

# The English-Speaking Union

## BF-1: Schedule of Branch Financial Obligations Payable to Outside Entities

Feb 4, 2019

Charge	Benefit to Branch	Amount	Purpose
LLC Tax Payable to the State of Delaware	<ul style="list-style-type: none"> <li>• Maintain “good standing” status in the State of Delaware as a foreign nonprofit LLC formed in the State of Delaware</li> <li>• Ensures that the Branch is in full compliance with the statutes of the State of Delaware</li> <li>• Assures that the Branch continues to enjoy federal tax-exempt status as a non-for-profit organization</li> <li>• Failure to maintain good standing may result in the revocation of the branch's corporate charter by the State of Delaware, which would deprive the branch of the protection of being a corporation as well as of its not-for-profit status</li> <li>• Bills forwarded from the State of Delaware by CSC (Corporation Services Company) to the Branch contact on file</li> </ul>	\$300	By law, all Limited Liability Companies formed in the State of Delaware must pay an annual LLC tax to the State of Delaware. The fee payable in a given year is for the previous calendar year. So the fee payable in 2019 is for calendar year 2018. Each Branch will be billed three months in advance of the due date for paying the tax, and the due date is the anniversary of the date the Branch was organized as an LLC in Delaware. The bills will be forwarded by the Branch's registered agent to the Branch contact on file with the registered agent. For most Branches this anniversary is July 1. If you are not sure of your Branch's formation date as an LLC in Delaware, feel free to check with Ed Mohylowski, Deputy Executive Director, at <a href="mailto:emohylowski@esuus.org">emohylowski@esuus.org</a> or 212-818-1200, ext 218.
Home State Registrations: Annual Report Filings	<ul style="list-style-type: none"> <li>• Maintain good standing in the Branch's home state</li> <li>• Be legally able to conduct business in the Branch's home state</li> <li>• Failure to file in the home state may result in financial penalties</li> <li>• Notice of due dates for home state filings is forwarded, usually by email, by the Branch's registered agent usually two months in advance of the due date for that filing</li> </ul>	Varies by State	LLC Branches that do not operate in the State of Delaware may have to be registered as a “foreign” entity to do business in their home State and may have to file an annual report with their home state and pay any local fees that a State may require. The price and nomenclature varies from state to state, but the filing is determined by the home State. Again, feel free to check with Ed Mohylowski, Deputy Executive Director, at <a href="mailto:emohylowski@esuus.org">emohylowski@esuus.org</a> or 212-818-1200, ext 218, should you need clarification regarding potentially due annual reports.
Registered Agent Fee(s) Payable to Corporation Services Company (CSC):	<ul style="list-style-type: none"> <li>• Having a registered agents maintains Branches in compliance with Delaware Corporation law and relevant State statutes</li> <li>• Registered agent keeps Branches informed of any compliance requirements or legal action taken against the Branch in both Delaware and its home state</li> <li>• Registered agent accepts tax and legal documents from the states on behalf of the Branch and ensures they are delivered to the appropriate Branch officers and or contact people on file</li> <li>• CSC bills the Branch for its services two months in advance of the date the bill is due by email, unless the Branch has made other arrangements, to the Branch contact on file at CSC</li> <li>• Registered agent fees are payable to Corporation Services Company (CSC)</li> </ul>	<p>\$83.82 for one registered agent fee (one state),</p> <p>\$167.64 for two registered agent fees (two states)</p>	Maintaining a registered agent in the State of Delaware is mandated by law, and many states also require that foreign LLCs maintain a registered agent in their jurisdictions. Corporation Service Company (CSC), the registered agent for most Branches, provides registered agent services at a deeply discounted annual rate that was negotiated by the national organization's legal counsel. The amount depends on whether or not your Branch needs a registered agent both in Delaware and in your home state. Fees are billed annually and cover the next 12 months. We are working with CSC to change all Branches to a common renewal month. Again, feel free to check with Ed Mohylowski, Deputy Executive Director, at <a href="mailto:emohylowski@esuus.org">emohylowski@esuus.org</a> or 212-818-1200, ext 218, should you need clarification regarding registered agent fees due.

# The English-Speaking Union

## BF-2: Schedule of Branch Financial Obligations Payable to the English-Speaking Union Feb 4, 2019

Charge	Benefit to Branch	Amount	Purpose
Insurance Premium	<ul style="list-style-type: none"> <li>*\$1,000,000 in Directors and Officers (D &amp; O) insurance coverage for all Branch directors and officers</li> <li>*\$1,000,000 in general liability coverage for per incident coverage of \$2,000,000</li> <li>*Coverage provided to Branches at a steep discount</li> <li>*ESU Headquarters will send an invoice when the premium is due</li> <li>*Insurance certificates for coverage of Branch events and activities provided upon request</li> <li>*ESU subsidizes each Branch's share by more than \$200.</li> </ul>	\$250	To provide Directors & Officers and General Liability Insurance coverage for all directors and members, including coverage for off-site events
990 and Audit Fees	<ul style="list-style-type: none"> <li>* One "consolidated" 990 filing and audit for all Branches and the National ESU</li> <li>* Branches do not have to file their own 990s or submit to their own audits</li> <li>* ESUUS pays for the whole 990 filing (no charge to Branches)</li> <li>* Branches pay a pro-rated share of the expanded audit and the ESUUS absorbs the remaining cost, roughly \$12,000, for the expanded audit</li> </ul>	<p>990 Filing: No fee to Branches</p> <p>"Expanded audit": \$1,000 for each of 10 Branches to be audited</p> <p>\$225 for the remaining 55 Branches with the difference to be absorbed by the national organization.</p>	To meet the requirement that the ESUUS file one (consolidated) federal tax return (IRS Form 990) that includes all Branch activities annually. The ESUUS must also undergo a related audit that includes all Branch activities.
Charitable Solicitation Registration	<ul style="list-style-type: none"> <li>* Allows LLC Branches to raise funds legally in all states in the USA.</li> <li>* No cost to Branches; cost absorbed by National</li> </ul>	\$0 No action required by Branches.	Legal requirement in 38 states and the District of Columbia for nonprofits to register in order to conduct fundraising in those jurisdictions