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Form **990-EZ**

Short Form Return of Organization Exempt From Income Tax

OMB No 1545-1150

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ Sponsoring organizations of donor advised funds and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 at the end of the year may use this form
▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2008 calendar year, or tax year beginning , 2008, and ending , 20

<p>B Check if applicable:</p> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<p>Please use IRS label or print or type. See Specific Instructions.</p>	<p>C Name of organization Rush City Sno-Bugs</p> <p>Number and street (or P O box, if mail is not delivered to street address) Room/suite 765 W. 7th St. Circle</p> <p>City or town, state or country, and ZIP + 4 Rush City, MN 55069-5022</p>	<p>D Employer identification number 41 1977550</p> <p>E Telephone number (320) 358-4385</p> <p>F Group Exemption Number ▶</p>
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• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Accounting method Cash Accrual
Other (specify) ▶

I Website: ▶

H Check if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

J Organization type (check only one) — 501(c) (4) ◀ (insert no) 4947(a)(1) or 527

K Check if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts, if \$1,000,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ **611,330**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions for Part I)

	Description		Amount
Revenue	1 Contributions, gifts, grants, and similar amounts received	1	124
	2 Program service revenue including government fees and contracts	2	17,765
	3 Membership dues and assessments	3	500
	4 Investment income	4	739
	5a Gross amount from sale of assets other than inventory	5a	
	5b Less: cost or other basis and sales expenses	5b	
	5c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) (attach schedule)	5c	
	6 Special events and activities (complete applicable parts of Schedule G). If any amount is from gaming, check here <input checked="" type="checkbox"/>		
	6a Gross revenue (not including \$ reported on line 1)	6a	592,202
	6b Less: direct expenses other than fundraising expenses	6b	545,514
6c Net income or (loss) from special events and activities (Subtract line 6b from line 6a)	6c	46,688	
7a Gross sales of inventory, less returns and allowances	7a		
	7b Less: cost of goods sold	7b	
	7c Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a)	7c	
8 Other revenue (describe ▶)	8		
9 Total revenue. Add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8	9	65,816	
Expenses	10 Grants and similar amounts paid (attach schedule)	10	11,060
	11 Benefits paid to or for members	11	
	12 Salaries, other compensation, and employee benefits	12	
	13 Professional fees and other payments to independent contractors	13	
	14 Occupancy, rent, utilities, and maintenance	14	14,000
	15 Printing, publications, postage, and shipping	15	
	16 Other expenses (describe ▶ Schedule A)	16	25,599
17 Total expenses. Add lines 10 through 16	17	50,659	
Net Assets	18 Excess or (deficit) for the year (Subtract line 17 from line 9)	18	15,157
	19 Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	119,835
	20 Other changes in net assets or fund balances (attach explanation)	20	
	21 Net assets or fund balances at end of year. Combine lines 18 through 20	21	134,992

Part II Balance Sheets. If Total assets on line 25, column (B) are \$2,500,000 or more, file Form 990 instead of Form 990-EZ

(See the instructions for Part II)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	45,929	62,419
23 Land and buildings		
24 Other assets (describe ▶ Equipment)	74,072	72,816
25 Total assets	120,001	135,235
26 Total liabilities (describe ▶)	166	243
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	119,835	134,992

For Privacy Act and Paperwork Reduction Act Notice, see the Instruction for Form 990.

Cat No 106421

Form **990-EZ** (2008)

SCANNED JAN 08 2010

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Part V Other Information (Note the statement requirements in the instructions for Part VI.)

		Yes	No
33	Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		<input checked="" type="checkbox"/>
34	Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		<input checked="" type="checkbox"/>
35	If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T		
35a	a Did the organization have unrelated business gross income of \$1,000 or more or section 6033(e) notice, reporting, and proxy tax requirements?	<input checked="" type="checkbox"/>	
35b	b If "Yes," has it filed a tax return on Form 990-T for this year?	<input checked="" type="checkbox"/>	
36	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," complete applicable parts of Schedule N		<input checked="" type="checkbox"/>
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions ▶ 37a 0		
37b	b Did the organization file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?		<input checked="" type="checkbox"/>
38b	b If "Yes," complete Schedule L, Part II and enter the total amount involved		N/A
39	Section 501(c)(7) organizations. Enter:		
39a	a Initiation fees and capital contributions included on line 9		N/A
39b	b Gross receipts, included on line 9, for public use of club facilities		N/A
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911 ▶ N/A ; section 4912 ▶ N/A ; section 4955 ▶ N/A		
40b	b Section 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," complete Schedule L, Part I		<input checked="" type="checkbox"/>
40c	c Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ N/A		
40d	d Enter amount of tax on line 40c reimbursed by the organization ▶ N/A		
40e	e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T		<input checked="" type="checkbox"/>
41	List the states with which a copy of this return is filed. ▶ None		
42a	The books are in care of ▶ <u>Jill Haugrud</u> Telephone no ▶ (320) 358-0218 Located at ▶ <u>765 W. 7th St. Circle, Rush City, MN</u> ZIP + 4 ▶ 55069-5022		
42b	b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	Yes	No
42c	c At any time during the calendar year, did the organization maintain an office outside of the U.S.? If "Yes," enter the name of the foreign country: ▶ _____		<input checked="" type="checkbox"/>
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041 —Check here and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 43 <input type="checkbox"/>		
44	Did the organization maintain any donor advised funds? If "Yes," Form 990 must be completed instead of Form 990-EZ		<input checked="" type="checkbox"/>
45	Is any related organization a controlled entity of the organization within the meaning of section 512(b)(13)? If "Yes," Form 990 must be completed instead of Form 990-EZ		<input checked="" type="checkbox"/>

Part VI Section 501(c)(3) organizations only. All section 501(c)(3) organizations must answer questions 46-49 and complete the tables for lines 50 and 51.

- | | Yes | No |
|-----|-----|----|
| 46 | | |
| 47 | | |
| 48 | | |
| 49a | | |
| 49b | | |
- 46 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I
- 47 Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II
- 48 Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E
- 49a Did the organization make any transfers to an exempt non-charitable related organization?
- b If "Yes," was the related organization(s) a section 527 organization?
- 50 Complete this table for the five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None"

(a) Name and address of each employee paid more than \$100,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Total number of other employees paid over \$100,000 ▶				

51 Complete this table for the five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and address of each independent contractor paid more than \$100,000	(b) Type of service	(c) Compensation
Total number of other independent contractors each receiving over \$100,000 ▶		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here *Frank Mitchell* * 12-21-09
 Signature of officer Date
 Frank Mitchell, President
 Type or print name and title

Paid Preparer's Use Only

Preparer's signature <i>Duane C. McCall, CPA</i>	Date 12-18-09	Check if self-employed <input checked="" type="checkbox"/>	Preparer's Identifying Number (See instructions) P00037751
Firm's name (or yours if self-employed), address, and ZIP + 4 Duane McCall, CPA P.O. Box 643, Rush City, MN 55069	EIN ▶ 41	2021439	
Phone no ▶ (651)		429-0724	

May the IRS discuss this return with the preparer shown above? See instructions Yes No

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than \$5,000

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		Speed Run (event type)	(event type)	(total number)	(Add col (a) through col (c))
Revenue	1 Gross receipts	11,350			11,350
	2 Less Charitable contributions				
	3 Gross revenue (line 1 minus line 2)	11,350			11,350
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Other direct expenses	5,933			5,933
	8 Direct expense summary Add lines 4 through 7 in column (d)				(5,933)
	9 Net income summary. Combine lines 3 and 8 in column (d)				5,417

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
		1 Gross revenue	94,014	463,678	23,160
Direct Expenses	2 Cash prizes	78,796	374,332	12,000	465,128
	3 Non-cash prizes				
	4 Rent/facility costs		14,735	372	15,107
	5 Other direct expenses	7,921	48,728	2,697	59,346
	6 Volunteer labor	<input type="checkbox"/> Yes _____ % <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes 49 % <input type="checkbox"/> No	
7 Direct expense summary Add lines 2 through 5 in column (d)				(539,581)	
8 Net gaming income summary. Combine lines 1 and 7 in column (d)				41,271	

	Yes	No
9 Enter the state(s) in which the organization operates gaming activities. <u>Minnesota</u>		
a Is the organization licensed to operate gaming activities in each of these states?	<input checked="" type="checkbox"/>	
b If "No," Explain.		
10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?		<input checked="" type="checkbox"/>
b If "Yes," Explain		
11 Does the organization operate gaming activities with nonmembers?	<input checked="" type="checkbox"/>	
12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?		<input checked="" type="checkbox"/>

13 Indicate the percentage of gaming activity operated in

13a	The organization's facility	%
13b	An outside facility	100 %

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ **Jill Haugrud**

Address ▶ **765 W. 7th St. Circle, Rush City, MN 55069**

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue?

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____

c If "Yes," enter name and address.

Name ▶ _____

Address ▶ _____

16 Gaming manager information.

Name ▶ **Jill Haugrud**

Gaming manager compensation ▶ \$ **8,448**

Description of services provided ▶ **Oversight of Administrative/Operating Activities**

Director/officer Employee Independent contractor

17 Mandatory distributions.

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

	Yes	No
13a		
13b		
14		
15a		✓
15b		
15c		
16		
17a		✓
17b		

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return Rush City Sno-Bugs	Business or activity to which this form relates Form 990-EZ	Identifying number 41-1977550
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Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses.	1	\$250,000
2	Total cost of section 179 property placed in service (see instructions)	2	5,676
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	0
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	5,676

(a) Description of property	(b) Cost (business use only)	(c) Elected cost
6 Ice Shaver, Racking, Shop Tools	5,676	5,676
7 Listed property. Enter the amount from line 29	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7		8 5,676
9 Tentative deduction. Enter the smaller of line 5 or line 8		9 5,676
10 Carryover of disallowed deduction from line 13 of your 2007 Form 4562		10
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)		11 5,676
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11		12 5,676
13 Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	1,431
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/>		

Section B—Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

20a	Class life				S/L	
b	12-year		12 yrs.		S/L	
c	40-year		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr.	22	7,107
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.								29

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2008 tax year (see instructions)					
43 Amortization of costs that began before your 2008 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report.					44

**RUSH CITY SNO-BUGS
TAX ID #41-1977550
ATTACHMENT to FORM 990
FOR YEAR ENDED DECEMBER 31, 2008**

Page 1 of 1

Schedule A

Page 1 - Part I - Line 10

Grants and Similar Amounts Paid

All Star Football (youth recreational sport program)	50
Boy Scout Eagle Project	500
Fish Lake Township (equipment)	2,000
Humanitarian Assistance (3-individuals/families)	1,000
Prevent Child Abuse of Minnesota	500
Rush City Family Center (scholarship)	250
Rush City Food Shelf	1,000
Rush City Lions	260
Rush City School District #139 (scholarships)	3,000
Rush City School District #139 (senior class party)	1,000
Rush Lake Fourth of July Celebration Committee	1,000
Sacred Heart Catholic Church (youth group)	500
Total Lawful Purpose Program Expenditures (MN Statute 349)	<u>11,060</u>

Schedule B

Page 1 - Part I - Line 16

Other Expenses

Trail Groomer Operation	1,102
Trail Groomer Fuel	1,519
Trail Groomer Repair & Maintenance	4,693
Trail Groomer Supplies	30
Trail Maintenance	1,506
Insurance	5,682
Office Supplies	58
Postage	171
Administrative	60
Conferences, Conventions, Meetings	3,091
Dues	580
Depreciation	7,107
Total Other Expenses	<u>25,599</u>