

April 2024

## State Registration Management | Policy

<b>POLICY OWNER:</b>	Legal Department
<b>POLICY APPROVED BY:</b>	President & COO, Office of the Chief Operating Officer
<b>POLICY CONTACT:</b>	Contracts Administrator, <a href="mailto:contracts@water.org">contracts@water.org</a>

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### I. Policy Overview

#### Policy Statement

The state registration management process involves input from more than one area of the organization. Depending on the registration type, input is needed from HR, Fundraising, Finance and Legal. Legal is responsible for managing the state registration management process.

#### Purpose

To bring clarity and knowledge to the supporting areas with the latest registration status updates. This policy will also serve as joint accountability for responsible departments involved.

#### Applicability

This policy applies to the Legal, Finance, HR, and Fundraising Departments.

#### Governance

The Legal Department is the owner of this policy and is responsible for administering, reviewing, and making recommendations for updates or changes to this policy in alignment with business needs.

#### Violations

It is the expectation of Water.org that direct supervisors proactively manage their direct reports' compliance with this Policy. Non-compliance, from an employee or a direct supervisor, may result in progressive disciplinary actions consistent with the organization's established HR procedures.

## II. Policy

Established state registration management process that details the joint responsibility and interaction needed between all applicable departments to ensure we are compliant with registration requirements for state charitable solicitation registrations, corporate/employment state registrations, and commercial co-venture registrations. Each state has their own registration requirements that need to be adhered to.

### 1. Departmental / Joint Areas of Responsibility

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#### 1.1 Finance:

##### **Interactions with Finance (including RSM)**

1. Charitable Solicitation Registration
2. State Tax Registration
3. State Tax Exempt Status
  - a. State Registrations will be managed by Legal.
  - b. Tax filings and tax forms to be done by Finance with legal support when required. Legal to be informed on the state employment tax filings.
    - o Finance to inform who will follow up with RSM. We recommend that a Service Level Agreement (SLA) is signed with RSM to ensure that timing is clear to all concerned departments and to ensure that we can avoid delays in the fundraising activities.
    - o Note: Donor tax requirements or questions to be managed by Finance with legal support when required.
  - Finance to continue managing the relationship with RSM or other selected accounting and audit provider.
  - Required information to be provided by Finance to Legal:
    - o IRS Form 990 and audited financial statements on an annual basis.
    - o If applicable – the Extension file with the IRS – with form 8868.
    - o State contributions will be provided by Finance to Legal (Finance receives this detail from the Revenue/Dev Ops Team in a special format including breakdown by state and a regular cadence, once per fiscal year or ad hoc as needed).
    - o State specific contribution receipts when requested for.
    - o Itemized list of Government Grants and entities list with dollar amounts.

#### 1.2 HR and Finance:

##### **Interactions with HR and Finance (including Paylocity)**

1. Employee/Corporate Certificate of Authority License Registration
  - a. HR enters Employee demographics which are housed within Sage HRIS and fed into Paylocity for payroll processing and tax withholdings.
  - b. HR will flag for Finance & Legal when a new state is approved for hiring purposes.
  - c. Legal will register (w/ support from Copilevitz): obtain certificate of authority/corporate license. BIN, corporate license numbers, and certificates of authority, numbers may need to be shared from Legal to HR for workers comp purposes.
  - d. New employees will start, hire date and first payroll check date need to be submitted by Finance to Paylocity via a new state tax code form.
  - e. HR will then link the new state tax code to the new employee record.
  - f. Then, once the first withholding of wages occurs Finance will submit a new EIN registration request form for Paylocity to register for SUI and SIT (not local taxes) on our behalf.
  - g. State notices regarding employee income taxes or unemployment filings will arrive via mail.
  - h. Department of Labor or State Revenue notices will be scanned and remitted via email to Finance from the shared Admin.
  - i. HR will need to remit quarterly reports confirming states in which we have active employees.
  - j. Finance must then submit each state notice to Paylocity.

- k. Finance will need to obtain quarterly reports from Paylocity which confirm the state withholdings have been remitted.
  - l. A roster of state tax codes that are actively set-up for along with EIN details and Registered agent information/updates will need to be obtained by Finance and Paylocity and submitted to Legal.
  - m. BIN numbers may need to be shared from Legal to HR for workers comp purposes.
  - n. Finance will need to maintain a roster of state tax codes and submit them to Paylocity.
  - o. Finance will contact Paylocity to remove state tax codes for states where we no longer have employees.
2. Payroll Provider: Paylocity
    - a. Paylocity – Some filings need to be done by Paylocity. WO does not have an agreement in place with Paylocity. We need to enter into an agreement with them and define their scope of work. According to our search, normally the payroll provider is expected to manage the following activities: Identification of EIN numbers and tax rates, such as SUI.
    - b. Finance / Finance Director has agreed they will be responsible for managing Paylocity.

## **2. Departmental / Situational Areas of Responsibility**

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### **2.1 OCEO:**

#### **Interactions with OCEO**

An updated list of Board of Directors to be provided by OCEO to Legal on an annual basis. This information will be shared with our state registration coordinator (Copilevitz) for filing and renewal purposes.

### **2.2 Fundraising:**

#### **Interactions with Fundraising**

1. Charitable Solicitation Registrations
2. Commercial Co-Venture Registrations
  - a. Information about contributions per state. (The most efficient process will be for finance to inform us about the amounts recognized so the information is aligned with our financial reports)
  - b. Fundraising shall provide information to legal about commercial co-venture and cause marketing agreements before or as soon as they are signed.
  - c. Legal will revise the state registration requirements and tax clauses in the Commercial co-venture and cause marketing agreements to adhere to state laws and allow us to register accordingly.
  - d. Legal will revise other requests from donors that relate to state registrations and tax clauses.

## **III. Approval and Responsibility**

Each department involved is responsible for their department's responsibilities while the overall process and procedure is managed by the Legal Department. Any proposed changes to the process will be mutually agreed upon before implementation.

## **IV. Additional Resources**

### **Contact for Support**

Please contact the Contracts Administrator if you have questions or need clarification regarding this policy.