

Rotary
District 7390



District Learning Assembly

Legal Issues for Clubs

March 14, 2026

Presented by Dave Getz

Rotary Club of Mechanicsburg-North

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Why are we here at 8:30 on a Saturday?

- This class will provide an overview of legal requirements for Rotary Clubs and how to prevent making mistakes along the way.**
- Topics will include reporting requirements, liability issues, fundraising, spending actions, insurance needs, intellectual property (trademarks), and the Council of Legislation.**

Why should we care about legal issues?

Because this ↓ isn't usually a good solution!



Reporting Requirements

- Federal IRS
 - Form 990
 - Annual return of Organization Exempt from Income Tax
 - 990-N (postcard) if annual revenues are normally \$50,000 or less
 - Others are Forms 990, 990-EZ, 990-PF or 990-T.
 - Failure to file for 3 consecutive years means that the IRS will revoke your club's tax-exempt status.
- Pennsylvania
 - PA Department of State - Bureau of Corporations and Charitable Organizations
 - Charitable Organization Registration Statement (Form BCO-10) is required for organizations receiving contributions in PA in excess of \$25,000/year (voluntary filing for less than that)\
 - PA Department of State - Corporation Bureau
 - Annual Report for all business entities, including nonprofits
- There are additional federal and state requirements if your Club has its own Foundation

Reports to Rotary International

- A Rotary club's invoice to RI is calculated by the number of members in Rotary's database on July 1 and January 1 of each fiscal year (which begins July 1).
- Club dues and a semi-annual report is due to RI by July 31 and January 31.
- Report names of President-Elect and Secretary-Elect by January 31.
- Pay District dues promptly when assessed.
- Failure to keep this information current can affect a Club's standing and ability to access Rotary International resources.

Liability Issues

- Does your Club have insurance?
 - You betcha!

Insurance

- The U.S. Rotary Club & District Liability Insurance Program provides U.S. Rotary clubs and districts and Rotaract clubs with general liability insurance and directors & officers/employment practices liability insurance, subject to policy terms and conditions. This coverage protects against claims for bodily injury or property damage to third parties.
- Additionally, the Program provides personal & advertising injury, liquor liability, non-owned and rented auto liability, and sexual misconduct liability coverage.
- Website: rotary.hylant.com
- Username: rotary@hylant.com
- Password: Rotary1905
- <https://vimeo.com/1150094377/18c5c551bf?fl=pl&fe=vl>

The website has a whole host of loss prevention strategies:

- Bounce houses.
- Working with youth.
- Volunteers.
- Tents and canopies.
- Contract guidelines.
- Waivers and releases.
- Emergency response plans.
- Fireworks.
- Alcohol.
- Slip and Fall.
- Copyright.
- Incident handling guidelines.
- Etc.

Alcohol Loss Prevention Strategies

Liquor liability coverage covers injury or damage arising from the selling, serving, or furnishing of alcoholic beverages.

- If a liquor license is required, it must be in place for coverage to apply. Know local, state, and federal laws regarding sale and consumption.
- Volunteer training – RAMP(Responsible Alcohol Management Program)
- Check IDs!
- Control consumption.
- Discourage impaired driving. Promote Taxis, Uber, Lyft.
- Alcohol consumption isn't the purpose of the event!

Fundraising Activities

- Refer back to insurance matters.
- Refer back to loss prevention strategies.
- Small games of chance license.
- Organizations that wish to conduct small games of chance, such as raffles, pull-tabs, 50/50 drawings and other games permitted under the Small Games of Chance Act, must be licensed according to the laws of the Commonwealth of Pennsylvania. The license must be issued in the county in which the game is conducted or the drawing is held.

Contact the country treasurer for Small Games of Chance licenses

- The host municipality must have passed the Local Option Small Games of Chance Act!
- Organization must exist for at least 1 year prior to application.
- Regular License: Annual license that runs for one year from the date of issuance. The fee for an annual license is \$125.00.
- Monthly License: Valid for 30 consecutive days. Any game of chance must begin and end within the 30-day period. Up to 12 monthly licenses may be issued in a calendar year. The fee for a monthly license is \$25.00.
- Special Raffle Permits: Available to regular and monthly license holders. This permit authorizes organizations to conduct a raffle that exceeds the normal prize limits applicable to Small Games of Chance (\$2,000). The fee for a Special Raffle Permit is \$25.00.

Bingo Licenses

- Organization must exist for 2 years prior to application for a license.
- Obtain from County Treasurer.
- The Treasurer's office shall license, upon application, any association as defined in the Bingo Law, to conduct the game of bingo at one location in the county, which, shall only be in the city, borough, or township where the main business office or headquarters of the associations is located.
- Regular: A regular license is an annual license that allows the paying of Bingo no more than twice a week throughout the license year. The fee is \$100.
- 3 Consecutive Day: A license to conduct bingo only 1 period each year for not more than 3 consecutive days. The fee is \$15.
- Agricultural Association or County Fair: A license to conduct bingo at an exposition, carnival or fair for a period not exceeding 10 days. The fee is \$100.
- Entertainment Only: A special permit to conduct bingo for entertainment purposes only. There is no fee.
- Senior Citizens' Group: A license for senior citizen groups who conduct bingo for their members only. The fee is \$50.

Spending Actions

- Create standards for donations. And follow them!
- Don't let one person decide who receives money and that same person writes the checks.
- Club Treasurer should present monthly financial report to the Board.
- Consider joining with other Rotary clubs or other partners.
- USA Rotary insurance program provides D&O coverage for mismanagement of funds for Rotary clubs and Rotary club foundations (with certain requirements).
- No coverage for deliberate crime or deliberate fraud.

Spending rules and the IRS

- Rotary Clubs are 501(c)(4) nonprofit organizations, NOT 501(c)(3). Clubs are social welfare organizations under IRS rules. Thus, donations to Rotary clubs are not tax deductible. Sponsorships by companies can be advertising expense that is deductible.
- A Club's Foundation can be a 501(c)(3).
- IRS rules of private inurement and private benefit. Section 501(c)(4) of the Internal Revenue Code expressly prohibits inurement of the earnings to the benefit of an "insider" of the club (an officer, director, key employee, or anyone related to those individuals).

Rotary Intellectual Property

- Rotary updated its branding and logo in 2013.
- Rotary Marks. Follow guidelines at <https://brandcenter.rotary.org>

- Rotary Masterbrand simplified:

The Masterbrand Signature Simplified is our official logo and combines the wheel with the word “Rotary” (Rotary’s wordmark) to the left for visibility and recognition.



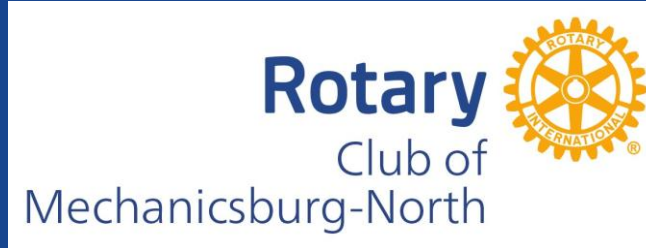
- Mark of Excellence:

Use the Mark of Excellence along with your club, district, or zone logo, **not by itself.**



Club Name

Use the name on your charter or the name your club is known by in your community.



Rotary Logo Lockup Template

This logo lockup can be customized for your Rotary club, district, or zone. You can use your club, district, or zone logo and add text or a graphic identifying your partner, sponsor, program, or event.

When to use

Use a lockup to show a relationship between your club, district, or zone and its partner, sponsor, program, or event. Only one partner, sponsor, program, or event name or logo can be used.



We are people of action

- People of Action isn't an advertising campaign. It's the way we talk about and present ourselves and it supports the message that, together, we envision a world where people take action to create lasting change.



- Rotary's brand colors should be used to create a consistent look across all Rotary communications. Our colors have been carefully chosen to complement one another in most situations and should be used in their pure forms, never altered nor screened. Each color includes formulations for the following uses:
 - Pantone™ colors for print
 - CMYK for 4-color process print
 - Hexadecimal for web
 - RGB for digital

Council on Legislation

- Every three years, representatives from Rotary districts around the world gather in Chicago to review and vote on proposed legislation. The Council on Legislation is an essential part of Rotary's governance.
- For example, the 2022 COL adopted a per capita dues increase, added equity and inclusion to the building of a well-balanced membership, allowed active members to propose prospective members in any club not just their own, and removed the requirement that a member must work or reside in the locality of their club. The COL rejected making the magazine subscription voluntary.

Important US Supreme Court case involving Rotary International

- Rotary International was an all-male origination when it was founded in 1905.
- On June 1, 1977, the Rotary Club of Duarte California club admitted 2 women. RI terminated the club's charter in March 1978.
- The Duarte Club (which renamed itself the "Ex Rotary Club of Duarte") filed suit in 1978 based on California's Unruh Civil Rights Act. Eventually, the California appellate court ruled that Duarte had to admit women (which it wanted to do) as the club was a "business establishment" within the meaning of Unruh Act. RI appealed to the US Supreme Court, citing the 1st Amendment's freedom of association.
- In 1984, the Rotary Club of Seattle International Districts filed a friend of the court brief with the US Supreme Court in 1987.

- On March 30, 1987, the US Supreme Court held oral argument in the Duarte case and on May 4, 1987, it handed down a 7-0 unanimous decision ruling that Duarte could not discriminate against members because of gender.
- Duarte wasted no time responding to this decision, and on June 23, 1987, Dr. Sylvia Whitlock was inducted as the first woman Club president in the history of Rotary International.
- In January 1989, the Council on Legislation voted to change the Constitution and By-laws to permit the admission of women into Rotary International.
- On July 1, 1995, Mimi Altman of the Deerfield, Illinois club became the first woman District Governor.
- Jennifer Jones of RC of Windsor-Roseland, Ontario, Canada, became the first female RI President on July 1, 2022

Questions?

Thanks for attending today!