



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT

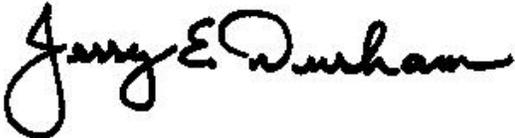
SUITE 1500

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July 18, 2014

MEMORANDUM

To: Board Members of
Nonprofits Receiving Funds from the Sale of Specialty License Plates

From: Jerry E. Durham, CPA, CGFM, CFE
Assistant Director
Division of Local Government Audit 

Subject: Annual Statutory Accounting of Specialty License Plate Funds
For the period July 1, 2013 through June 30, 2014

Pursuant to the requirements of Section 55-4-201(k), *Tennessee Code Annotated*, nonprofits that receive funds from the sale or renewal of a specialty earmarked license plate must file an annual accounting of all such funds with the Comptroller's office by September 30 of each year for funds received from July 1 through June 30 of the preceding state fiscal year.

This information should be submitted through the Comptroller's Contract and Report System (CARS) located at https://www.comptroller.tn.gov/RA_Upload/. Instructions for the use of CARS are included in this mailing.

Please contact Tim Hardy at Timothy.Hardy@cot.tn.gov or 615-401-3039 for questions regarding this request.

Enclosures:

Instructions for CARS
Annual Accounting Guidance
Example Reporting

Instructions Contract and Report System (CARS)

1. Navigate to CARS: <https://www.comptroller.tn.gov/RA Upload/>
2. Sign up for an account.
3. You will receive an email once your account has been approved by the Comptroller's Office. (The approval process is not automatic; therefore, you will not receive an immediate response.)
4. After your account has been approved by our office, you will be able to log into CARS and upload the electronic files through the "Upload Financial Information" option on the Main Menu. Only .pdf file types are accepted. You will be uploading the following:
 - A. Specialty License Plate Annual Accounting
 - B. Federal Form 990
 - C. Audit Report (as applicable, see below)

Specialty License Plate Annual Accounting Guidance

(Note: All documents should be submitted in .pdf format.)

The information submitted by the recipient organization shall include:

(A) Annual Accounting of Specialty License Plate Funds

- (1) The name(s) of the Specialty License Plate(s)
- (2) Name and Contact Information for Recipient Organization
 - a. Name
 - b. Address
 - c. Phone number
 - d. Web address (as applicable)
- (3) A description of the Specialty License Plate and any restrictions placed upon the use of the funds by *Tennessee Code Annotated* (TCA).
- (4) A description of the nature of your organization.
- (5) A Schedule of Income and Expenses – Presented on a Cash Basis:
 - a. Option A – Preferred Method
The schedule should be limited to income and expenses related to specialty license plate funds.
 - b. Option B
Some organizations do not segregate expenditures associated with specialty license plate revenue separately from the normal operations of the not-for-profit. This may be the case when, for example, the nature of the organization is narrow enough in its scope that TCA requirements can be met by expending funds on the general operations of the organization. For these situations, the reporting format should encompass all income and expenses of the not-for-profit. Specialty license plate revenue should be reported as a separate line item.
 - c. The reporting period for the schedule of income and expenses is statutorily required by Section 55-4-201(k)(3) of TCA to be from July 1, through June 30, regardless of the entity's fiscal year.
 - d. Beginning and ending amounts of unspent funds should be disclosed. This applies to both reporting options and should be disclosed even if beginning and ending amounts are zero.
- (6) An example format is enclosed.

(B) Federal Form 990

The most recent form filed with the Internal Revenue Service should be uploaded (e.g., Form 990-N, Form 990-EZ, Form 990-PF, Form 990).

(C) Audit Report *(as applicable)*

This is required only if your organization had an audit conducted by an independent CPA firm. The most recently issued audited financial statements should be uploaded. The fiscal year of the audit may differ from the statutory reporting period above.

Annual Accounting of Specialty License Plate Funds

[Section 55-4-201(k)(3), *Tennessee Code Annotated*]

Example Reporting Format

Specialty License Plate Name

Know History

Recipient Organization

Historical Society of ABC County, Inc.

111 North Main Street

Finney, TN 31111

(555) 444-3333

Web address: www.historicalsocietyofabccounty.org

Description of Specialty License Plate and TCA Restrictions

Specialty License Plate

Section 55-4-20X, *Tennessee Code Annotated* (TCA), authorizes the issuance of a “Know History” specialty earmarked license plate to complying residents of Tennessee. The purpose of the plate is to recognize and encourage the importance of learning history.

TCA Restrictions

The funds produced from the sale of “Know History” specialty earmarked license plates shall be allocated to the Historical Society of ABC County, in accordance with Section 55-4-20X, TCA. This statute requires that such funds shall be used exclusively for public awareness including, but not limited to, the purchase and installation of history plaques at historical sites, publication of pamphlets, and direct assistance to municipal historical societies in the county.

Nature of Organization

The Historical Society of ABC County, Inc. was established in 1977 to bring public awareness to the historical events and citizens that shaped our community and nation. We accomplish this through various means such as preservation of historical sites, publications (pamphlets and books), lectures, historical plaques, and newspaper articles.

Schedule of Income and Expenses

Refer to example schedule below. (*Note: This example illustrates Option A, i.e., an entity that is reporting income and expenses directly related to specialty license plate proceeds. This format can be modified for Option B.*)

Historical Society of ABC County, Inc.
Know History Specialty License Plate Annual Accounting
 Schedule of Income and Expenses – Cash Basis
 July 1, 20XX through June 30, 20XX

Income	
Proceeds from Know History Plates	\$157,325
Interest Income	189
Total Income	\$157,514
Expenses	
Administrative Expenses	\$ 1,534
Direct Assistance:	
City of Finney Historical Society	\$ 40,000
Town of Whitfield Historical Society	45,000
Total Direct Assistance	85,000
Postage and Shipping	101
Programs:	
Historical Plaques	\$ 33,000
Publications and Printing	18,000
Public School Field Trips	21,000
Total Programs	72,000
Total Expenses	\$ 158,635
Difference	\$ (1,121)
Unspent Specialty License Plate Funds – Beginning	\$ 0
Unspent Specialty License Plate Funds – Ending	\$ 0

Note: This schedule illustrates the use of Option A and only includes income and expenses directly related to specialty license plate funds.