



## CHAPTER EDUCATIONAL PROGRAMS AND IRS 501(c)(3) STATUS

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Chapters should have Internal Revenue Service (IRS) Code 501(c)(3) status for their educational programs. Chapter's general financial affairs are conducted under Section 501(c)(6) of the IRS Code. By obtaining IRS 501(c)(3) status, all contributions to the chapter's educational program are deductible from the donor's federal income tax, personal or corporate. A donation to a chapter not possessing 501(c)(3) status cannot be legally claimed as a tax deduction regardless of the purpose of the donation. The 501(c)(3) status is important to donors and to chapters who solicit contributions.

While all AFCEA chapters are tax exempt under Section 501(c)(6), chapters must file individually to obtain 501(c)(3) status. This can be done easily through the AFCEA Educational Foundation. Under the umbrella of the Foundation, incorporated as a 501(c)(3) organization, chapters can be added to our group exemption roster simply by sending a completed SS-4 form and an authorization letter to the Foundation. The Foundation files applications with IRS each year to update information according to IRS rulings, and to obtain tax-exempt status for additional chapters. AFCEA defrays all expenses associated with this filing.

### 501(c)(3) Employer Identification Number

After granting the 501(c)(3) status, the IRS will assign each chapter a unique Employer Identification Number (EIN). This number is different and separate than the EIN for the chapter's 501(c)(6) status. Chapters should use this number when corresponding with IRS about the chapter's educational program activities. Generally, contributors to a tax exempt organization are not required to include the organization's 501(c)(3) EIN on their income tax returns; however, contributors who ask for a tax identification number in connection with making a contribution to the chapter's educational fund should be given the chapter's 501(c)(3) EIN.

### Maintaining 501(c)(3) Status

A careful study of the AFCEA Educational Foundation's IRS tax exempt, 501(c)(3) status was conducted by AFCEA's attorneys in May 1988. This study establishes that the Foundation is a public charity as are the educational programs of the individual chapters under 501(c)(3) status. Status as a public charity allows interest earnings to accrue tax free. To maintain this status, the

study recommended several measures. Those that involve individual chapters are cited below:

1. Separate accounts must be kept for educational program revenues and expenses to maintain qualification as a 501(c)(3) organization.

The chapter's Association or general funds and educational funds must not be co-mingled. Expenses incurred by the educational program and contributions received must be kept in separate bookkeeping and banking accounts from expenses and revenues associated with the chapter's Association activities.

A chapter may not use contributions to the educational program to pay expenses for those Association activities which are not related to educational programs.

A chapter is free to use Association revenues, if acceptable to the chapter members, to pay educational program expenses. These should be treated in bookkeeping accounts as a contribution from the chapter or Association to its educational program.

2. Where chapters have an educational account, contributions to the AFCEA Educational Foundation should be made from their educational account (under 501(c)(3)) rather than from the chapter's Association account governed by Section 501(c)(6).
3. Any account organized under Section 501(c)(3) must file a Form 990 with the IRS. This filing is separate and distinct from the one for the chapter's Association activities under 501(c)(6) status. New IRS regulations implemented in 2008 now require Chapters with educational funds **under** \$25,000 in gross receipts, to file an annual electronic notice, Form 990-N. Details on how to file Form 990s will be made available soon on the Foundation's website at <http://www.afcea.org/education/scholarships/chapters/>
4. If any chapter needs an application for the 501(c)(3) status (filing a Form SS-4), please contact Norma Corrales, Director, Scholarships and Awards Program, AFCEA Educational Foundation, 703-631-6149 or [scholarship@afcea.org](mailto:scholarship@afcea.org).
5. For question about filing the Form 990, contact Steve Knell, Chief Financial Officer, AFCEA International, 703-631-6166 or [sknell@afcea.org](mailto:sknell@afcea.org).