C&MA Group Exemption 501(c)3 Explanation

A 501(c) organization is a tax-exempt nonprofit organization in the United States. Section 501(c) of the United States Internal Revenue Code (26 U.S.C. § 501(c)) provides that several types of nonprofit organizations are exempt from some federal income taxes. Many states refer to Section 501(c) for definitions of organizations exempt from state taxation as well. 501(c) organizations can receive unlimited contributions from individuals, corporations, and unions.

The most common type of tax-exempt nonprofit organization falls under category 501(c)(3), whereby a nonprofit organization is exempt from federal income tax if its activities have the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition, or preventing cruelty to children or animals.

The C&MA is classified as a 501(c)(3) and has a group.

What is a group exemption?

The Internal Revenue Service (IRS) has recognized The Christian and Missionary Alliance (National Office) as a central organization/parent that is authorized to maintain a group exemption based on Internal Revenue Code 501(c)3. This avoids the need for each C&MA district/church to apply for exemption individually with the IRS. A group exemption letter from the C&MA has the same effect as if the district/church had an individual determination letter from the IRS.

Group exemptions are an administrative convenience for the IRS and for C&MA districts/churches (our “subordinates”). As subordinates in our group, you do not have to file, and the IRS does not have to process, separate applications for exemption. Consequently, subordinates do not receive individual exemption letters directly from the IRS. Instead, the letter you receive from the C&MA is your proof of participating in our group. This letter is a legal document and should be kept on file permanently.

Because the IRS requires that this relationship be defined which includes being affiliated and subject to the parent’s general supervision or control, the C&MA supervises/controls the subordinates pertaining to relationship to the parent, structure, purpose, and activities which are defined in each subordinate’s Articles of Incorporation and Bylaws.

The C&MA group number is 2284, however, each subordinate is listed within the group under their own Employer Identification Number (EIN).

We need you to keep us up to date so that the C&MA has accurate information that can be provided to the IRS when requested. This information includes updates on name changes, EIN changes, and address changes.

What do I provide vendors who ask for proof?

Provide them with a copy of the letter you receive from the C&MA. Ask the National Office for an updated letter any time it is needed. Vendors like to see these letters with current dates (typically within two years).

Where is the group found online?

Online, the group can be located as follows: The Christian and Missionary Alliance (as parent of the group) is listed in the current edition of IRS Publication 78, Cumulative List of Organizations, as revised. (See www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-

Select-Check and search for [using the following **exact** spelling by IRS]: Christian & Missionary Alliance, Reynoldsburg, OH.) Although each subordinate is maintained within the group under their own EIN, only the parent is listed here as managing a group. The subordinates are not listed.

How do donors verify that contributions are deductible?

The IRS states that donors must rely upon the central organization for verification with respect to deductibility of contributions to subordinates covered in a section 501(c)3 group exemption ruling [see IRS Pub. 4573].

However, subordinates must provide written substantiation for any annual charitable contribution of $250 or more. These records should be provided in a timely manner to donors—generally in the first quarter of the year following the tax year in which the contribution was made. Include on the statement: subordinate's legal name, address, EIN, calendar year dates for contributions (i.e. Contributions from January 1, 2023 through December 31, 2023), detailed contributions with dates and amounts.

Summarizing:

- The C&MA is a central organization authorized to maintain a group exemption
- The C&MA reports to the IRS about the group and changes to it—generally, you don't have to
- The letter you receive from the C&MA is your proof of participating in the group—you won't get anything directly from the IRS
- Each subordinate is listed within the group under its own EIN
- The C&MA group can be located online but not the subordinates
- Notify the C&MA when your church has changes to legal name (paperwork required), address, EIN

In a nutshell, being part of the group means:

- Donors may deduct contributions to you (only to the extent that their contributions are gifts, with no consideration received)
- Exempt from federal income tax
- Not required to file Form 990
- Not required to file federal income tax returns (exception: unrelated business income)
- Liable for social security (FICA) taxes for each employee paid $100 or more during a calendar year (some exceptions apply)
- Not liable for tax imposed under Federal Unemployment Tax Act (FUTA)

Important note: please see specific IRS codes for complete information (www.irs.gov).

What the group is not!

This is not an exemption for local sales tax or property tax. That must be applied for separately with your local city, county, or state.

A note about EINs:

The Employer Identification Number (EIN) is assigned to your entity by the IRS. Depending on the source, the EIN can be referred to in many ways (such as: FEIN, SEIN, tax ID number, etc.). The EIN never needs to change but sometimes does due to misinformation and frequent church staff changes. We must be kept current on the active EIN for your church.