

M. R. FOUNDATION, TENNESSEE INC.

DISTRIBUTION OF M.R. PROCEEDS ALLOCATED TO COUNCILS

Policy and Procedures

Each council conducting an M.R. Foundation drive prepares the M.R. Drive Summary report showing contributions received and expenses for Tootsie Rolls and supplies. A check for the net proceeds together with the report is sent to the drive Chairman who prepares statistical records for each council and totals for each annual drive. The Drive Chairman sends out the Council report and the check to the Foundation treasurer for deposit.

One-half of the amount of the check sent by the Council is allocated for the Council to distribute to organizations which assist mentally retarded citizens in its area or in the State of Tennessee. Recipient entities for the funds shall be restricted to those that are exempt from Federal Income Taxes under IRS code section 501(c)(3) or are non-profit tax exempt organizations to which contributions are allowable deductions for Federal Income Tax purposes.

The Drive Chairman provides each Council with the Distribution Request Form to obtain funds. The request can be sent with the Summary Report and check to the Drive Chairman who will forward it to the Foundation Treasurer along with the requests if they are payable to eligible payees. If distribution is not determined at the time proceeds are sent to the Drive Chairman, later request can be sent directly to the Foundation Treasurer who will prepare checks to be sent to the Council for delivery/presentation at an appropriate time.

If Council request is for payment to an agency or organization previously allocated funds by a Council, the request will be processed promptly. However, if the Council desires distribution to a new recipient, a current IRS letter granting 501(c)(3) exemption must be obtained from the organization and sent to the Foundation Treasurer before funds can be paid.

Please note that the requirement for Foundation payments is **NOT** met by sending a State of Tennessee letter granting exemption from Tennessee sales taxes but **MUST** be a letter from the Internal Revenue Service granting **EXEMPTION FROM FEDERAL INCOME TAXES UNDER SECTION 501(c)(3) of the INTERNAL REVENUE CODE.** (sample copy attached)