

**GUIDELINES FOR APPLYING FOR
INCLUSION IN THE CDSS GROUP TAX EXEMPTION RULING**

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The following guidelines have been established for Group Affiliates of the Country Dance and Song Society (CDSS) who are interested in being covered by our federal group tax exemption ruling. Group Affiliates seeking recognition of exemption may apply to the IRS for its own ruling independently of CDSS by filing Form 1023. The organizational requirements are essentially the same, but joining the CDSS group exemption is easier, quicker and cheaper. It is, however, a serious undertaking: in this process, you will warrant that your organization qualifies as a charitable organization and you undertake to complete annual reporting requirements to maintain this status. Being part of the CDSS Group Exemption does not exempt your organization from the requirements of any applicable agencies, such as the IRS, INS, Department of Labor or other federal or state entities with jurisdiction over nonprofit organizations and operations. You will have requirements to your state offices and the federal government (such as income tax filings) because you are considered to be your own, freestanding organization for all of these purposes.

Groups that are recognized by the Internal Revenue Service as exempt under section 501(c)(3) of the Internal Revenue Code enjoy the following benefits, among others:

- ☐ no Federal tax on income earned by or contributed to the group in furtherance of its exempt purposes;
- ☐ federally-recognized exemption is helpful when you apply to your state for state exemption;
- ☐ eligibility to receive donations that are tax deductible by their donors as charitable contributions;
- ☐ special reduced postal rates for bulk mailings (requires an application to the US Postal Service);
- ☐ eligibility for grants by public agencies and private charitable foundations;
- ☐ in some facilities, eligibility to rent space at below-market rates; and
- ☐ eligibility for services of arts councils and other service organizations.

In order to come under the CDSS group exemption, a Group Affiliate must do the following:

1. submit a completed Application for Inclusion in the CDSS Group Exemption, signed by a duly authorized officer of the group, and application fee of \$125;
2. obtain an Employer Identification Number (EIN) by submitting Form SS-4 to the IRS. To obtain the form, call your local or regional IRS office and ask that the form be sent to you. On the form, you will be asked for our Group Exemption Number (GEN). That number is GEN 9228.
3. maintain its Group Affiliate membership with CDSS as provided by the CDSS bylaws, and comply with any subsequent instructions from CDSS;
4. under IRS regulations, CDSS Affiliated Groups under our group exemption must be subject to (CDSS's) general supervision or control. We consider this guideline to be met if a group agrees to subscribe to the general purposes of CDSS and submits an annual financial report to us (see paragraphs 8-10, below);
5. have an established organizational structure, either as a nonprofit corporation or an unincorporated association, with its own articles of incorporation or constitution and bylaws consistent with the purposes of CDSS as stated in our Articles of Organization. A copy of your organizing document and bylaws including any amendments currently in effect must be submitted to CDSS (sample bylaws are included in this mailing). At a minimum these documents must address compliance with applicable laws, organizational leadership (how it is elected or appointed, and how it is maintained), the financials of the organization, and other issues of nonprofit structure.
6. have a treasurer or other designated officer who is responsible for the accuracy of the group's financial statements;
7. the following or substantially similar provisions should be included in the group's organizing document or bylaws:
 - a) No part of the organization's assets or net earnings may inure to the benefit of any individual. This does not preclude the payment of reasonable amounts for goods or services provided to the organization.
 - b) Upon dissolution, the assets of the organization shall be distributed to another nonprofit organization that is exempt under section 501(c)3 of the Internal Revenue Code.

- c) The organization shall not, as a substantial part of its activities, carry on propaganda or otherwise attempt to influence legislation, except to the extent permitted by section 501(h) of the Internal Revenue Code, nor shall it participate to any extent in any political campaign for or against any candidate for public office.
 - d) It is intended that the organization shall be entitled to exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code and shall not be a private foundation as described in section 501(a) of the Code.
 - e) The organization subscribes to the general purposes of The Country Dance and Song Society, Inc.
8. if yearly gross income normally is less than \$25,000, the group must send a copy of its annual financial report for its most recent fiscal year to CDSS by July 31. If yearly gross income normally is \$25,000 or more, the group must file Form 990, Return of Organization Exempt from Income Tax, to the IRS (with a copy to CDSS) by the 15th day of the 5th month after the close of its fiscal year. Note: CDSS does not file group returns and cannot prepare your informational returns or other financial reports;
9. if in any year the group has \$1,000 or more gross income from business that is not substantially related to the purposes constituting the basis for its exemption, it must also submit Form 990-T, Exempt Organization Business Income Tax Return, to the IRS, with a copy to CDSS; and
10. each year complete and return to us a short update form, financial report and tax exempt renewal fee of \$75 by July 31. (This fee is *in addition to* the group's membership dues of \$85.) The update form which we will send to you in the late spring is to notify CDSS of any change in the group's name, contact person, mailing address, actual street address if the mailing address is a post office box, Employer Identification Number (EIN), organizing document or bylaws (or to confirm that the existing information still is correct) and that the group wishes to be included under the group exemption for another year. In addition to the above, all organizations wishing to renew must include a brief statement of the year's activities and any updated copies of the organizing documents. *It's very important that you give yourself enough time to take care of these things to return them to us by the deadline.* (For groups who normally gross over \$25,000 annually, your financial report is different; see #8 above.)

Upon receipt of your Application for Inclusion, application fee of \$125 and if all other guidelines are met, CDSS will furnish your organization with copies of its exemption determination letters, and will include your organization in its next annual group exemption update letter to the IRS.

For more information on tax exemption, see IRS Publication 557, Tax Exempt Status for Your Organization, available by mail from your IRS regional office, or consult an attorney who is experienced in tax exemption for nonprofit organizations. If you have questions about joining the CDSS group exemption, call our office at 413-268-7426, during regular office hours (9:30-5 Monday to Friday), or send us a message via fax (413-268-7471) or email office@cdss.org.