**Module 12**

**Calculator Guide**

**PowerPoint Script**

**Slide 1: Title Page**

Welcome to an instructional guide for the 501(h) calculator.

**Slide 2: Purpose of the Calculator**

Today we are going to spend some time reviewing how to use the 501(h) calculator. This is a great resource that your charitable organization can utilize if they make the 501(h) election.

This calculator can be used to determine whether your organization has made excess lobbying expenditures for the year; determining whether your organization is at risk of losing its tax exemption due to excessive lobbying expenditures; calculate the allowable amount of lobbying expenditures for budgeting purposes; monitor lobbying expenses throughout the year to ensure expenditures stay within allowable limits; and prepares a mock Form 990, Schedule C, Part II-A to help aid in preparation of your organization’s Form 990 filing obligation.

**Slide 3: What You Will Need**

In order to calculate the amount of allowable lobbying expenditures under the expenditure test, here is what you will need. First, you need your charity’s **direct lobbying expenditures**. Direct lobbying expenditures are expenditures made for the purpose to influence any legislation through communication with any member or employee of a legislative body or with a government official or employee who may participate in the formulation of the legislation. In order to constitute a lobbying expenditure, the communication must refer to specific legislation and express a view on such legislation.

Next you will need your organization’s **grass roots lobbying** **expenditures** which are expenditures made for the purpose to influence any legislation through an attempt to affect the opinions of the general public. Similar to direct lobbying expenditures, in order to constitute a grassroots lobbying expenditure, the communication must refer to specific legislation, reflect a view on such legislation, and encourage the recipient of the communication to take action with respect to such legislation.

**Slide 4: What You Will Need Cont’d**

Finally, you will need your organization’s **other exempt purpose expenditures** which is just your organization’s total expenditures made to carry out its exempt purpose (other than lobbying expenditures).

In order to run the “normally makes” test, you will need you organization’s Form 990 for the prior three years. The calculation requires numbers from Schedule C, Part II-A.

**Slides 5 -10: Step-by-step**

**(NOTE TO SPEAKER): Rather than present this part of the material on a slide-by-slide basis, it is anticipated there will be some sort of animation that will show the inputs in action.**

1. Input the name of your charitable organization
2. Input the year for which you want to run the calculation
3. Input your organization’s other exempt purpose expenditures
4. Input your organization’s direct lobbying expenses
5. Input your organization’s grassroots lobbying expenses
6. For question 5, you will need to refer to Part II-A of Schedule C of your organization’s Form 990. Input the applicable line for the given year as provided.

**Slide 11: Output**

Now that we have all of the appropriate amounts inputted, it is now time to review the results. Using the sample figures we have been working off of, you can see that ABC Charity’s lobbying expenses and grassroots lobbying expenses have not exceeded the applicable nontaxable amounts. As a result no excess lobbying expenditures are due.

Also, you can see that ABC Charity has not exceed the applicable threshold under the “Normally Makes” Test. As a result, ABC Charity will not have its tax exempt status revoked.

In addition, the calculator will automatically generate a mock Form 990, Schedule C, Part II-A which can help you prepare your organization Form 990 filing for the year.