

IRS TAX EXEMPTION DESIGNATION

I. GENERAL

The Internal Revenue Service (IRS) has granted tax-exempt status to the AVA under Section 501(c)(3) of the Internal Revenue Code (IRC). As part of this tax-exempt status, the IRS also granted AVA authority to include its subordinate organizations under that tax-exempt status as part of a group exemption. The AVA may add subordinate organizations under this group exemption only in March of each year.

II. POLICY

A. All Member Clubs and State Organizations of the AVA, except those already tax exempt under IRC Section 501(c)(3), under some other portion of Section 501, or under the direct control of another tax-exempt organization, will apply for recognition under the AVA Group Exemption as a tax-exempt organization under Section 501(c)(3), IRC. To be eligible, the Member Club or State Organization must:

1. Be in good standing with Articles of Incorporation or organization and a Constitution and/or Bylaws that conform to the AVA Articles of Incorporation and Bylaws and to Section 501(c)(3), IRC.
2. Qualify as a nonprofit organization under Section 501(c)(3), IRC; not be a private foundation; not be a for-profit organization; not have financial ties to a for-profit organization; not already be 501(c)(3) or other 501(c) organization; or not be a subordinate of a different central organization recognized under any other portion of Section 501, IRC.
3. Operate on a fiscal accounting year of January 1 to December 31 or July 1 to June 30, maintain all funds in a bank account in the name of the organization, and submit all reports required and identified below.
4. Obtain an Employer Identification Number (EIN) from the IRS.

B. Member Club or State Organization granted recognition under the AVA Group Exemption will be disqualified if it no longer meets the requirements for the exempt status, becomes inactive according to AVA Policies, or fails to file the required annual reports. Unless the disqualified club has obtained its own tax-exempt status under Section 501(c) or has become subordinate to another tax-exempt organization, the club will be subject to taxation under the current Internal Revenue Code. Any Member Club or State Organization obtaining tax-exempt status subordinate to another tax-exempt organization – other than AVA – will submit an information copy of that tax-exempt document to AVA which will be filed with that Member Club's or State Organization's records.

C. A Member Club or State Organization requesting 501(c)(3) tax-exempt status under the AVA Group Exemption will apply to the AVA National Office with their membership application. The Member Club or State Organization must submit this application only once. The application must include a completed AVA Form 102C3, Application for IRS 501(c)(3) Status Under AVA Group Exemption and all supporting

documentation listed on the application form. The AVA will submit all completed applications on file at the AVA National Office to the IRS in March of each year. The AVA will notify Member Clubs and State Organizations when the IRS approves their requests.

D. Member Clubs and State Organizations approved for 501(c)(3) status under the AVA Group Exemption must submit to the AVA National Office the reports listed below (Failure to submit the required information will jeopardize the club's 501(c)(3) standing and the club's ability to sanction events):

1. Club Officer Information Update.

Every club must submit the officer/club information report within thirty days of the change of an officer or any officer/club information and at least once annually between January 1 and November 15. Information required and procedures for submitting this report are shown in the official section of the AVA web site. If the report is not received by November 15, a late fee of \$10.00 will be assessed. Failure to make an annual report before December 31 will place the club in "not good standing".

2. Annual Financial Report for 501(c)(3) Organizations.

Every club under the AVA 501(c)(3) umbrella must submit an annual financial report between July 1 and November 15. Information required and procedure for submitting this report is shown in the official section of the AVA web site. If the report is not received by November 15, a late fee of \$10.00 will be assessed. Failure to make an annual report before December 31 will place the club in "not good standing".

3. IRS Form 990, Return of Organizations Exempt from Income Tax.

A Member Club or State Organization must file this form with the IRS

- a) at the end of the first year it is under the AVA Group Exemption;
- b) if it normally has gross receipts of \$50,000 or more; and
- c) in any year in which the IRS sends it an IRS Form 990 for completion.

III. NON-IRS GROUP ORGANIZATIONS

Clubs or sponsoring organizations that are exempt from participating in the AVA Group Designation must:

A. Furnish to AVA copies of correspondence from IRS approving the exempt designation.

B. File such reports with the IRS on an annual or other report time as required by IRS.

- C. Maintain the IRS requirements for not for profit or tax-exempt designations.
- D. Submit an AVA Club Officer Information Update as required by Section 1.02 D1 above.
- E. Obtain an Employer Identification Number (EIN) from the IRS.