



Establishing Not-For-Profit Tax Status for SIGs and SRCs

In order to establish and maintain a nonprofit tax status for your SIG or Chapter, these steps must be followed.

1. Establish or Revise a Mission and Purpose Statement
2. Establish or Revise organizational bylaws
3. The College Reading and Learning Association requires all SIGs and Chapters to obtain the same nonprofit tax status: Federal 501(c)(3). An overview of this status is listed below.
 - i. Requires recognition of exemption – Cost is \$600 and available through IRS
 1. SIGs/Chapters that do not have \$600 accessible in their treasury are eligible to utilize CRLA's nonprofit EIN until funds have been acquired. SIG/Chapter leaders are encouraged to follow up with their SIG/SRC Coordinator to learn more about this opportunity.
 - ii. Cannot participate in political/lobbying activities (may lobby up to 10% of their funding)
 - iii. Donations are tax-deductible
 - iv. No federal income tax
4. File Articles of Incorporation in a specific state
 - i. This makes the organization officially a business but does not make it tax-exempt
 - ii. Steps to file vary by state – check the state's website/secretary of state and follow their steps
 - iii. Apply for federal employer identification number (EIN assistant: <https://sa.www4.irs.gov/modiein/individual/index.jsp>)
5. File for tax-exempt status
 - i. Must be maintained by filing status **annually** with both IRS and the state of incorporation
 1. SIG/Chapter is required to file by **February 15** and **copy of 990-EZ** must be submitted with the spring Goals and Activity Report
 - ii. Helpful Resources
 1. 501 C 3: <https://www.irs.gov/charities-non-profits/application-for-recognition-of-exemption>
 2. Nonprofit Registration and Compliance: <https://www.hurwitassociates.com/nonprofit-registration-and-compliance/>
 3. Filing Tips for Form 990-EZ: <https://www.irs.gov/charities-non-profits/filing-tips-for-form-990-ez>
 4. Small to Mid-Size Tax Exempt Organization Workshop: <https://www.stayexempt.irs.gov/home/resource-library/virtual-small-mid-size-tax-exempt-organization-workshop>