

TABLE T810: T&E Substantiation Requirements^a

Element to Be Proved	For Travel Expenses	For Entertainment Expenses	For Business Gift Expenses
Amount	Amount of each separate expense for transportation, lodging, and meals unless per diem rate used. ^b Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.	Amount of each separate expense. ^b Incidental expenses, such as taxis, telephones, etc., may be totaled on a daily basis.	Cost of gift.
Time	Date taxpayer left and returned for each trip, and number of days for business.	Date of entertainment or use of a facility for entertainment. For entertainment directly before or after a business discussion, the time spent discussing business.	Date of gift.
Place	Name of city or other designation.	Name and address or designation of place or use of a facility for entertainment. Type of entertainment if not otherwise apparent. Location of business discussion if entertainment is directly before or after a business discussion.	Not applicable.
Description	Not applicable.	Not applicable.	Description of gift.
Business Purpose	Business reason for travel, or nature of business benefit gained or expected to be gained from travel.	Business reason or nature of business benefit gained or expected to be gained from the entertainment. Nature of business discussion or activity.	Business reason for making the gift, or nature of business benefit gained or expected to be gained.
Business Relationship	Not applicable.	Occupations or other information—such as names or other designations—about persons entertained that show their business relationship to taxpayer. If all people entertained did not participate in business discussion, identify those who did.	Occupation or other information—such as name or other designation—about recipient that shows business relationship to taxpayer.

Notes:

^a See Key Issue 12A for coverage of travel and entertainment expense substantiation requirements; Temp. Reg. 1.274-5T.

^b Written receipt required for all lodging expenses and other T&E expenses in excess of \$75.

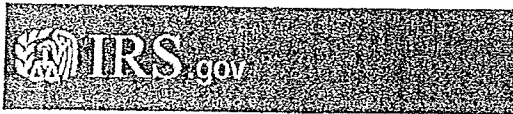
LANSDALE BOROUGH
 PROCUREMENT ANALYSIS SCHEDULE
 INDEPENDENT CONTRACTORS NOT ISSUED 1099s

<u>VENDOR #</u>	<u>VENDOR NAME</u>	<u>Total Payments by Year</u>			<u>Non-Corporation</u>		
		2007	2008	2009	W-9	>600	1099 ICA*
3236	Arlie Huff	-0-	-0-	600	-	X	X
2097	Bush Designs	-0-	4,340	-0-	-	X	-
1885	FL Bollinger & Sons	9,999	-0-	-0-	-	X	-
1246	Forest Cleaning Services	9,757	25,859	24,329	-	X	X
2412	Herb's Janitorial Service	21,538	2,474	-0-	-	X	-
3004	John Clark	-0-	-0-	1,000	-	X	-
2722	Wheatley & Ranquist	194,216	32,606	75,499	-	X	-

* ICA refers to an Independent Contractor Agreement

-- Document Required, Not Available

A Guide to Information Returns



A Guide to Information Returns

Introduction

The Information Reporting Program Website is designed to help you meet your Information Reporting Requirements. Included are help-line telephone numbers and direct links to aid you in reporting information returns. You will also find information about how to file returns electronically.

What is an Information Return?

An information return is a tax document businesses are required to file to report certain business transactions to the Internal Revenue Service (IRS). The requirement to file Information Returns is mandated by the Internal Revenue Service and associated regulations.

Who must file Information Returns?

Any person, including a corporation, partnership, individual, estate, and trust, who make reportable transactions during the calendar year must file information returns to report those transactions to the IRS. Persons required to file Information Returns to the IRS must also furnish statements to the recipients of the income. Filers who have 250 or more must file these returns electronically.

Types of Payments

Below is an alphabetical list of some payments and the forms to file and report them. However, it is not a complete list of all payments, and the absence of a payment from the list does not indicate that the payment is not reportable. For information on a specific type of payment, see the separate instructions for the form(s) listed.

Type of Payment	Report on Form
Abandonment	1099-A
Accelerated death benefits	1099-LTC
Acquisition	1099-A
Advance earned income credit	W-2
Agriculture payments	1099-G
Allocated tips	W-2
Annuities	1099-R
Attorneys' fees and gross proceeds	1099-MISC
Auto reimbursements: Employee	W-2
Auto reimbursements: Nonemployee	1099-MISC
Awards: Employee	W-2
Awards: Nonemployee	1099-MISC
Barter exchange income	1099-B
Bonuses: Employee	W-2
Bonuses: Nonemployee	1099-MISC
Broker transactions	1099-B
Cancellation of debt	1099-C
Capital gain distributions	1099-DIV
Car expense: Employee	W-2
Car expense: Nonemployee	1099-MISC
Charitable gift annuities	1099-R
Commissions: Employee	W-2
Commissions: Nonemployee	1099-MISC
Commodities transactions	1099-B
Compensation: Employee	W-2
Compensation: Nonemployee	1099-MISC
Crop insurance proceeds	1099-MISC
Damages	1099-MISC
Death benefits	1099-R
Death benefits: Accelerated	1099-LTC
Debt cancellation	1099-C
Dependent care payments	W-2
Direct rollovers	1099-R, 5498
Direct sales of consumer products for resale	1099-MISC
Directors' fees	1099-MISC
Discharge of indebtedness	1099-C
Dividends	1099-DIV
Education IRA contributions	5498
Education IRA distributions	1099-R

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Education loan interest	1098-E
Employee business expense Reimbursement	W-2
Employee compensation	W-2
Excess deferrals, excess contributions, distributions of	1099-R
Fees: Employee	W-2
Fees: Nonemployee	1099-MISC
Fishing boat crew members proceeds	1099-MISC
Fish purchases for cash	1099-MISC
Foreclosures	1099-A
Foreign persons U.S source income	1042-S
401(k) contributions	W-2
404(k) dividend	1099-DIV
Gambling winnings	W-2G
Golden parachute: Employee	W-2
Golden parachute: Nonemployee	1099-MISC
Grants, taxable	1099-G
Health care services	1099-MISC
Income tax refunds, state and local	1099-G
Indian gaming profits paid to tribal members	1099-MISC
Interest income	1099-INT
Interest, mortgage	1098
IRA contributions	5498
IRA distributions	1099-R
Life insurance contract distributions	1099-R, 1099-LTC
Liquidation, distributions in	1099-DIV
Loans, distribution from pension plan	1099-R
Long-term care benefits	1099-LTC
Medical savings accounts: Contributions	5498-MSA
Medical savings accounts: Distributions	1099-MSA
Medicare+ Choice Medical Savings Accounts: Contributions	5498-MSA
Medicare+ Choice Medical Savings Accounts: Distributions	1099-MSA
Medical services	1099-MISC
Mileage: Employee	W-2
Mileage: Nonemployee	1099-MISC
Military retirement	1099-R
Mortgage interest	1098
Moving expense	W-2
Nonemployee compensation	1099-MISC
Nonqualified plan distribution	W-2
Nonqualified plan distribution: Beneficiaries	1099-R
Original issue discount (OID)	1099-OID
Patronage dividends	1099-PATR
Pensions	1099-R
Points	1098
Prizes: Employee	W-2
Prizes: Nonemployee	1099-MISC
Profit-sharing plan	1099-R
PS 58 costs	1099-R
Punitive damages	1099-MISC
Qualified plan distributions	1099-R
Qualified state tuition program payments	1099-G
Real estate transactions	1099-S
Recharacterized IRA contributions	1099-R, 5498
Refunds, state and local tax	1099-G
Rents	1099-MISC
Retirement	1099-R
Roth conversion IRA contributions	5498
Roth conversion IRA distributions	1099-R
Roth IRA contributions	5498
Roth IRA distributions	1099-R
Royalties	1099-MISC
Timber, pay-as-cut contract	1099-S
Sales: Real estate	1099-S
Sales: Securities	1099-B
Section 1035 exchange	1099-R
SEP contributions	W-2, 5498
SEP distributions	1099-R
Severance pay	W-2

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Sick pay	W-2
SIMPLE contributions	W-2, 5498
SIMPLE distributions	1099-R
Student loan interest	1098-E
Substitute payments in lieu of dividends or tax-exempt interest	1099-MISC
Supplemental unemployment	W-2
Tax refunds, state and local	1099-G
Tips	W-2
Tuition	1098-T
Unemployment benefits	1099-G
Vacation allowance: Employee	W-2
Vacation allowance: Nonemployee	1099-MISC
Wages	W-2

Guide to Information Returns.

An Information Return Guide is provided with a list of all the information returns and what is reported on them. 250 or more of any one type of these forms require electronic or magnetic media filing with IRS.

Form	Title	What to Report	Amounts to Report	Due Date to IRS	Due Date to Recipient (unless indicated otherwise)
1042-S	Foreign Person's U.S. Source Income Subject to Withholding	Payments subject to withholding under Chapter 3 of the Code, including interest, dividends, royalties, pensions and annuities, gambling winnings, and compensation for personal services.	All amounts, except \$10 or more for interest on U.S. deposits paid to Canadian nonresident aliens.	March 15	March 15
1098	Mortgage Interest Statement	Mortgage interest (including points) you received in the course of your trade or business from individuals and reimbursements of overpaid interest.	\$600 or more	February 28	(To Payer/Borrower) January 31
1098-E	Student Loan Interest Statement	Student loan interest received in the course of your trade or business.	\$600 or more	February 28	January 31
1098-T	Tuition Payments Statement	Qualified tuition and related expenses, reimbursements or refunds, and scholarships or grants (optional).	See instructions	February 28	January 31
1099-A	Acquisition or Abandonment of Secured Property	Information about the acquisition or abandonment of property that is security for a debt for which you are lender.	All amounts	February 28	(To borrower) January 31
1099-B	Proceeds from Broker and Barter Exchange Transactions	Sales or redemptions of securities, futures transactions, commodities, and barter exchange transactions.	All amounts	February 28	January 31
1099-C	Cancellation of Debt	Cancellation of a debt owed to a financial institution, the Federal government, a credit union, RTC, FDIC, NCUA, a military department, the U.S. Postal Service, the Postal Rate Commission, or any organization having a significant trade or business of lending money.	\$600 or more	February 28	January 31
1099-Div	Dividends and Distributions	Distributions, such as dividends, capital gain distributions, or nontaxable distributions, that were paid on stock, and liquidation distributions.	\$10 or more, except \$600 or more for liquidations	February 28	January 31
1099-G	Certain Government and Qualified State Tuition Program Payments	Unemployment compensation, state and local income tax refunds, agricultural payments, taxable grants, and earnings from a qualified state tuition program (QSTP).	Any amount for a QSTP; \$10 or more for refunds and unemployment; \$600 or more for all others.	February 28	January 31
1099-INT	Interest Income	Interest Income.	\$10 or more (\$600 or more in some cases)	February 28	January 31
1099-LTC	Long Term Care and Accelerated Death Benefits	Payments under a long term care insurance contract and accelerated death benefits paid under a life	All amounts	February 28	January 31

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		insurance contract or by a viatical settlement provider.			
1099-MISC	Miscellaneous Income (Also, use this form to report the occurrence of direct sales of \$5000 or more of consumer goods for resale.)	Rent or royalty payments; prizes or awards that are not for services, such as winnings on TV or radio shows. Payments to crew-members by owners or operators of fishing boats including payments of proceeds from sale of catch. Payments to a physician, physician's corporation, or other supplier of health or medical services. Issued mainly by medical assistance programs or health and accident insurance plans. Payments for services performed for a trade or business by people not treated as its employees. Example: fees to subcontractors or directors, and golden parachute payments. Fish purchases paid in cash for resale. Substitute dividend and tax-exempt interest payments reportable by brokers Crop Insurance proceeds Gross Proceeds paid to attorneys	\$600 or more, except \$10 or more for royalties All amounts \$600 or more \$600 or more \$600 or more \$10 or more \$600 or more All amounts	February 28	January 31
1099-MSA	Distributions From an MSA or Medicare+Choice MSA	Distributions from a medical savings account (MSA) or Medicare+Choice MSA	All amounts	February 28	January 31
1099-OID	Original Issue Discount	Original Issue Discount	\$10 or more	February 28	January 31
1099-PATR	Taxable Distributions Received From Cooperatives	Distributions from cooperatives to their patrons.	\$10 or more	February 28	January 31
1099-R	Distributions From Pensions, Annuities, Retirement or Profit-sharing Plans, IRAs, Insurance Contracts, Etc.	Distributions from retirement or profit-sharing plans, any IRA, or insurance contracts, and IRA recharacterizations.	\$10 or more	February 28	January 31
1099-S	Proceeds From Real Estate Transactions	Gross proceeds from the sale or exchange of real estate	Generally, \$600 or more	February 28	January 31
4789	Currency Transaction Report	Each deposit withdrawal, exchange or currency, or other payment or transfer by, through, or to financial institutions (other than casinos)	Over \$10,000	15 days after date of transaction	
5471	Information Return of U.S. Persons With Respect To Certain Foreign Corporations	U.S. Persons who are officers, directors, or shareholders in certain foreign corporations report information required by sections 6035, 6038, and 6046 and to compute income from controlled foreign corporations under sections 951-964.	See form instructions	Due date of income tax return	None
5472	Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business	Transactions between a 25% foreign-owned domestic corporation or a foreign corporation engaged in a trade or business in the United States and a related party as required by sections 6038A and 6038C.	See form instructions	Due date of income tax return	None
5498	IRA Contribution Information	Contributions (including rollover contributions) to any individual retirement arrangement (IRA) including SEP, SIMPLE, Roth IRA, and Ed IRA; Roth conversions; IRA recharacterizations; and the fair market value of the account.	All amounts	May 31	(To Participant) For value of account and for education IRA contributions, January 31; for all other contributions, May 31
5498-MSA	MSA or Medicare+Choice	Contributions to a medical savings account (MSA) and the fair market	All amounts	May 31	(To Participant) May 31

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	MSA Information	value of an MSA or Medicare+ Choice MSA.			
8027	Employer's Annual Information Return of Tip Income and Allocated Tips	Receipts from large food or beverage operations, tips reported by employees, and allocated tips	See separate instructions	Last day of February	Allocated tips are shown on Form W-2, due January 31
8300	Report of Cash Payments Over \$10,000 Received in a Trade or Business	Payments in cash (including certain monetary instruments) or foreign currency received in one transaction, or two or more related transactions, in the course of a trade or business. Does not apply to banks and financial institutions filing Form 4789, and casinos that are required to report such transactions of Form 8362, Currency Transaction Report by Casinos, or, generally, to transactions outside the United States.	Over \$10,000	15 days after date of transaction	(To Payer) January 31
8308	Report of a Sale or Exchange of Certain Partnership Interests	Sale or exchange of a partnership interest involving unrealized receivables or inventory items.	(Transaction only)	Generally attach to Form 1065 or 1065-B	(To Transferor and Transferee) January 31
W-2G	Certain Gambling Winnings	Gambling winnings from horse racing, dog racing, jai alai, lotteries, keno, bingo, slot machines, sweepstakes, wagering pools, etc.	Generally, \$600 or more; \$1,200 or more from bingo or slot machines; \$1,500 or more from keno	February 28	January 31
926	Return by a U.S. Transferor of Property to a Foreign Corporation	Transfers of property to a foreign corporation and to report information under section 6038B.	See form instructions	Attach to tax return	None
W-2	Wage and Tax Statement	Wages, tips, other compensation; social security, Medicare, withheld income taxes; and advance earned income credit (EIC) payments. Include bonuses, vacation allowances, severance pay, certain moving expense payments, some kinds of travel allowances, and third-party payments of sick pay.	See separate instructions	To SSA Last day of February	January 31
TD F 90-22.1	Report of Foreign Bank and Financial Accounts	Financial interest in or signature or other authority over a foreign bank account, securities account, or other financial account.	Over \$10,000	To Treasury Dept. June 30	None

Instructions for Form 1099-MISC (2010)

Box 7. Nonemployee Compensation

Enter nonemployee compensation of \$600 or more. Include fees, commissions, prizes and awards for services performed as a nonemployee, other forms of compensation for services performed for your trade or business by an individual who is not your employee, and fish purchases for cash. Include oil and gas payments for a working interest, whether or not services are performed. Also include expenses incurred for the use of an entertainment facility that you treat as compensation to a nonemployee. Federal executive agencies that make payments to vendors for services, including payments to corporations, must report the payments in this box. See Rev. Rul. 2003-66, which is on page 1115 of Internal Revenue Bulletin 2003-26 at www.irs.gov/pub/irs-irbs/irb03-26.pdf.

What is nonemployee compensation? If the following four conditions are met, you must generally report a payment as nonemployee compensation.

- You made the payment to someone who is not your employee;
- You made the payment for services in the course of your trade or business (including government agencies and nonprofit organizations);
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation; and
- You made payments to the payee of at least \$600 during the year.

Self-employment tax. Generally, amounts reportable in box 7 are subject to self-employment tax. If payments to individuals are not subject to this tax and are not reportable elsewhere on Form 1099-MISC, report the payments in box 3. However, report section 530 (of the Revenue Act of 1978) worker payments in box 7.

Examples. The following are some examples of payments to be reported in box 7.

- Professional service fees, such as fees to attorneys (including corporations), accountants, architects, contractors, engineers, etc.
- Fees paid by one professional to another, such as fee-splitting or referral fees.
- Payments by attorneys to witnesses or experts in legal adjudication.
- Payment for services, including payment for parts or materials used to perform the services if supplying the parts or materials was incidental to providing the service. For example, report the total insurance company payments to an auto repair shop under a repair contract showing an amount for labor and another amount for parts, if furnishing parts was incidental to repairing the auto.
- Commissions paid to nonemployee salespersons that are subject to repayment but not repaid during the calendar year.
- A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see Pub. 15-A.
- Payments to nonemployee entertainers for services. Use Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, for payments to nonresident aliens.
- Exchanges of services between individuals in the course of their trades or businesses. For example, an attorney represents a painter for nonpayment of business debts in exchange for the painting of the attorney's law offices. The amount reportable by each on Form 1099-MISC is the FMV of his or her own services performed. However, if the attorney represents the painter in a divorce proceeding, this is an activity that is unrelated to the painter's trade or business. The attorney must report on Form 1099-MISC the value of his or her services. But the painter need not report on Form 1099-MISC the value of painting the law offices because the work is in exchange for legal services that are separate from the painter's business.
- Taxable fringe benefits for nonemployees. For information on the valuation of fringe benefits, see Pub. 15-B, Employer's Tax Guide to Fringe Benefits.
- Gross oil and gas payments for a working interest.
- Payments to an insurance salesperson who is not your common law or statutory employee. See Pub. 15-A for the definition of employee. However, for termination payments to former insurance salespeople, see page 4.
- Directors' fees as explained under *Directors' fees* on page 3.
- Commissions paid to licensed lottery ticket sales agents as explained under *Commissions paid to lottery ticket sales agents* on page 3.
- Payments to section 530 (of the Revenue Act of 1978) workers. See the *TIP* on page 3.
- Fish purchases for cash. See *Fish purchases* on page 2.

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no.		1 Rents	OMB No. 1545-0115		Miscellaneous Income Copy B For Recipient
		\$	2010 Form 1099-MISC		
		2 Royalties			
PAYER'S federal identification number		\$	4 Federal income tax withheld	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
		3 Other income	\$		
RECIPIENT'S identification number		5 Fishing boat proceeds	6 Medical and health care payments	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		\$	\$		
		7 Nonemployee compensation	8 Substitute payments in lieu of dividends or interest		
		\$	\$		
Account number (see instructions)		9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	10 Crop insurance proceeds		
15a Section 409A deferrals		\$	\$		
		11	12		
15b Section 409A income		13 Excess golden parachute payments	14 Gross proceeds paid to an attorney	This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
\$		\$	\$		
		16 State tax withheld	17 State/Payer's state no.		
\$		\$	\$	\$	

Form **1099-MISC**

(keep for your records)

Department of the Treasury - Internal Revenue Service

Instructions for Recipient

Recipient's identification number. For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), or adoption taxpayer identification number (ATIN). However, the issuer has reported your complete identification number to the IRS and, where applicable, to state and/or local governments.

Account number. May show an account or other unique number the payer assigned to distinguish your account.

Amounts shown may be subject to self-employment (SE) tax. If your net income from self-employment is \$400 or more, you must file a return and compute your SE tax on Schedule SE (Form 1040). See Pub. 334 for more information. If no income or social security and Medicare taxes were withheld and you are still receiving these payments, see Form 1040-ES. Individuals must report these amounts as explained in the box 7 instructions on this page. Corporations, fiduciaries, or partnerships must report the amounts on the proper line of their tax returns.

Form 1099-MISC incorrect? If this form is incorrect or has been issued in error, contact the payer. If you cannot get this form corrected, attach an explanation to your tax return and report your income correctly.

Boxes 1 and 2. Report rents from real estate on Schedule E (Form 1040). However, report rents on Schedule C or C-EZ (Form 1040) if you provided significant services to the tenant, sold real estate as a business, rented personal property as a business, or you and your spouse elected to be treated as a qualified joint venture. Report royalties from oil, gas, or mineral properties on Schedule E (Form 1040). However, report payments for a working interest as explained in the box 7 instructions. For royalties on timber, coal, and iron ore, see Pub. 544.

Box 3. Generally, report this amount on the "Other income" line of Form 1040 and identify the payment. The amount shown may be payments received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income. See Pub. 525. If it is trade or business income, report this amount on Schedule C, C-EZ, or F (Form 1040).

Box 4. Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold at a 28% rate if you did not furnish your taxpayer identification number. See Form W-9 and Pub. 505 for more information. Report this amount on your income tax return as tax withheld.

Box 5. An amount in this box means the fishing boat operator considers you self-employed. Report this amount on Schedule C or C-EZ (Form 1040). See Pub. 334.

Box 6. For individuals, report on Schedule C or C-EZ (Form 1040).

Box 7. Shows nonemployee compensation. If you are in the trade or business of catching fish, box 7 may show cash you received for the sale of fish. If payments in this box are SE income, report this amount on Schedule C, C-EZ, or F (Form 1040), and complete Schedule SE (Form 1040). You received this form instead of Form W-2 because the payer did not consider you an employee and did not withhold income tax or social security and Medicare tax. If you believe you are an employee and cannot get the payer to correct this form, report the amount from box 7 on Form 1040, line 7 (or Form 1040NR, line 8). You must also complete Form 8919 and attach it to your return.

Box 8. Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf as a result of a loan of your securities. Report on the "Other income" line of Form 1040.

Box 9. If checked, \$5,000 or more of sales of consumer products was paid to you on a buy-sell, deposit-commission, or other basis. A dollar amount does not have to be shown. Generally, report any income from your sale of these products on Schedule C or C-EZ (Form 1040).

Box 10. Report this amount on line 8 of Schedule F (Form 1040).

Box 13. Shows your total compensation of excess golden parachute payments subject to a 20% excise tax. See the Form 1040 instructions for where to report.

Box 14. Shows gross proceeds paid to an attorney in connection with legal services. Report only the taxable part as income on your return.

Box 15a. May show current year deferrals as a nonemployee under a nonqualified deferred compensation (NQDC) plan that is subject to the requirements of section 409A, plus any earnings on current and prior year deferrals.

Box 15b. Shows income as a nonemployee under an NQDC plan that does not meet the requirements of section 409A. This amount is also included in box 7 as nonemployee compensation. Any amount included in box 15a that is currently taxable is also included in this box. This income is also subject to a substantial additional tax to be reported on Form 1040. See "Total Tax" in the Form 1040 instructions.

Boxes 16-18. Shows state or local income tax withheld from the payments.

Employee v Independent Contractor

Under the common law control rules, the distinction between an employee and independent contractor (IC) is based on whether the business has the right to control and direct the worker's performance as to the details and means (i.e., the methods) by which the work is accomplished.

1. *Independent Contractors (ICs)*. ICs perform services for a business under an arrangement whereby the business has the legal right to control and direct only what must be done (i.e., the results). [The results can be expressed either as the outcome to be obtained (e.g., house built in accordance with this plan) or the use of a professional degree of skill and care (e.g., design this shopping center to the best of your professional skill).] The business does not have control over how an IC performs the work. An IC controls the methods by which the work is performed.

2. *Employees*. Employees are individuals performing services for a business that has the legal right to control and direct both what must be done and how it must be done.

The common law control rules include court cases, regulations, and IRS revenue and letter rulings.

Case Law. Based on the volume of cases decided, the issue of whether an employer/employee relationship exists is hard to resolve. Since the enactment of the federal payroll tax statutes, the courts have repeatedly struggled with this question. The courts use this prior case law (1) to identify important common law factors that should be considered in determining whether an employment relationship exists, and (2) as precedent where the facts of the instant situation closely parallel those of a previous decision.

Regulations. The federal payroll tax statutes have substantially similar regulations that serve as general guidelines for determining whether an employer controls a worker's performance sufficiently to create an employer/employee relationship [Regs. 31.3401(c)-1(b), 31.3121(d)-1(c), and 31.3306(i)-1].

IRS Rulings. While the regulations set forth only a handful of factors to consider (right to discharge, furnishing of tools, and a place to work) in determining whether a business controls the worker's results and methods, the IRS has issued hundreds of rulings on the worker classification issue.

1. *Revenue Rulings*. Beginning in the mid-1950s and continuing up until the effective date of the Revenue Act of 1978, the IRS routinely issued revenue rulings that dealt with the proper classification of specific worker occupations. Rev. Rul. 87-41, the IRS listed 20 factors it considers especially important in determining whether a sufficient degree of control is present to warrant a finding of employment status under the common law control rules.

2. *Letter Rulings*. Each year, the IRS issues numerous letter rulings dealing with worker classification. A business or worker desiring IRS guidance on a particular worker's status may submit Form SS-8 (Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding) to the IRS for a letter ruling. (See Key Issue 6F for more information on how to request a worker classification letter ruling.) While these letter rulings are binding on the IRS only with respect to the taxpayers requesting them, they do provide insight into the IRS's current thinking on the proper treatment of a particular worker or occupation group.

TABLE T101: Filing Requirements for Employees and Independent Contractors

Instructions: The practitioner can use the following chart to determine the payroll filing and other requirements for employees and independent contractors. See Chapters 5- 8 for thorough coverage of independent contractor issues.

Description of Filing or Requirement	Employee	Contractor
Withhold federal income tax	Yes	No
Employer's share of FICA:		
6.20% of social security wage base	Yes	No
1.45% of medicare wages (unlimited)	Yes	No
Withhold employee's share of FICA:		
6.20% of social security wage base	Yes	No
1.45% of medicare wages (unlimited)	Yes	No
Employer's FUTA tax	Yes	No
State unemployment insurance	Yes	No
Quarterly reporting (Form 941) or annual reporting (Form 944)	Yes	No
Annual reporting:		
Form W-2	Yes	No
Form 940	Yes	No
Form 1099-MISC	No	Yes
Qualified plan participation, coverage, and nondiscrimination requirements apply	Yes	No
Fringe and welfare benefits available	Yes	No
Workers' compensation apply	Yes	No
FSLA hour and wage laws apply	Yes	No

20-FACTOR COMMON LAW TEST FOR CLASSIFYING AN INDIVIDUAL
AS AN EMPLOYEE OR INDEPENDENT CONTRACTOR

Whether a worker is classified as an employee or an independent contractor hinges on the common law definition of "employment". Making this determination can require a difficult factual analysis in which common law principles, case law, and rulings must be considered. The IRS has provided some guidance by listing 20 factors used in determining independent contractor status. The checklist can be used to assess the applicable factors in your situation:

Employee	Contractor	
_____	_____	1) Instructions: An employee must comply with instructions about when, where, and how to work. Even if no instructions are given, the control factor is present if the employer has the right to control how the work results are achieved.
_____	_____	2) Training: An employee may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods and receive no training from the purchasers of their service.
_____	_____	3) Integration: An employee's services are usually integrated into the business operations because the services are important to the success or continuation of the business. This shows that the employee is subject to direction and control.
_____	_____	4) Services rendered personally: An employee renders services personally. This shows that the employer is interested in the methods as well as the results.
_____	_____	5) Hiring assistants: A employee works for an employer who hires, supervises, and pays workers. An independent contractor can hire, supervise, and pay assistants under a contract that requires him or her to provide materials and labor and to be responsible only for the result.
_____	_____	6) Continuing relationship: An employee generally has a continuing relationship with an employer. A continuing relationship may exist even if the work performed is at recurring although irregular intervals.
_____	_____	7) Set hours of work: An employee usually has set hours of work established by an employer. An independent contractor generally can set his or her own work hours.
_____	_____	8) Full-time required: An employee may be required to work or be available full-time. This indicates control by the employer. An independent contractor can work when and for whom he or she chooses.
_____	_____	9) Work done on premises: An employee usually works on the premises of an employer, or works on a route or at a location designated by the employer.
_____	_____	10) Order or sequence set: An employee may be required to perform services in the order or sequence set by an employer. This shows that the employee is subject to discretion and control.

Request for Taxpayer Identification Number and Certification

Give form to the
 requester. Do not
 send to the IRS.

Print or type
 See Specific Instructions on page 2.

Name (as shown on your income tax return)	
Business name, if different from above	
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶	
Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
City, state, and ZIP code	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number
or
Employer identification number

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person (defined below).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. See the instructions on page 4.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

- The U.S. grantor or other owner of a grantor trust and not the trust, and
- The U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),
3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Also see *Special rules for partnerships* on page 1.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). Check the "Limited liability company" box only and enter the appropriate code for the tax classification ("D" for disregarded entity, "C" for corporation, "P" for partnership) in the space provided.

For a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line.

For an LLC classified as a partnership or a corporation, enter the LLC's name on the "Name" line and any business, trade, or DBA name on the "Business name" line.

Other entities. Enter your business name as shown on required federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note. You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).

Exempt Payee

If you are exempt from backup withholding, enter your name as described above and check the appropriate box for your status, then check the "Exempt payee" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note. If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

The following payees are exempt from backup withholding:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 544(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 15.

The payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 9
Barter transactions	Exempt payees 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Broker exchange transactions and barter exchange dividends	Exempt payees 1 through 5
Payments over \$600 required to be reported and direct payments over \$5,000 ¹	Generally, exempt payees 1 through 7

¹ Items 1099-MISC, Miscellaneous Income, and its instructions. The following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, and honoraria for services paid by a federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited liability company (LLC)* on page 2), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt payees, see *Exempt Payee* on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

Call the IRS at 1-800-829-1040 if you think your identity has been used inappropriately for tax purposes.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS personal property to the Treasury Inspector General for Tax Administration at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.consumer.gov/idtheft or 1-877-IDTHEFT(438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
For this type of account:	Give name and EIN of:
6. Disregarded entity not owned by an individual	The owner
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

²Circle the minor's name and furnish the minor's SSN.

³You must show your individual name and you may also enter your business or "DBA" name on the second name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 1.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. possessions to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

BOROUGH OF LANSDALE DOWNTOWN RENEWAL FUND (*)
SOURCE AND USE OF FUNDS FOR
THE NORTH PENN REGIONAL COUNCIL OF THE ARTS
YEARS 2007 - 2008 - 2009

Source of Funds	<i>(000's)</i>
Grants	
State Capital Grant	\$ 520
Community Development Block Fund Grant	719
	<u>1,239</u>
Lansdale Borough - Interfund Transfers	
General Fund	1,109
Electric Fund	2,173
	<u>3,282</u>
Other - Facility Rent	8
	<u>8</u>
Total Source of Funds	<u>4,529</u>
Use of Funds	
Capital Outlay	3,358
Engineering and Other Contracted Services	815
Operating Costs	195
Contribution	75
	<u>4,442</u>
Remaining Funds Available	<u>\$ 87</u>

(*) Per accounting and financial records of the Borough of Lansdale

BOROUGH OF LANSDALE DOWNTOWN RENEWAL FUND (*)
SOURCE AND USE OF FUNDS FOR
THE NORTH PENN REGIONAL COUNCIL OF THE ARTS
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	4,442
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BOROUGH OF LANSDALE
LANSDALE, PA. 19446

CHECK NUMBER 235752
VENDOR 209124

DATE 03/12/2009

VOUCHER NO.	VOUCHER DATE	INVOICE NO.	DESCRIPTION	AMOUNT
00903140	03/11/2009			75000.00

BOROUGH OF LANSDALE
DEPOSIT TICKET
Please be sure all items are properly endorsed. List all checks separately.
FOR CLEAR COPY, PRESS FIRMLY WITH BALL POINT PEN

DATE 13 MAR '09

CURRENCY	COIN	CHECKS	DOLLARS	CENTS
		1 3-180	75000	00
		2		
		3		
		4		
		5		
		6		
		7		
		8		
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		21		
		22		
		23		
		24		
			75000	00

60-1343
319
TOTAL ITEMS 1

DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE OR ANY APPLICABLE COLLECTION AGREEMENT.

PLEASE ENTER AMOUNT

\$ 75000.00

NORTH PENN REG COUNCIL OF THE ARTS
1 VINE STREET
LANSDALE, PA 19446

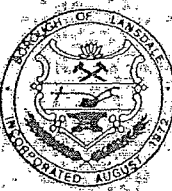


⑈0111 99075 0⑈ 01

Please Detach Here and Retain Top Portion For Your Records

TOTAL THIS CHECK 75000.00

FOR SECURITY PURPOSES THE FACE OF THIS DOCUMENT CONTAINS A COLORED BACKGROUND AND MICROPRINTING

 **BOROUGH OF LANSDALE**
ONE VINE STREET
LANSDALE, PA 19446

COMMERCE BANK 3-180/360 235752

DATE 03/12/2009 AMOUNT \$75000.00

THE EXACT AMOUNT OF SEVENTY-FIVE THOUSAND DOLLARS AND NO CENTS

PAY TO THE ORDER OF
NORTH PENN REGIONAL COUNCIL OF THE ARTS
PO BOX 122
LANSDALE PA 19446

Cal W. Turner
Council Vice-President

Carol Sellers
Treasurer

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK. HOLD AT AN ANGLE TO VIEW

⑈235752⑈ 15036001A08⑈ 35 133A1A 9⑈

Fees, in order to seek reimbursement of legal, engineering and expert fees and costs incurred by the Borough in connection with the TMDL litigation regarding the Neshaminy Creek Watershed.

Motion seconded by Ms. Scheuring.

Motion unanimously approved.

* * * *

Mr. Gross: Motion F passes, Motion G, Mr. Guenst.

Mr. Guenst: Thank you Mr. President. I move that Borough Council authorize a contribution of \$75,000 to the North Penn Regional Council of the Arts as a match to their efforts to raise an additional \$75,000 from the private sector for the operating costs of the Lansdale Center for the Performing Arts.

Motion seconded by Mr. Hansen.

Mr. Gross: Motion G has been made and seconded, and I believe there will be an explanation of Motion G.

Mr. Mangan: What is being handed out to Council right now is a proposal that has been submitted to my office today by Didi Scott, who is the President of the North Penn Regional Council of the Arts. In this, she set forth, basically the business plan utilization of the proposed \$75,000 mentioned in the motion that has been read into the record as a match for private sector fund-raising activities being carried out by the Regional Council of the Arts. We just received this this afternoon, so I have provided the Motion to Council yesterday afternoon, so if we could just take a moment to read this over.

(Silence for several minutes)

Mr. Mangan: I should mention, Mr. Guenst, this was brought up in the Finance Committee earlier this evening with Council President Gross as well as other Councilmen if there are any questions about the proposal submitted.

9-3-08

Special Meeting

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Mr. Guent: I just have a quick question Lee. I don't know that we actually fleshed this issue out or not, but having attended a couple of meetings with the Council of the Arts, this is a bridge loan, so all of Council understands that. It's not a (inaudible) funding effort, I'm sorry, it's bridge funding, at any rate, not an on-going funding process for the Borough itself. To the extent that it is indeed matching, are we going to be distributing the cash as it's there? For example, in this hand-out we have a \$21,000 amount shown here currently. Do we now dispense \$21,000 if this motion passes or are we going to be...

Mr. Mangan: That's a very interesting question, and I think in the true spirit of a match, that's probably what you would be doing. As they obtain the \$45,000 status and they show that to my office, I'm not saying that we would wait until that stage to give them the first money, but what I'm saying is, yes, if they're not able to obtain the \$75,000 standard, they would not get the \$75,000 as submitted.

Mr. Gross: Alright, if I could speak to the issue, I've attended the last several Council of the Arts meetings, and we've had a great representation from a cross-section of our business community, including Mr. John Moyer of Moyer and Sons, who is here with us today, Bob Kerns, the attorney, Senator Wonderling has been leading the meetings. He has dedicated someone in his office to handle the project administratively until we actually have a position funded. What we've been doing as a Borough over the last few years, we've been spending our money getting the building ready, the bricks and sticks, so to speak. We are planning on having this building finished sometime by the middle to the end of October, at which point we'll need programming. We, in order to have programming, need a budget. At the meeting, it was discussed that Lansdale Borough, Montgomery County, the Commonwealth of Pennsylvania, have all been very generous in their efforts in fund-raising and getting money, public money to get this project open. The concept with the Committee is, let's engage the private community, the private business community and match funds that are publicly outlaid from Lansdale Borough. The concept that came up, and certainly it's open to discussion for Council today, right now, is to have a challenge match, where we propose the idea or the concept of putting out \$75,000 in Borough money in the hope that we'd raise the funds privately, and by private industry to match that in order for the bridge financing to get the theatre open and we already have \$21,000 including a generous \$10,000 from Mr. Moyer, and Moyer and Sons. We also have pledges from Commerce Bank and the

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Special Meeting

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Lansdale Business Association. I know that Mayor Szekely and John Smiley may have been involved in that as well. The concept, of course, is we'll need to, also in the budget process this year, we're going to need to discuss what our ongoing funding will be for next year, and that will be part of the budget process that we will expect to see from Lee's office. In the meanwhile, in order to get, to hire someone to fundraise, someone for programming and marketing, etc., etc., the Borough is going to have to pony up in order to make this work. So, certainly Lee, who has been involved in this, probably would be able to answer the questions in a more detailed way, but I'm encouraging everybody to give their support to this concept.

Mr. Flyzik: I just have one question. Where is the \$75,000 coming from?

Mr. Mangan: The \$75,000 would come from Borough reserves, specifically in the area of your utility reserves.

Mr. Flyzik: Ok, thank you Lee.

Mr. Hansen: This \$75,000 that would be a part of the \$3.1 [million] that we have to raise for Phase II or is this?

Mr. Mangan: No. The \$3 million that you've raised, \$837,000 towards Phase II bricks and sticks, as Ben mentioned earlier. You have probably left on that, at least \$2.8- \$3 million, just for the physical plan. This is about the cost of the operation of the facility. The \$75,000 would be going towards meeting the needs as drawn out in the proposal in front of you, which is about personnel, administrative costs and the like, and programming activities of the Council of the Arts. The contribution is going to the Council of the Arts. So, it's not about the \$3.1 million. The \$3.1 million is hard costs that you're going to be chasing through governmental grants and other forms of grants to complete Phase II.

Mr. Hansen: Would any of this \$75,000 be used for fund-raising on that \$3.1 million?

Mr. Mangan: Yes! Yes, that is what is called for in the first bullet of the proposal, is to hire a fund-raising organization to help implement a Phase II capital campaign, and to raise the remaining \$3.1 million to complete the Phase II construction as well as the operating costs. So, hiring a part-time facilities coordinator, because this facility is going to be done, as Council

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President Gross just mentioned, this facility is going to be done, roughly in about six weeks. I think the Council of the Arts and everyone else is chomping at the bit to help get some programs in there to utilize the facility and to bring the public in to enjoy this investment.

Mr. Gross: And just to make an analogy, it's kind of like we built the car, and now we have to put in the gasoline, but to continue the analogy without mixing metaphors, we're looking at a hybrid model. The hybrid model is where we're doing 50/50. Fifty in public and fifty in private and we'll wait and see what we have in the budget next year, but obviously we can't open this building and not have programming, because then the entire investment is lost. So, I imagine this was prepared by the Council of the Arts, by Didi Scott?

Mr. Mangan: Yes, it was. Didi provided that (inaudible- Mr. Gross talking)

Mr. Gross: (inaudible- talking at the same time as Mr. Mangan) advising, and consenting to that. Again, I understand that there will be an opening night coming up in November, with great programming and actual entertainment, so we can get a taste of what direction we're going to go.

Mr. Mangan: Exactly.

Mr. Riccio: And the idea, Lee, is for the Performing Arts Council to be running the Performing Arts Center so it is self-sufficient, correct?

Mr. Mangan: That's correct. It is anticipated that probably within the next two weeks, Mr. Kilkenny and I will be discussing with Council that lease, in its final form, for ultimate adoption by both the Borough and the Council of the Arts for the ongoing operation of the facility.

Mr. Gross: Which would include, presumably, if it's a lease, if there was some sort art school, then the art school would pay a sub-lease to the organization to help pay for operation expenses.

Mr. Mangan: That's correct, but not to the Borough. That lease would be to the Council of the Arts.

Mr. Gross: Essentially as tenant.

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Mr. Mangan: A sub-tenant, yes.

Mr. Riccio: Some of the bullet points that are on here, timelines have already passed on them. August 31st, September 5th, which is kind of where we are, I'm assuming that the deadlines or the dates that they have in here, we've accomplished these things already? Yes? Ok.

Mr. John Moyer: (inaudible- back row, no microphone)

Mr. Gross: I'd like to add that the group, again, composing a lot of business leaders and certainly a number of Council members have attended the last few meetings. I think that there is a strong interest in getting this going. It's always kind of chicken-egg, you know, what comes first, and I believe this is the push to get this off to a good start and in the direction that we need to go. I'm excited about the project. It's a little over-whelming until it gets started, but in order to create buzz, we have to have a Program Director, and in order to raise funds, we have to have a fund raiser, so I think this moves us in that direction.

Mr. Hansen: We all took a tour of the new facility. It's an incredible building that's coming online for us, and it would be a shame not to have good programming to get it started the way it should be, and to get it completed.

Mr. Gross: Any further questions or comments? (none)

Motion unanimously approved.

* * * *

Mr. Gross: Motion G passes. Go raise some money Mr. Moyer!

(Laughter)

Mr. Gross: Thank you so much for your generous donation, and certainly, Bradley in your article, if you can put a plea for any other businesses that are interested to help match, that would be great. Moving right along, Motion H, Mr. Guenst, can you read Motion H for me?

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NORTH PENN REGIONAL COUNCIL OF THE ARTS

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BAUM, SMITH & CLEMENS, LLP

CERTIFIED PUBLIC ACCOUNTANTS and BUSINESS ADVISORS

To the Board of Directors
North Penn Regional Council of the Arts

We have reviewed the accompanying statement of financial position of North Penn Regional Council of the Arts (a not-for-profit organization) as of June 30, 2009, and the related statements of activities and cash flows for the short year ended June 30, 2009, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of North Penn Regional Council of the Arts.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Baum, Smith & Clemens LLP

Lansdale, PA
November 12 2009

NOV 12 2009

NORTH PENN REGIONAL COUNCIL OF THE ARTS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009
(See Accountants' Review Report)

ASSETS		
Current:		
Cash		\$ 86,966
Prepaid expenses		600
Total current assets		<u>87,566</u>
Equipment, net		<u>8,758</u>
Total assets		<u><u>\$ 96,324</u></u>
LIABILITIES		
Current:		
Accounts payable		<u>\$ 8,057</u>
NET ASSETS		
Unrestricted		38,267
Temporarily restricted		<u>50,000</u>
Total net assets		<u>88,267</u>
Total liabilities and net assets		<u><u>\$ 96,324</u></u>

NORTH PENN REGIONAL COUNCIL OF THE ARTS
STATEMENT OF ACTIVITIES
FOR THE SHORT YEAR ENDED JUNE 30, 2009
(See Accountants' Review Report)

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions, corporate	\$ 5,727	\$ -	\$ 5,727
Contributions, individuals	16,516	-	16,516
Government grants	75,000	-	75,000
In-kind contributions	12,200	-	12,200
Ticket sales	4,448	-	4,448
Rental income	3,472	-	3,472
Program income	500	-	500
Interest income	203	-	203
Total support and revenue	<u>118,066</u>	<u>-</u>	<u>118,066</u>
Expenses:			
Advertising	4,378	-	4,378
Depreciation expense	146	-	146
Dues and subscriptions	55	-	55
Education and seminars	1,253	-	1,253
Fundraising consultant fees	30,990	-	30,990
Office expenses	1,773	-	1,773
Payroll expense	54,408	-	54,408
Payroll tax expenses	4,977	-	4,977
Performance cost	7,867	-	7,867
Printing and copying	2,829	-	2,829
Professional fees	10,700	-	10,700
Repairs and maintenance	9,416	-	9,416
Telephone	4,259	-	4,259
Workshop expenses	1,685	-	1,685
Total expenses	<u>134,736</u>	<u>-</u>	<u>134,736</u>
Change in net assets	(16,670)	-	(16,670)
Net assets - beginning of year	<u>54,937</u>	<u>50,000</u>	<u>104,937</u>
Net assets, end of year	<u>\$ 38,267</u>	<u>\$ 50,000</u>	<u>\$ 88,267</u>

See Accompanying Notes to Financial Statements

NORTH PENN REGIONAL COUNCIL OF THE ARTS
STATEMENT OF CASH FLOWS
FOR THE SHORT YEAR ENDED JUNE 30, 2009
(See Accountants' Review Report)

Cash flows from Operating Activities	
Change in net assets	\$ (16,670)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	146
Change in assets and liabilities	
Prepaid expenses	2,600
Accounts payable	8,057
Net cash used by operating activities	<u>(5,867)</u>
Cash flows from investing activities	
Purchase of equipment	<u>(7,404)</u>
Net change in cash	(13,271)
Cash	
Cash, beginning	101,737
Cash, ending	<u>\$ 88,466</u>

NORTH PENN REGIONAL COUNCIL OF THE ARTS
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2009
(See Accountants' Review Report)

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The North Penn Regional Council of the Arts (Council) received its tax exemption in 2007 and started collecting contributions in 2008. The mission of the Council is to promote the growth of the artistic community both in the Borough of Lansdale as well as in the surrounding communities through support of local arts organizations and artists. The Council wants to make the North Penn region a place where people are dynamically involved in and supportive of arts and culture. The Council d/b/a The Lansdale Center for the Performing Arts will be a community destination that is recognized by a majority of the region's residents, is visited by a broad cross-section of those residents, and is an anchor for the revitalization of the Lansdale community. The Council's communication and advocacy initiatives, aligned with the programming of the Lansdale Center for the Performing Arts, will support and encourage arts education, diversity of participation, and socialization around arts and culture in the region.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation

The Council follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* to prepare its financial statements. Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted or permanently restricted net assets. Unrestricted net assets carry no restrictions, while temporarily restricted net assets are limited for use by the donor for either a specific purpose or time period. The Council has no permanently restricted net assets.

Contributions

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under SFAS No. 116 contributions that are required to be reported as temporarily restricted support are then reclassified to unrestricted net assets upon expiration of time restriction or satisfaction of donor restrictions.

In-kind contributions

The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services are reflected in the financial statements at the fair value of the services received. During the period from January 1, 2009 to June 30, 2009, the Council recorded \$10,700 for donated professional services. In addition, the Council does benefit from the time donated by volunteers for a variety of tasks; however, these services do not meet the criteria for recognition as contributed services.

Donations of equipment are recorded as support at their estimated fair value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. During the current fiscal year, \$1,500 of equipment was donated.

Contributed facilities are reported at the estimated fair rental value of the property. The donated facility lease rental expense for the period from January 1, 2009 to June 30, 2009 is \$000,000.

NORTH PENN REGIONAL COUNCIL OF THE ARTS
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2009
(See Accountants' Review Report)

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of equipment with an estimated useful life more than one year are capitalized. Purchased equipment is stated at cost and depreciated on a straight-line basis over the estimated useful lives of the assets. Donated equipment is stated at the fair market value on the date of donation. When assets are retired or otherwise disposed of, the cost and related depreciation are removed from the books and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred and costs of significant replacements and improvements are capitalized and amortized over the periods benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Council is incorporated in the Commonwealth of Pennsylvania and is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and from state income tax under comparable laws. The Organization is registered as required with the Pennsylvania Bureau of Charitable Organizations.

In July 2009, the board for the Council made the decision to change their fiscal year-end from December 31 to June 30, effective for the period ending June 30, 2009.

FASB Interpretation 48 (Interpretation 48), Accounting for Uncertainty in Income Taxes, applies to annual financial statements for fiscal years beginning after December 15, 2008. The Council evaluates its uncertain tax positions using this guidance and does not believe a provision for uncertain taxes is necessary to be included in the financial statements.

Advertising

The Council expenses advertising costs as they are incurred. Advertising expense in 2009 was \$4,378.

Cash

Cash, highly liquid in nature, is composed of a checking and a money market account held at a financial institution.

Concentration of Cash

Cash balances are federally insured by the FDIC up to \$250,000 per financial institution. The Council was fully insured as of June 30, 2009. The Council does not believe that it is exposed to any significant credit risk on cash or cash equivalents.

Concentration of Support

The Council received approximately 64% of its support from one donor. A significant reduction in the level of support could have an effect on the Council's programs and activities.

NORTH PENN REGIONAL COUNCIL OF THE ARTS
 NOTES TO THE FINANCIAL STATEMENT
 JUNE 30, 2009
 (See Accountants' Review Report)

NOTE A: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Market Value

The Organization follows the Financial Accounting Standards Board's Statement of Financial Accounting Standard (FASB) No. 157, *Fair Value Measurements*. This standard defines fair value, established a framework for measuring fair value, and expands disclosures about fair value measurements.

FASB 157 requires disclosure of measuring fair value based on three levels. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonable use in valuing the assets. The valuation levels are not necessarily an indication of the risk of liquidity associated with the underlying asset.

Functional Allocation of Expenses

Costs are allocated between fund-raising, management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Council.

Restricted and Unrestricted Support

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. There were no permanently restricted net assets.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued which was November 12, 2009.

NOTE B: FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash	\$ 86,966		
Prepaid expenses	\$ 600		
Accounts payable	\$ 8,057		

NOTE C: EQUIPMENT

Equipment consists of:

Equipment	\$ 8,904
Less accumulated depreciation	<u>(146)</u>
	<u>\$ 8,758</u>

NORTH PENN REGIONAL COUNCIL OF THE ARTS
 NOTES TO THE FINANCIAL STATEMENT
 JUNE 30, 2009
 (See Accountants' Review Report)

NOTE D: TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2009, the temporarily restricted net asset balance was restricted for programming purposes.

	<u>Amount</u>
Restricted Purpose	\$ 50,000

NOTE E: FUNCTIONAL REPORTING OF EXPENSES

The Council's functional expenses for June 30, 2009 are as follows:

Program	\$ 57,476
Fundraising	40,671
Management and general	<u>36,589</u>
Total	<u>\$ 134,736</u>

NOTE F: COMMITMENT

The Council entered into an agreement for consulting services in relation to fundraising for Lansdale Center for the Performing Arts Phase II Building Capital Campaign. The Council had previously committed to pay up to \$115,300 for the services over 3 years, to be ended December 31, 2011. Subsequent to June 30, 2009, the agreement was amended. The amount to be paid for the period October 1 to December 31, 2009 is not to exceed \$11,200 and the amounts to be paid in 2010 and 2011 are not to exceed \$5,000 per year.

During the short - year ended June 30, 2009, \$30,990 was expensed as fundraising consultant fees.

NOTE G: OPERATING LEASES

The Council leases the facility on Main Street in Lansdale. The lease is for one year, effective January 2009, and if not terminated by either party automatically renews for an additional one year period. The annual lease payment is \$1. The lessor is responsible for all exterior maintenance of the premises and all building systems. The lessor is also responsible for all repairs to the building for matters that exceed \$1,000 per occurrence.

The Council rents space out for functions to various organizations for a minimum fee upon request and approval.

NOTE H: SUBSEQUENT EVENTS

In August 2009, the Council received a \$20,000 loan from a board member. The note is a demand note with a 5% interest rate.

CHANGE IN ACCOUNTING PERIOD (SHORT PERIOD 1/1/09-1/1/10)

Form 990-EZ

**Short Form
Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-1150

2008

Department of the Treasury
Internal Revenue Service

▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

Open to Public Inspection

A For the 2008 calendar year, or tax year beginning **JAN 1, 2009** and ending **JUN 30, 2009**

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization NORTH PENN REGIONAL COUNCIL OF THE ARTS DBA LANSDALE CENTER FOR PERFORMING ARTS Number and street (or P.O. box, if mail is not delivered to street address) 311 WEST MAIN STREET, PO BOX 122 City or town, state or country, and ZIP + 4 LANSDALE, PA 19446	D Employer identification number 20-8414455
	E Telephone number -361-1296	G Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual Other (specify) ▶
	F Group Exemption Number ▶	
	H Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF)	

▶ Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

I Website: ▶ LANSDALECPA.ORG

J Organization type (check only one) — 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$1,000,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ **107,366.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I.)

		1	2	3	4	5a	5b	5c	6a	6b	6c	7a	7b	7c	8	9	10	11	12	13	14	15	16	17	18	19	20	21			
Revenue	1	Contributions, gifts, grants, and similar amounts received		106,663.																											
	2	Program service revenue including government fees and contracts		500.																											
	3	Membership dues and assessments																													
	4	Investment income																													
	5a	Gross amount from sale of assets other than inventory	5a																												
	b	Less: cost or other basis and sales expenses	5b																												
	c	Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) (attach schedule)	5c																												
	6	Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here <input type="checkbox"/>																													
	a	Gross revenue (not including \$ _____ of contributions reported on line 1)	6a																												
	b	Less: direct expenses other than fundraising expenses	6b																												
c	Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c																													
7a	Gross sales of inventory, less returns and allowances	7a																													
b	Less: cost of goods sold	7b																													
c	Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c																													
8	Other revenue (describe ▶ <u>INTEREST INCOME</u>)	8		203.																											
9	Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9		107,366.																											
Expenses	10	Grants and similar amounts paid (attach schedule)	10																												
	11	Benefits paid to or for members	11																												
	12	Salaries, other compensation, and employee benefits	12		54,408.																										
	13	Professional fees and other payments to independent contractors	13		30,990.																										
	14	Occupancy, rent, utilities, and maintenance	14		13,675.																										
	15	Printing, publications, postage, and shipping	15		2,829.																										
	16	Other expenses (describe ▶ <u>SEE STATEMENT 1</u>)	16		22,134.																										
17	Total expenses. Add lines 10 through 16	17		124,036.																											
Net Assets	18	Excess or (deficit) for the year (Subtract line 17 from line 9)	18		<16,670.>																										
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19		104,937.																										
	20	Other changes in net assets or fund balances (attach explanation)	20																												
	21	Net assets or fund balances at end of year. Combine lines 18 through 20	21		88,267.																										

Part II Balance Sheets. If total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ.

		(A) Beginning of year		(B) End of year	
22	Cash, savings, and investments	101,737.	22	86,966.	
23	Land and buildings	0.	23	8,758.	
24	Other assets (describe ▶ <u>PREPAID EXPENSES</u>)	3,200.	24	600.	
25	Total assets	104,937.	25	96,324.	
26	Total liabilities (describe ▶ <u>ACCOUNTS PAYABLE</u>)	0.	26	8,057.	
27	Net assets or fund balances (line 27 of column (B) must agree with line 21)	104,937.	27	88,267.	

NORTH PENN REGIONAL COUNCIL OF THE ARTS

Form 990-EZ (2008)

DBA LANSDALE CENTER FOR PERFORMING ARTS

20-8414455

Page 2

Part III Statement of Program Service Accomplishments (See the instructions for Part III.)

What is the organization's primary exempt purpose? SEE STATEMENT 3
 Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, or other relevant information for each program title.

Expenses
 (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; optional for others.)

28	<u>THE PERFORMANCE AND EDUCATIONAL FACILITY OFFERS CONCERTS, EVENTS, HAPPENINGS, WORKSHOPS, ART EXHIBITS, CLASSES, LESSONS, AND MORE FOR THE ENTIRE LANSDALE COMMUNITY.</u>	28a	57,476.
(Grants \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>			
29	_____		
(Grants \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>			
30	_____		
(Grants \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>			
31	Other program services (attach schedule) _____	31a	
(Grants \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>			
32	Total program service expenses (add lines 28a through 31a) _____	32	57,476.

Part IV List of Officers, Directors, Trustees, and Key Employees. List each one even if not compensated. (See the instructions for Part IV.)

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
JOHN D. MOYER, 311 W. MAIN STREET, LANSDALE, PA 19446	VICE-PRESIDENT 5.00	0.	0.	0.
DIANA SCOTT, 311 W. MAIN STREET, LANSDALE, PA 19446	PRESIDENT 5.00	0.	0.	0.
JOAN WILLIAMS, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
F. LEE MANGAN, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
BARRON T. EVANS, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
DEBORAH L. ISRAEL, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
DALE MURPHY, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
ROBERT KERNS, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.
JACK HANSEN, 311 W. MAIN STREET, LANSDALE, PA 19446	DIRECTOR 3.00	0.	0.	0.

Part V Other Information (Note the statement requirements in the instructions for Part VI.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	33	X
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	34	X
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
a	Did the organization have unrelated business gross income of \$1,000 or more or section 6033(e) notice, reporting, and proxy tax requirements?	35a	X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	35b	N/A
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Sch. N	36	X
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a 0.		
b	Did the organization file Form 1120-POL for this year?	37b	X
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	38a	X
b	If "Yes," complete Schedule L, Part II and enter the total amount involved ▶ 38b N/A		
39	Section 501(c)(7) organizations. Enter:		
a	Initiation fees and capital contributions included on line 9 ▶ 39a N/A		
b	Gross receipts, included on line 9, for public use of club facilities ▶ 39b N/A		
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ 0.; section 4912 ▶ 0.; section 4955 ▶ 0.		
b	Section 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I	40b	X
c	Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0.		
d	Enter amount of tax on line 40c reimbursed by the organization ▶ 0.		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e	X
41	List the states with which a copy of this return is filed. ▶ PA		
42a	The books are in care of ▶ MARJA KAISLA Telephone no. ▶ 215-361-1296 Located at ▶ P.O. BOX 122, LANSDALE, PA ZIP + 4 ▶ 19446		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	42b	X
	If "Yes," enter the name of the foreign country: ▶		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
c	At any time during the calendar year, did the organization maintain an office outside of the U.S.?	42c	X
	If "Yes," enter the name of the foreign country: ▶		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 N/A		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ	44	X
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ	45	X

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46-49 and complete the tables for lines 50 and 51.

- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I Yes No
- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II 46 47 48 49a 49b
- 48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E X
- 49a Did the organization make any transfers to an exempt non-charitable related organization? X
- b If "Yes," was the related organization(s) a section 527 organization? X
- 50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
NONE				
Total number of other employees paid over \$100,000 ▶				

- 51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
NONE		
Total number of other independent contractors each receiving over \$100,000 ▶		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Date 11/12/09

Signature of officer Date

Johd Mayer

Type or print name and title

Preparer's signature *Stephani Schuh* Date 11/12/09 Check if self-employed Preparer's Identifying Number (See instr.)

Firm's name (or yours if self-employed), address, and ZIP + 4 **BAUM, SMITH & CLEMENS, LLP**
2128 N. BROAD STREET
LANSDALE, PA 19446

EIN Phone no. (215) 368-5755

May the IRS discuss this return with the preparer shown above? See instructions ▶ Yes No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization **NORTH PENN REGIONAL COUNCIL OF THE ARTS
DBA LANSDALE CENTER FOR PERFORMING ARTS** Employer identification number **20-8414455**

Part I Reason for Public Charity Status (All organizations must complete this part.) (see instructions)

The organization is not a private foundation because it is: (Please check only one organization.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). (Attach Schedule H.)
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete the Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4). (see instructions)
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III - Functionally integrated d Type III - Other
 - e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
 - f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
 - g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
 - h Provide the following information about the organizations the organization supports.

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
Total									

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule A (Form 990 or 990-EZ) 2008

NORTH PENN REGIONAL COUNCIL OF THE ARTS

Part III Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")				50,964.	106,663.	157,627.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3				50,964.	106,663.	157,627.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						31,440.
6 Public Support. Subtract line 5 from line 4						126,187.

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4				50,964.	106,663.	157,627.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources				863.	203.	1,066.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						158,693.
12 Gross receipts from related activities, etc. (see instructions)					12	500.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input checked="" type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	%
16a 33 1/3% support test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33 1/3% support test - 2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10% -facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10% -facts-and-circumstances test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, and 990-PF.

OMB No. 1545-0047

2008

Name of the organization

NORTH PENN REGIONAL COUNCIL OF THE ARTS
DBA LANSDALE CENTER FOR PERFORMING ARTS

Employer identification number

20-8414455

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the General Rule or a Special Rule. (Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.)

General Rule

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ▶ \$ _____

Caution. Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they must answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. These instructions will be issued separately.

Schedule B (Form 990, 990-EZ, or 990-PF) (2008)

Name of organization
 NORTH PENN REGIONAL COUNCIL OF THE ARTS
 DBA LANSDALE CENTER FOR PERFORMING ARTS

Employer identification number
 20-8414455

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	UNIVEST NATIONAL BANK & TRUST 10 W BROAD STREET SOUDERTON, PA 18964	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	JOHN MOYER 113 E. RELIANCE ROAD SOUDERTON, PA 18964	\$ 7,984.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	BOROUGH OF LANSDALE ONE VINE STREET LANSDALE, PA 19446	\$ 75,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

FORM 990-EZ	OTHER EXPENSES	STATEMENT	1
DESCRIPTION		AMOUNT	
ADVERTISING		4,378.	
DUES AND SUBSCRIPTIONS		55.	
OFFICE EXPENSES		1,773.	
EDUCATION AND SEMINARS		1,253.	
WORKSHOP EXPENSE		1,685.	
PERFORMANCE COSTS		7,867.	
PAYROLL TAX EXPENSE		4,977.	
DEPRECIATION EXPENSE		146.	
TOTAL TO FORM 990-EZ, LINE 16		22,134.	

FORM 990-EZ

INFORMATION REGARDING TRANSFERS
ASSOCIATED WITH PERSONAL BENEFIT CONTRACTS

STATEMENT 2

A) DID THE ORGANIZATION, DURING THE YEAR, RECEIVE ANY FUNDS,
DIRECTLY OR INDIRECTLY, TO PAY PREMIUMS ON A PERSONAL
BENEFIT CONTRACT? [] YES [X] NO

B) DID THE ORGANIZATION, DURING THE YEAR, PAY PREMIUMS,
DIRECTLY OR INDIRECTLY, ON A PERSONAL BENEFIT CONTRACT? . . [] YES [X] NO

THE MISSION OF THE NORTH PENN REGIONAL COUNCIL OF THE ARTS IS TO PROMOTE THE GROWTH OF THE ARTISTIC COMMUNITY BOTH IN THE BOROUGH OF LANSDALE AS WELL AS IN THE SURROUNDING COMMUNITIES THROUGH SUPPORT OF LOCAL ARTS ORGANIZATIONS AND ARTISTS.

(Rev. 09/06)

(717) 783-1720
1-800-732-0999 (WITHIN PA)
FAX (717) 783-6014

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF STATE
BUREAU OF CHARITABLE ORGANIZATIONS
207 NORTH OFFICE BUILDING
HARRISBURG, PA 17120

Approved _____
Reg. Fee _____
P/F _____
Fee Recv'd _____

Charitable Organization Registration Statement – Form BCO – 10 For the Fiscal Year Which Ended: 6/30/09

Employer Identification # 20-8414455 Certificate # _____
(Renewal Registrants Only)

Check if registering voluntarily. (See note under "Important Information".)

1. Legal name of organization: North Penn Regional Council of the Arts
 Check if name change. Previous name: _____

2. Principal address of organization: 311 West Main Street

City Lansdale State PA Zip Code 19446

County Montgomery

Phone # 215-361-1296 800 # _____ Fax # _____

3. All other names used to solicit contributions: Lansdale Center for the Performing Arts

4. Organizations described in Section 162.7(a) of the Act, check section which describes organization (See footnote #2 of Instructions. Volunteer registrants do not respond.):
162.7(a)(1) 162.7(a)(2) 162.7(a)(3) 162.7(a)(4) Not Applicable

5. List type of organization (e.g. corporation, association, etc.), where established, and date established. Corporation, Lansdale, PA April 19, 2006

(Initial registrants must submit copies of organizational documents such as charter, articles of incorporation, constitution, or other organizational instrument, and by-laws.)

6. Is any person compensated or do you intend to compensate any person for soliciting contributions from Pennsylvania? Yes No If "yes", give date person started or will start soliciting contributions from Pennsylvania residents. April 2009 (Do not check "yes" if you only use or intend to only use a professional fund raising counsel.)

Items 7, and 8 need only be completed by initial registrants

7. Date organization first solicited contributions from Pennsylvania residents: _____

8. If organization solicited Pennsylvania residents and received gross national contributions totaling more than \$25,000 during the fiscal year covered by this registration statement or during its current fiscal year, give date contributions first totaled more than \$25,000.

9. Has organization been granted IRS tax-exempt status? Yes No (If "yes", please submit copy of IRS exemption letter if not previously submitted.) If "yes", were you required to file an IRS 990 Return and Schedule A for your immediate preceding fiscal year? Yes No (If "no", attach explanation of why organization is exempt from filing an IRS 990 Return.)

10. Has organization's tax-exempt status ever been denied, revoked, or modified? Yes No (If "yes", attach copy of denial, revocation, or modification.)

11. Purposes and programs for which contributions are, or will be, used:
To promote the growth of the artistic community both in the
Borough of Lansdale as well as the surrounding communities. To
support and encourage arts education, diversity of participation
and socialization around arts and culture in the region.

12. Manner in which contributions are solicited (eg. direct mail, telephone, etc.):
Direct mail and on-line applications

13. Is organization registered to solicit contributions in any other state or municipality?
Yes No (If "yes", list all states and municipalities. Attach separate sheet if necessary.)

14. Names, addresses, and telephone numbers of all professional solicitors you use or intend to use to solicit contributions from Pennsylvania residents. For each entry, include the beginning and ending dates of all contracts and dates Pennsylvania residents were first solicited, or will be solicited. (Attach separate sheet if necessary.)
Valerie M. Jones Associates
210 Idlewild Lane, Media, PA 19063
610-565-1352
Contract period November 13, 2008 - December 31, 2011

15. Names, addresses, and telephone numbers of all professional fund raising counsels you use or intend to use to provide services with respect to the solicitation of contributions from Pennsylvania residents. For each entry, include beginning and ending dates of all contracts and dates services began, or will begin, with respect to soliciting contributions from Pennsylvania residents. (Attach separate sheet if necessary.)
N/A

16. Attach names, addresses, and telephone numbers of any commercial coventurers under contract with your organization.

17. If you are a parent organization located in Pennsylvania, do you elect to file a combined registration covering all of your Pennsylvania affiliates? Yes No Not Applicable
(See note under "Important Information".)

18. Are you a Pennsylvania affiliate of a parent organization which has elected to file a combined registration on your behalf? Yes No (If "yes", give the name and, if available, certificate # of your parent organization. See note under "Important Information".)

(Legal name of parent organization)

(Certificate #)

19. Does your organization share revenue or formal governance with any other nonprofit corporation or unincorporated association? Yes No (If "yes", attach explanation listing name, address, type of organization, and relationship to your organization.)

20. Does any other domestic or foreign organization own a 10% or greater interest in your organization or does your organization own a 10% or greater interest in any other domestic or foreign organization? Yes No (If "yes", attach the following information for each other domestic or foreign organization: name and type of organization, whether organization is for-profit or nonprofit, and relationship of organization to your organization.)

21. Names, addresses, and telephone numbers of all offices, chapters, branches, auxiliaries, affiliates, or other subordinate units located in Pennsylvania: (Attach separate sheet if necessary.)

311 WEST MAIN STREET

LANSDALE, PA 19446

215-361-1296

22. Names and addresses for: (Attach separate sheet if necessary.)

Individual(s) responsible for the custody and/or distribution of contributions:

Marja Kaisla, Executive Director

Individual(s) responsible for solicitation activities:

Marja Kaisla, Executive Director

Individual(s) responsible for custody of financial records:

Marja Kaisla, Executive Director

23. Attach names and addresses of all officers, directors, trustees, and executive staff officers. See 990

24. If you answer "Yes" to any of the following, attach a list of related individuals with names, business, and residence addresses of related parties. Are any officers, directors, trustees, or employees related by blood, marriage, or adoption to:

Any other officer, director, trustee, or employee? Yes No

Any officer, agent, or employee of any professional fundraising counsel or solicitor under contract with organization? Yes No

Any supplier or vendor providing goods or services? Yes No

25. If you answer "Yes" to any of the following, please attach full written explanations and copies of all relevant documents. Has organization or any of its officers, directors, employees, or fundraisers:

A. Been found to have engaged in unlawful practices in the solicitation of contributions or administration of charitable assets or been enjoined from soliciting contributions or are such proceedings pending in this or any other jurisdiction? Yes No

B. Had its registration or license to solicit contributions denied, suspended, or revoked by any governmental agency? Yes No

C. Entered into any legally enforceable agreement such as an assurance of voluntary compliance or discontinuance with any District Attorney, Office of Attorney General, or local or state governmental agency? Yes No

I certify that the information provided in this registration, including all statements and documentation, is true and correct. I understand that the falsification of any statement or documentation is subject to criminal penalties for unsworn falsifications pursuant to 18 Pa. C.S. § 4904.

Signature of Chief Fiscal Officer

John Meyer

Type or Print Name and Title of Chief
Fiscal Officer

Date 11/12/09

Signature of Another Authorized Officer

F. Leo MANGAN

Type or Print Name and Title of
Another Authorized Officer

Date 11/12/09

CONSULTING AGREEMENT

THIS AGREEMENT, made and entered into this 5th day of February, 2003, by and between the Lansdale Development Foundation, a Pennsylvania non-profit corporation, hereinafter called the "Foundation" as the party of the first part, and Edward W. Pontier hereinafter called "Consultant," as the party of the second part, both of whom understand as follows: The parties hereto agree that nothing in this agreement shall be interpreted to create an employment relationship between the parties. The "Foundation" has engaged the "Consultant" as an independent contractor. Neither this Agreement, nor any action of the parties acting pursuant to this Agreement, shall create an employee / employer relationship between the parties.

WITNESSETH:

WHEREAS, the "Foundation" desires to obtain the consulting services of Edward W. Pontier as Executive Director of the Foundation.

WHEREAS, it is the desire of the Lansdale Development Foundation, Board of Directors to establish the parameters of the Contractual Relationship between the "Foundation" and the "Consultant".

WHEREAS, it is the desire of the Board of Directors to: (1) secure and retain the services of "Consultant" and to provide inducement for him to remain in said contractual relationship and (2) to make possible full work productivity by assuring "Consultant's" morale and piece of mind with respect to compensation and other contractual matters.

WHEREAS, "Consultant" desires to be appointed as Executive Director of said "Foundation".

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1. DUTIES

The "Foundation" hereby agrees to contract said "Consultant", Edward W. Pontier as Executive Director of said "Foundation" to perform specified functions and duties as delineated by the Board of Directors and to perform such other legally permissible and proper duties and functions as the Board of Directors shall assign from time to time.

Specifically, "Consultant" agrees to a minimum of 104 service hours on average per month, wherein he is dedicating his professional efforts solely to the business of the "Foundation". Secondly, the "Consultant" is entrusted with working and coordinating his efforts as executive director of the "Foundation" with the efforts of Lansdale Borough Manager, F. Lee Mangan.

Additionally, "Consultant" agrees to make all reasonable efforts to adapt his schedule to the schedule and needs of the "Foundation" and that of the Lansdale Borough Manager, F. Lee Mangan and to provide timely status reports to the Borough Manager as needed.

Lastly, the "Foundation" understands the "Consultant's" need for recreational time off during the course of any given year of the Agreement. Consequently, the "Foundation" recognizes the "Consultant's" intent to utilize up to three weeks per year for these purposes with an appropriate adjustment of up to 72 hours as to the minimum monthly service obligation in those months in which such vacation is taken.

SECTION 2. TERM

A. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the "Foundation" through its Board of Directors or the "Consultant" to terminate their contractual relationship at any time. The parties further agree that termination of this contractual agreement shall take place as follows: the "Consultant" may terminate this agreement upon ninety (90) days written notice to the "Foundation". The "Foundation" may terminate this agreement with or without notice by the payment of ninety (90) days severance pay to the "Consultant".

B. This Contractual Agreement will be for an initial term of two (2) years beginning on or before February 28, 2003 and ending February 28, 2005. This Agreement may be extended on the same terms and conditions as herein provided, all for an additional period of two (2) years upon the agreement of the parties and after official affirmative action by the Lansdale Development Foundation's Board of Directors. Should the Board of Directors take no official action extending this agreement on or before February 28, 2005, then all provisions of this Contract except those relating to termination or severance pay shall continue on a day to day basis consistent with the continuing agreement of the parties..

SECTION 3. TERMINATION AND SEVERANCE PAY

A. In the event the Contract with the "Consultant" is terminated by the "Foundation's" Board of Directors prior to the expiration of the two year contractual term and during such time that "Consultant" is willing and able to perform the duties as Executive Director, then, in that event, the "Foundation" agrees to pay the "Consultant" a lump sum cash payment equal to three (3) months salary, said lump sum payable on the date of termination of this Agreement. Nothing in this paragraph shall be deemed to create an employment relationship between "Consultant" and the

"Foundation". For the purposes of this contract the terms "willing and able" shall allow for a short period of temporary disability, not in excess of three months, which in and of itself shall not disqualify "Consultant" from entitlement to the aforementioned lump sum cash payment equal to three (3) months salary.

B. In the event the "Foundation", through its Board of Directors, at any time during the contractual term refuses, following written notice, to comply with any other provision benefiting "Consultant" herein, or the "Consultant" ends the contractual relationship following a suggestion, whether formal or informal, by the Board of Directors that he resign, then, in that event, "Consultant" may at his option, deem the contractual relationship to have ended thus triggering any post agreement compensation due.

SECTION 4. COMPENSATION UNDER CONSULTING AGREEMENT

The "Foundation" agrees to pay as contractual consideration for "Consultant's" services the sum of One Hundred Three Thousand Five Hundred Dollars (\$103,500) per annum in installments payable at the same time as employees of the "Foundation" are paid.

SECTION 5. DUES AND SUBSCRIPTIONS

The "Foundation" agrees to budget for and to pay the professional dues and subscriptions of "Consultant" necessary for his continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement and for the good of the "Foundation" after review and approval by the Foundation's Board of Directors.

SECTION 6. GENERAL EXPENSES

The "Foundation" recognizes that certain expenses of a non-personal nature that relate to "Consultant"'s position as Executive Director of "Foundation" will be incurred by "Consultant" and hereby agrees to reimburse or to pay said general expenses, up to an amount in conformance with current and future policies of the Board of Directors contained in the various motions, resolutions, and by-laws of the "Foundation".

SECTION 7. OTHER TERMS AND CONDITIONS OF CONTRACTUAL CONSULTING AGREEMENT.

The "Foundation" shall fix any such other terms and conditions of the Consulting Agreement as it may determine from time to time, relating to the performance of "Consultant", provided such terms and conditions are not inconsistent or in conflict with the provisions of this Agreement.

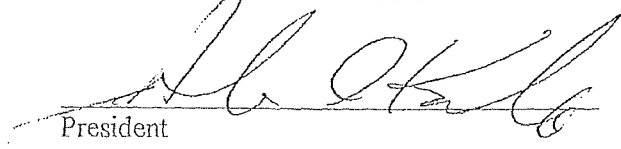
SECTION 8. GENERAL PROVISIONS.

- A. The text herein shall constitute the entire Agreement between the parties.
- B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of "Consultant".
- C. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable and shall not be affected and shall remain in full force and effect.


IN WITNESS WHEREOF, the "Foundation" has caused this Agreement to be signed and


executed in its behalf by its President, and duly attested by its Secretary, and the "Consultant" has signed and executed this Agreement, both in duplicate, the day and year first above written.

LANSDALE DEVELOPMENT FOUNDATION

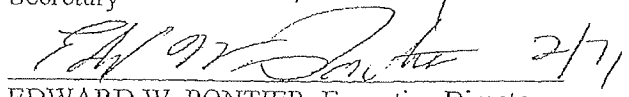


President

Attest:


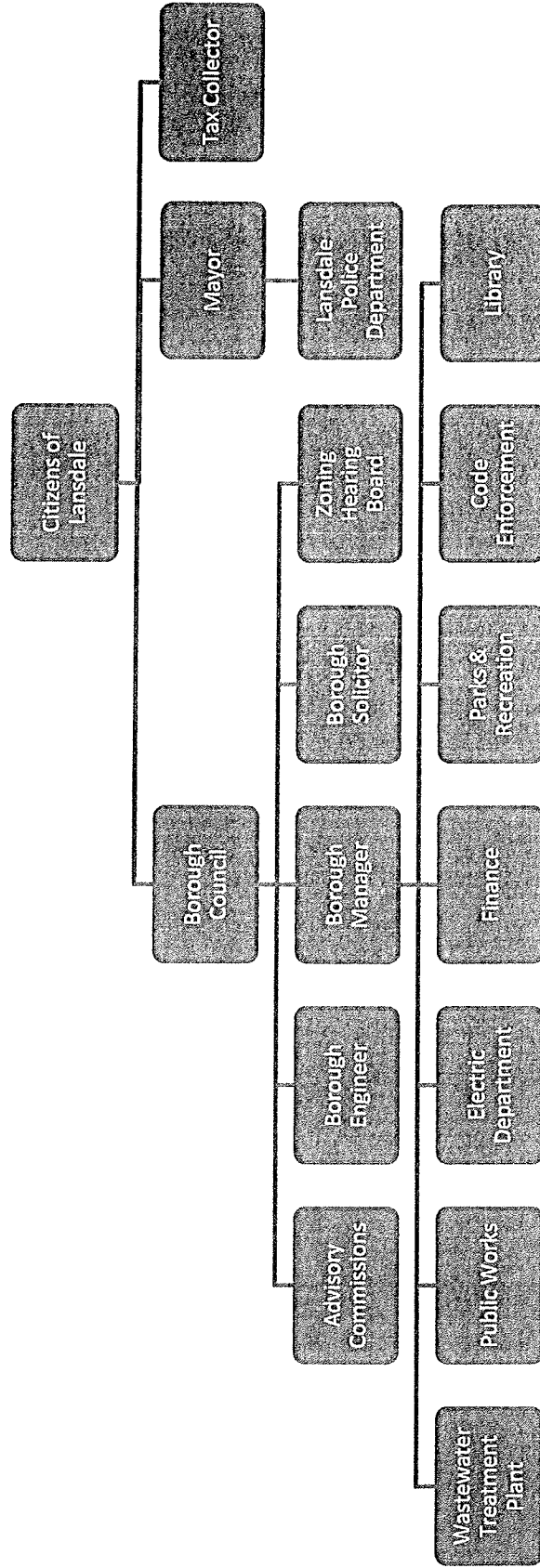
Attest:


Secretary

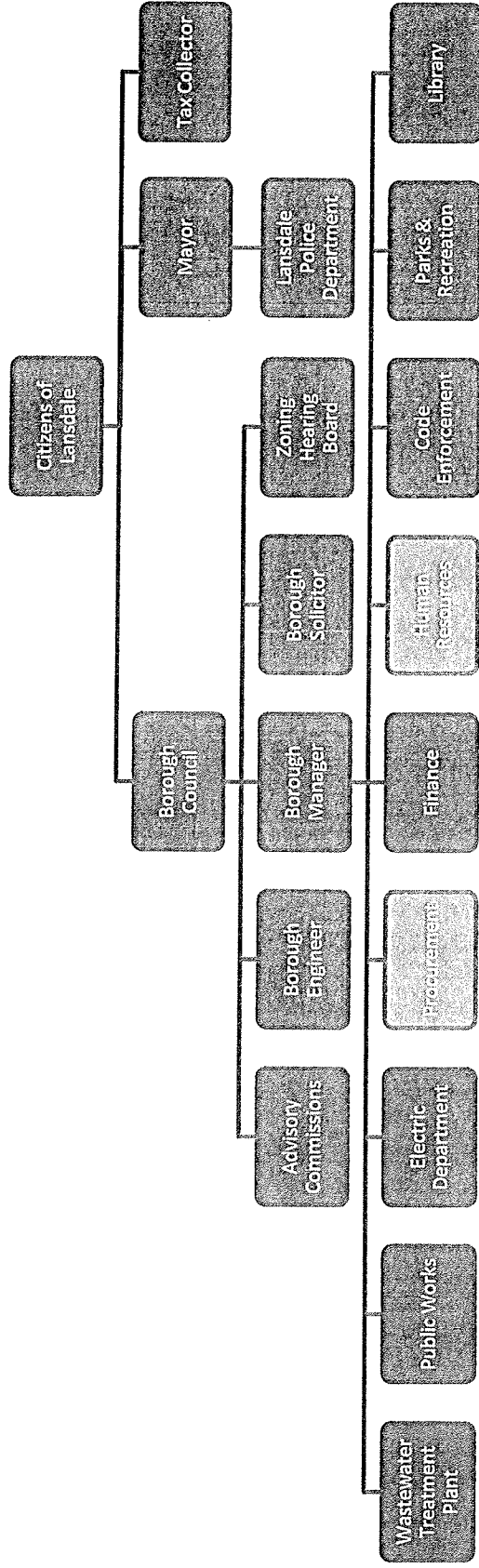


EDWARD W. PONTIER, Executive Director

Current Organization Chart



Proposed Organization Chart



DOCUMENTS INSPECTED AND OTHER INFORMATION RELIED UPON

A. FINANCE

1. Comprehensive Annual Financial Report – Years 2009 through 2005
2. Proposed Budget – all Funds – Years 2009 through 2005
3. Details of Interfund Transfers – Years 2009 through 2007
4. Monthly Treasurer’s Report to Borough Council
 - a. January 2009
 - b. June 2009
 - c. December 2009
5. Checks over \$1,000 presented to Borough Council
 - a. January 2009
 - b. June 2009
 - c. December 2009
6. Government Accounting Standards Board Statement No. 14 – Component Units of the Primary Government.
7. Various Interviews of Brian Shapiro, Director of Finance

B. ADMINISTRATION

1. Operations Assessment Report, Prepared by McCullough Consulting Group, LLC, Dated June 28, 2010
2. Minutes of Borough Council – Years 2009 through 2007
3. Minutes of Finance Committee – Years 2009 through 2007
4. Borough Ordinances – Years 2009 through 1970, in particular, those related to the Borough Manager's qualifications and duties.
5. Various Electronic Records downloaded from the computers used by F. Lee Mangan and Linda Rufe – Years 2009 through 1997
6. Statements of Financial Interests – Years 2009 through 2006
7. F. Lee Mangan Employment Agreement, Dated March 19, 2008
8. Timothea Kirchner Employment Agreement, Dated May 27, 2010
9. Various Interviews of:
 - a. Timothea Kirchner, Borough Manager
 - b. Linda Rufe, Administrative Assistant II
 - c. Sandra Cox, Open Records Officer

C. PROCUREMENT

1. Borough Code, Commonwealth of Pennsylvania
2. Vendor Payment Listing – all Funds – Years 2009 through 2007
3. Contracts for selected vendors – Years 2009 through 2007
4. Bids related to contracts for selected vendors – Years 2009 through 2007
5. Proof of Publication for bid advertisement – selected vendors – Years 2009 through 2007
6. Invoices relating to selected vendors – Years 2009 through 2007
7. Various Interviews of:
 - d. Cindy Leach, Office Supervisor, Lansdale Police Department
 - e. Daniel Shinskie, Superintendant, Waste Water Treatment Plant
 - f. Jacob Ziegler, Director of Utilities
 - g. Carl Saldutti, Jr, Director of Parks and Recreation

D. HUMAN RESOURCES

1. Employee Handbook – Non-union Management Personnel
2. Approved Salary listing for Non-union Employees – Years 2009 through 2005
3. End of Year Payroll Reports – Years 2009 through 2005
4. Form 1099s – Years 2009 through 2007
5. F. Lee Mangan Personnel file
6. Title to Borough Vehicle used by F. Lee Mangan
7. Visa Credit Card Statements – Years 2009 through 2007
8. Exxon Mobil Credit Card Statements – Years 2009 through 2007
9. E-ZPass Statements – Years 2009 and 2008
10. Listing of Borough-owned Cell phones
11. Sprint/Nextel Phone bills – Years 2009 through 2007
12. Department of the Treasury Internal Revenue Code and Regulations – selected sections related to gross income inclusion/exclusion
13. Interview with Deborah Wade, Payroll Administrator

E. NORTH PENN REGIONAL COUNCIL OF THE ARTS

1. Organization Documents
2. Charitable Organization Registration
3. Board Minutes – Years 2009 through 2006
4. Reviewed Financial Statements – Year 2008
5. Various internally prepared Financial Statements – Years 2009 and 2008
6. Financial Details – Borough of Lansdale Downtown Renewal Fund – Years 2009 through 2007
7. Expenditures, canceled check copies, etc. – Years 2009 and 2008
8. Various invoices for professional services paid by the Borough of Lansdale
9. Various copies of bank deposit slips and cash receipts records – Years 2009 and 2008
10. Payroll Report, Dated December, 29, 2009
11. Lease agreement with the Borough of Lansdale, Dated December 17, 2008
12. Marja Kaisla Employment Agreement, Dated January 8, 2009
13. Market Feasibility Study, Dated October, 2004
14. Various Interviews of Tracy Flynn, Communications Coordinator

F. LANSDALE DEVELOPMENT FOUNDATION

1. Organization documents
2. By Laws
3. Meeting minutes pre and post formation
4. Various federal and state tax filings
5. Financial statements – Years 2005 through 1988
6. Various transaction documents – Years 2006 through 2000
7. Various Bank Statements and/or cancelled checks – Years 2009 through 2006
8. Ed Pontier's Employment Agreement
9. F. Lee Mangan approvals for the Borough to pay certain Lansdale Development Foundation expenses.
10. Submissions to Board for payment of Ed Pontier's salary and expenses
11. Delinquency notices from Harleysville Bank related to Ed Pontier installment loan
12. Several files for Ed Pontier's development projects in Florida and Arizona
13. Contracts for various design and architectural services
14. Designs for and proposals to Merck related to the Lansdale Technology Park Hotel and Conference Center
15. Train Station area development proposals from various builders
16. Downtown Area Low Interest Loan Program related documents

G. LANSDALE PARKING AUTHORITY

1. Organization documents
2. Audited Financial Statements – Years 2009 and 2008
3. Bank statements – Years 2009 and 2008
4. Expenditures – Years 2009 and 2008
5. Selected bond issue documents
6. Form 1099 – F. Lee Mangan – Years 2009 through 2007

H. LANSDALE LIBRARY ASSOCIATION

1. Organization documents
2. By Laws
3. Selected Board Minutes
4. Budgets and funding requests – Years 2009 through 2000
5. Compiled Financial Statements of the Lansdale Library Association – Years 2009 through 2007
6. Detailed Financial books and records of the Lansdale Library Association – Years 2009 through 2007
7. Selected monthly reports – Years 2009 through 2000
8. Expense payment listings – Years 2009 through 2007
9. 2002 appraisal report for Library land and building
10. Renovation plans and related correspondence
11. Selected correspondence