

Minutes of Treasurer’s Conf. Call w/ Linda Owens & Sarah Gillian on March 16, 2020

RE: Unrelated Business Income Tax (UBIT)

- + During previous Executive Director’s management, the CELA had lost its not-for-profit status.
- + Recently, the proper forms were submitted and the CELA regained its not-for-profit status.
- + If an organization is for-profit (which was the CELA’s condition during last several years) there is no need to pay UBIT tax.
- + Now, as being a not-for-profit organization, the CELA has to pay UBIT tax.
- + Based on the excel chart below, sent by Linda Owens to treasurer on 3/16/20, **the CELA needs to pay \$8,575 UBIT Tax**. Linda Owens has already given proper directions to her accounting dept., and the payment will go out quickly (today 3/17/20).

	Total Revenue	Direct Costs	Excess Readership	Direct Profit (Loss)	
Job Board Postings	39,250	-1,458		37,792	
Net Income	39,250	-1,458	0	37,792	staff's time cost
				-1,000	
				-100	
				36,692	
				1,101	
				7,474	
				0	
				7,474	
			TOTAL UBIT	8,575	

- + This expense was not in our approved 2020 budget, because it was not paid in the previous years and there was no line item in previous budgets.
- + At this time we have 2 options:
 - a) If the CELA continues to maintain job link business and collect 100% revenue, as we did last year, we will continue to pay UBIT every year. Since we expect our job link revenue to increase in 2020, we need to budget about \$10,000 for the UBIT tax when preparing the CELA 2021 Budget.
 - b) If we hire a 3rd Party Vendor to manage the job link and pay them for their service, we receive royalty, but the income would be the same after taxes (Per Linda Owens).
- + After learning from Linda Owens that the CELA’s profit from job link would not change between option a and option b, I recommend that the CELA continues with option a.

Respectfully,

*Will be presented to the BOD on 3/17/20, during the Annual CELA BOD Meeting (Virtual)

Ebru Özer
Treasurer