

USATF Associations Group Exemption Outline *(as of 9 March'23)*

What:

Each association, if not already completed, would apply for own tax-exempt status. There would no longer be a Group Exemption filed or needed.

- Currently, around 6 associations have filed for their own tax exempt status.
- It has been required of associations that had their status auto-revoked by the IRS due to non-filing of Non-Profit federal returns (Form 990, 990EZ, etc)

Why:

The benefit of a Group Exemption is very limited, IRS requirements are changing and the definitions and relationship can be confusing and cause misunderstandings as to how it affects the Central Organization and the association requirements.

- Each year, more associations have applied for their own tax exempt status and no longer need to be included in the Group Exemption.
- In some cases, misunderstanding by the association has led to its tax-exempt status being auto-revoked by the IRS. This requires the association to apply for its own status.
- All other requirements and responsibilities remain the same. The only difference is the associations would have to file for own tax exempt status one time only.

When:

The process will begin early in 2023 with target dates and general assistance. The Central Organization (National Office) and AEC will remain engaged until all applications are submitted to the IRS.

How/Concerns:

- Cost – one time fees
 - to file Form 1023 (long form) \$675 OR
 - to file Form 1023 EZ (short form) \$275
 - plus potential state fees (varies by state) \$50-\$400
 - attorney/tax preparer fees (recommended but not required, varies by situation and provider) \$2000-\$4000 on average
- Education and Support
 - Central Organization (National Office) will provide some cost relief
 - Central Organization will work with AEC including specific experienced members to provide education and support
 - 2 town hall calls scheduled for March 2023
 - FAQs, Steps to Follow, document requirements, reference links will be provided
 - Questionnaire to determine which form each association must file will be provided
 - Questions may be summarized through the AEC and submitted to a dedicated Central Organization contact person throughout the timeline
- Accreditation
 - This is a separate issue from accreditation. Requirements do not change except the one- time filing for tax exempt status.
- Timing
 - Central Organization/AEC will continue to file the Group Exemption until each association confirms their applications have been successfully submitted to the IRS
 - Central Organization/AEC will send follow up communication, status checks and reminders through the association region representatives (?) throughout the process
 - Process will begin in early 2023 with application deadline TBD