



TAX EXEMPT INFORMATION

The FFA Alumni Association (local, state, and national) is considered for Internal Revenue Service exemption purposes as a subordinate to the National FFA Organization, which at time of non-profit exemption approval in 1976 was the Future Farmers of America Organization. Article I, Section A of the FFA Alumni Association Constitution defines the FFA Alumni Affiliate as an affiliate of the FFA Organization. Article V, Section A of the FFA Constitution also lists the FFA Alumni as a division of membership followed by Section C giving a definition of eligible persons for Alumni membership.

INTERNAL REVENUE TAX NUMBER

The central organization, according to the Internal Revenue Service, is the FFA Organization. The FFA has been designated a group exemption number (GEN) by the Internal Revenue Service. All subordinates of the FFA, which includes all **chartered and active** local and state FFA Alumni Affiliates, must use this GEN number to verify tax exempt status on all reports to the IRS. Local and state FFA Alumni Affiliates must file for their own employer identification number (EIN) which is required when filing the IRS Form 990. The EIN is also required when bank accounts are opened or other investments are established that generate interest or dividends for the local or state FFA Alumni. The EIN is obtained by filing an SS-4 form with your regional Internal Revenue Service Center. The SS-4 form has 18 questions and will take only a few minutes to complete. Under 9A, check box "other nonprofit organization" and write in Future Farmers of America. Line 16, check "other" box and list educational support as the principal activity. Submit application to IRS, once you have been assigned an EIN this information needs to be provided to National FFA on the appropriate form. FFA will then contact the IRS to link your affiliate to the GEN.

The IRS sends the National FFA Organization a list of all affiliates using the FFA's group exemption number for their EIN on an annual basis. The national office is required to verify this list for the IRS and add/delete FFA chapters or Alumni affiliates as necessary. If an affiliate becomes inactive (less than 10 dues paying members) with the National FFA Alumni, they will be in violation if they use the GEN for non-profit status.

For control purposes, the National FFA Alumni will provide the GEN number to chartered, active affiliates upon request. Newly chartered affiliates will receive a tax information packet along with their charter certificate and scroll.

WHO MUST FILE FORM 990

Any Alumni Affiliate receiving a Form 990 must return it to the Internal Revenue Service. Note that if the gross income of your affiliate is normally not more than \$25,000 you are only required to answer the questions at the top of the form. When gross income is (over the period of two or more years) normally greater than \$25,000 a year, the affiliate must complete the entire Form 990 or 990EZ. An affiliate should define gross receipts to mean the total amount received from all sources (including membership dues and all fund raising activities) during its annual accounting period, without subtracting any costs or expenses. If the Alumni affiliate does not receive Form 990 and does not normally have gross income of \$25,000, the affiliate is not required to file Form 990. Form 990EZ may be used by FFA Alumni Affiliates with gross receipts less than \$100,000 and total assets less than \$250,000 at the end of the year.



TAX EXEMPT INFORMATION (Continued)

DUES AND OTHER CONTRIBUTIONS ARE TAX DEDUCTIBLE

Membership dues and other contributions to the FFA Alumni are eligible IRS deductions for the contributor when the support to the organization and its activities do not derive benefits of more than the nominal monetary value. As outlined in the FFA Alumni Constitution, the organization is designed to support and serve rather than to provide monetary benefits to its members which normally means that contributions are tax exempt.

Personal charitable contributions, under the revised tax laws beginning 1987, may only be claimed as itemized deductions on Schedule A, Form 1040. Items that are normally considered charitable contributions to the FFA Alumni are:

1. Life and annual membership dues
2. Cash contribution
3. Out-of-pocket expenses you paid to do volunteer work for the FFA Alumni. This includes attending conventions and meetings as an official representative, delegate or award winner. Out-of-pocket expenses such as lodging, meals and registrations are normally deductible. For more information, see IRS Publication 526 (www.irs.gov).
4. Car or truck travel at the rate of 14 cents a mile (beginning January 1, 2005) or actual cost of gas and oil for driving on approved FFA Alumni activities or to FFA Alumni meetings when you are the approved representative.
5. The appraised value of material items donated to the FFA Alumni. This could include items donated to an auction, animals donated for FFA livestock chains, or equipment donated to a vocational agriculture shop. Items worth more than \$5,000 must be appraised by a professional appraiser.

You cannot deduct the cost of raffle tickets, events from which you receive personal benefits, entertainment or the value of your time or services. If an individual contributes more than \$3,000 to the FFA Alumni, the contributor must list the FFA Alumni and amount on line 14b of Schedule A, Form 1040. The EIN number of the FFA Alumni Affiliate will be required for contributions over \$3,000. If non-cash contributions are more than \$500, Form 8283 must be completed.

EXPENDITURES FOR POLITICAL PURPOSES

A political expenditure, as defined by the Internal Revenue Service, intends to influence the selection, nomination, election or appointment of anyone to public office or a political organization. The FFA Alumni is a 501(C)3 organization and must file Form 1120-POL if their political expenditure exceeds \$100 per year. The National FFA Alumni policy states that it is non-political and does not make political expenditures as described above. Individuals of the FFA Alumni can make political donations at any time without involving the organization.