

Required Payment:

Each application must be accompanied by a **\$250 nonrefundable fee** paid by check or money order payable to the State of Alaska. The fee was established in law by the Alaska Legislature.

Application Submission

Your organization's complete application, required documentation, and fee payment must be received or postmarked no later than March 31, 2013. Mail or deliver your application and required documentation to:

Pick. Click. Give.
701 W. 8th Avenue, Suite 230
Anchorage, Alaska 99501

Incomplete applications, applications submitted without the required payment and documentation, or applications received or postmarked after March 31, 2013 will be denied and not be included on the list of qualified organizations for the 2014 PFD.

Contact Information

Name & EIN

* IRS Registered Name:
Punctuation and special characters are not allowed. Please use alpha and numeric characters only.

* Common Name:
If your organization is commonly known by an informal name other than the registered name, you may choose to list your organization on the PFD application by its common name. Please insert the exact way you want your organization listed (punctuation and special characters are not allowed, use alpha and numeric characters only).
If your common name is the same as your registered name, insert your registered name. Note: If the organization's common name is different than its registered name, your organization will be listed by only the common name.

* IRS EIN:

Mailing Address (Headquarters or Main Office)

* Mailing Addr: * City:
* Mailing State: * Zip:

Physical Address (Headquarters or Main Office)

* Physical Addr: * City:
* Physical State: * Zip:

Please check this box if you would like your physical address to be omitted from the pickclickgive website which is used to educate users about the program.

Primary Contact Information

* First Name: * Last Name:
* Email: Title:
* Phone: Fax:
Web URL:

Type & Applicable Programs

Organization Type

1. Please select one proper organization type. Note that a Community Foundation is defined by law (1 ch 41 SLA 2008) as a "nonprofit, autonomous, philanthropic institution that is organized and operated primarily as a permanent collection of endowed funds for the long-term benefit of a defined geographic area within one or more municipalities, that has a long-term goal of increasing its permanent unrestricted charitable endowment to benefit the area served, that primarily provides benefits by making grants and may also provide other forms of charitable services, that makes grants that are not limited to providing one type of benefit or to serving one population segment, and that makes grants to multiple grantees."

- Community Foundation
- Educational Organization
- Charitable Organization

Applicable Programs

2. If a "charitable" or "educational" organization, does your organization actually provide in Alaska one or more of the following programs, aids, or services? Program, aids, or services means an activity or system of activities, other than solely providing funding or financial support.

- Not Applicable
- YES
- NO If NO, STOP - Your organization does not qualify.

If you answered yes above, please check only the applicable active program(s) your organization provides below.

- | | |
|---|---|
| <input type="checkbox"/> Aids and Services to Individuals in Emergency Situations | <input type="checkbox"/> Aids and Services to Individuals with Mental Illness |
| <input type="checkbox"/> Aids and Services to Disabled Individuals | <input type="checkbox"/> Aids and Services to the Elderly |
| <input type="checkbox"/> Aids and Services to the Low Income | <input type="checkbox"/> Aids and Services to Victims of Crime |
| <input type="checkbox"/> Animal Rescue | <input type="checkbox"/> Arts and Culture |
| <input type="checkbox"/> Child Abuse and Neglect | <input type="checkbox"/> Economic Development |
| <input type="checkbox"/> Food Assistance | <input type="checkbox"/> Health and Dental Care |
| <input type="checkbox"/> Libraries | <input type="checkbox"/> Primary, Vocational, or Secondary Education |
| <input type="checkbox"/> Public Broadcasting | <input type="checkbox"/> Recreational Facilities |
| <input type="checkbox"/> Recycling of Waste | <input type="checkbox"/> Workforce Development |
| <input type="checkbox"/> Youth Development | <input type="checkbox"/> Zoo |

3. Did your organization provide programs, aids, or services in Alaska during the entire calendar years ending December 31, 2011 and 2012?

- YES
- NO If NO, STOP - Your organization does not qualify.

Qualify Questions

1. Does your organization make unrestricted grants or contributions from unrestricted funding to any organization(s) exempt from taxation under 26 U.S.C. 501(c)(4) or (6)?

- YES If YES, STOP - Your organization does not qualify.
 NO

2. Is your organization directed by a voluntary (not paid) board of directors or local Alaska advisory board?

- YES
 NO If NO, STOP - Your organization does not qualify.

3. Is the majority of your organization's board members or local advisory board Alaska residents (more than 50% of board members)?

- YES
 NO If NO, STOP - Your organization does not qualify.

4. Has at least \$100,000 or 5% of your organization's annual receipts (whichever number is less) come from charitable contributions (i.e. individuals, foundations, corporations, businesses)?

- YES
 NO If NO, STOP - Your organization does not qualify.

5. Is your organization today and has your organization been exempt from federal taxation under 26 U.S.C. 501(c)(3) for the two preceding calendar years (2010 and 2011)?

- YES If YES, you must provide a copy of the IRS 501(c)(3) tax exempt letter of notification.
 NO If NO, STOP - Your organization does not qualify.

6. If your organization's annual revenue budget exceeds \$250,000, your financial statements need to be audited by an independent certified public accountant (CPA) and receive an "unqualified" audit opinion. Please note, a "Review" by a CPA or financial statements prepared by a CPA does not satisfy this requirement. Does your organization's annual revenue budget exceed \$250,000?

- YES If YES, you must provide your most recent "unqualified" audited financial statements for your most recent fiscal year in the documents section. The fiscal year reported on your audited statements should agree with the fiscal year of your current IRS Form 990, 990-EZ, or 990-N. *If your financial statements are not audited, STOP - Your organization does not qualify.* If the organization's most recent fiscal year ended on December 31, 2011, and the audit is not complete, submit the prior year's audited financial statement.
 NO

7. Is your organization exempt from filing an IRS form 990, 990-EZ, or 99-N? Please refer to the instructions for IRS Form 990, page six for a list of tax-exempt organizations that are also exempt from filing an IRS Form 990, 990-EZ, or 99-N.

- YES
 NO If YES, you must provide the most recently completed and current version of IRS Form 990, IRS Form 990-EZ or IRS Form 990-N in the documents section.

Additional Locations (Optional)

Qualified organizations will be listed on the on-line PFD application on a comprehensive list of all qualified organizations. Your organization will be listed in the location that corresponds to the physical address of your headquarters or main office in Alaska.

PFD applicants can also search for qualified organizations by organization name, type of services, and geographic location (city, town, or village) in which an organization physically operates and provides qualifying program, aids, or services.

If you also want your organization to be listed in additional locations where your organization is physically located and maintains an ongoing operation that provides a qualifying program, aids, or services, please provide one physical address in each location (city, town, or village). Physical addresses must be given; post office box addresses will be not accepted.

Provide only one (1) address in each location (city, town, or village) where qualifying services are actively provided in Alaska. Physical Address Only (No P.O. Box).
For example if your organization has multiple offices in Anchorage, you must choose one location. If your organization has offices in multiple cities, towns and villages, each location can be listed.

Street Address	City	Zip
<input type="text"/>	<input type="text"/>	AK <input type="text"/>
<input type="text"/>	<input type="text"/>	AK <input type="text"/>
<input type="text"/>	<input type="text"/>	AK <input type="text"/>
<input type="text"/>	<input type="text"/>	AK <input type="text"/>
<input type="text"/>	<input type="text"/>	AK <input type="text"/>

Documents

IRS 501(c)(3) Tax Exempt Letter

NOTE - All organizations that are or have been exempt from federal taxation under 26 U.S.C. 501(c)(3) for the two preceding calendar years you must provide a copy of the IRS 501(c)(3) tax exempt letter of notification.

Audited Financial Statements

NOTE: If your organization's annual revenue budget exceeds \$250,000, your financial statements need to be audited by an independent certified public accountant (CPA) and receive an "unqualified" audit opinion. Please note, a "Review" by a CPA or financial statements prepared by a CPA does not satisfy this requirement. Provide your most recent "unqualified" audited financial statements for your most recent fiscal year. The fiscal year reported on your audited statements should agree with the fiscal year of your current IRS Form 990, 990-EZ, or 990-N. **If your financial statements are not audited, STOP - your organization does not qualify.** If the organization's most recent fiscal year ended on December 31, 2012, and the audit is not complete, submit the prior year's audited financial statement.

IRS Form 990, 990EZ, or 99N

NOTE: If your organization is not exempt from filing an IRS form 990, 990-EZ, or 99-N your must provide the most recently completed and current version of one of the following depending on which form you are required or elected to file with the IRS:

Submit **one** of the following:

- IRS Form 990 - *Submit a copy of page 1*
- IRS Form 990-EZ - *Submit a copy of the entire form*
- IRS Form 990-N - *Submit a copy of the on-line filing confirmation*

IRS Approved Extension

NOTE: If your fiscal year ended on or before October 31, 2012, and you have not filed an IRS Form 990, 990-EZ, or 990N for that year, you must also submit a copy of the IRS approved extension to file the IRS Form 990, 990-EZ, or 990N. *If your most recently filed IRS Form 990, 990-EZ, or 990-N is for your fiscal year that ended on or prior to March 31, 2012, then you do not have a current tax return on file with the IRS. Failure to file a current return with the IRS renders your organization ineligible for this program.*

Certification

Thank you for completing the application for your organization. Please have the Board Chairperson and Chief Executive Officer read and sign the certification below. Two separate officers of the organization are required to read and sign the certification below. Preferably the board chair and the organization's chief executive however, in the absence of either, a second board member is appropriate.

Applications must be received no later than March 31, 2013. Please deliver application to:

Pick. Click. Give.
701 W. 8th Avenue, Suite 230
Anchorage, Alaska 99501

Double check that the following is included:

1. **IRS 501(c)(3) Tax Exempt Letter**
All organizations that are or have been exempt from federal taxation under 26 U.S.C. 501(c)(3) for the two preceding calendar years you must provide a copy of the IRS 501(c)(3) tax exempt letter of notification.
2. **Audited Financial Statements**
If your organization's annual revenue budget exceeds \$250,000, your financial statements need to be audited by an independent certified public accountant (CPA) and receive an "unqualified" audit opinion. Please note, a "Review" by a CPA or financial statements prepared by a CPA does not satisfy this requirement. Provide your most recent "unqualified" audited financial statements for your most recent fiscal year. The fiscal year reported on your audited statements should agree with the fiscal year of your current IRS Form 990, 990-EZ, or 990-N.
3. **IRS Form 990, 990EZ, or 990N or IRS granted extension**
IRS Form 990, 990EZ, or 990N (e-postcard) for the most recently completed fiscal year that ended prior to January 1, 2012. If the 990 / 990 EZ / 990N has not been completed for that fiscal year, provide the IRS granted extension plus the IRS 990 / 990EZ / 990N for the previous fiscal year.
4. **Certification**
Please have the Board Chairperson and Chief Executive read and sign the certification statement at the bottom of this page.
5. **Required Payment**
Each application must be accompanied by a **\$250 nonrefundable fee** paid by check or money order payable to the State of Alaska. Please note that the increased fee marks the end of the subsidized support during the pilot phase. The fee was established in law by the legislature.

I certify that the information I am supplying on and with this form is true and correct.

This certification was executed on: _____ in _____, AK.

Certification #1 Printed Name

Certification #2 Printed Name

Certification #1 Signature

Certification #2 Signature