



## THE IZAAK WALTON LEAGUE OF AMERICA

May 20, 2020

Dear Chapter / Division President:

Each year, the Izaak Walton League requests current information from chapters and divisions to enable the League to fulfill our obligations under the National Bylaws, protect the reputation and assets of the League, and comply with Internal Revenue Service (IRS) requirements for 501(c)(3) tax-exempt organizations. **These requirements and the deadline for submission to the IRS are unchanged by COVID-19 pandemic.**

The National Bylaws (Section 5.9) and IRS regulations require submission of certain information annually. As a result, we request that all chapters and divisions submit the following information to the national office no later than August 14, 2020:

- **Chapter or division Bylaws and Articles of Incorporation.** If one or both of these documents have not been updated or amended since your last submission, you do not need to submit them again this year. Simply indicate the date each document was last amended on the enclosed checklist and return the checklist to the national office with the other materials;
- **The most recent IRS 990, 990-EZ or 990-N postcard.** It is important to note that chapters must file one of these forms and entities with annual gross receipts of \$50,000 or less can complete the 990-N postcard unless they choose to complete the 990 or 990-EZ. If your chapter or division has requested an extension to file its 990, please include a copy of the extension request form as well as the most recent 990 filed with the IRS as part of the submission to the national office;
- **Any corporate filings made with your state within the last 12 months, i.e., updated reports for corporate registration or current certification to solicit funds.** If your chapter or division is not required to file any documents with your state, please indicate that on the enclosed checklist;
- **Certificate of insurance listing the state division (if applicable) and national organization as additional insureds.** Please note that sending a copy of a cancelled check paying your premium is not acceptable proof of insurance. In addition, it is important to indicate on the enclosed checklist if your chapter or division does not own, lease, or rent property and has not obtained insurance for this reason; and
- **A completed copy of the enclosed chapter/division questionnaire describing conservation and educational charitable activities conducted in 2019.** The questionnaire documents activities from the **previous year**. Although COVID-19 has certainly curtailed many chapter activities during the first half of 2020, this process focuses on activities conducted in 2019.

## **IRS Will No Longer Provide Critical Information About Chapter and Division Status**

In 2019, the IRS changed a longstanding practice that could directly affect chapters and divisions covered by the League's group exemption. Until this year, the IRS annually sent the League a printed list of the chapters and divisions it recorded as covered by the group exemption. The national office would check this list each year against our records and our staff would proactively reach out to any chapter or division that was not included on the IRS listing to see if there had been a change in their status. In some of these cases, the IRS had revoked a chapter's coverage or made an error based on a chapter name change, for example. In most of these cases, the League learned of the issue based on staff review of the printed list from the IRS, not because chapters had communicated with the national office. In each of these cases, however, the IRS had communicated directly with the chapters.

Beginning this year, the IRS will no longer send the national office a printed list or any other communication documenting the chapters and divisions it records as covered by the group exemption. Staff will not be able to easily identify changes in chapter or division status and then reach out to the affected chapter or division. Therefore, if your chapter or division is contacted by the IRS about a change in its status under the League's group exemption, it is vitally important that you share this information to the national office. This will allow our staff to provide suggestions for addressing issues and ensure that the national office can update our internal records of covered chapters and divisions.

### **Tips for Completing Chapter/Division Questionnaires**

The national organization uses the information provided in the chapter/division questionnaire as the primary means to determine whether chapters and divisions are meeting basic requirements for nonprofit organizations. The IRS expects the League to play this role for chapters and divisions under our 501(c)(3) group exemption, and the League has an annual obligation to inform the IRS of chapters/divisions that continue to be covered by this exemption. Our ability to make this determination is heavily dependent on the quality and descriptiveness of the information we receive. To help you provide the most useful information, we offer these tips:

- Many chapters find their newsletters are great sources of information about the activities they conducted in the previous year. Newsletter articles often include information about the number of participants in an activity, the results of that activity, and other information about the impact that activity had in the community or on participants.
- Submitting a list of every meeting (i.e., "monthly members meeting (12)" or "Boy Scouts (52)") either in the questionnaire or on a separate attachment does not provide useful information about conservation and educational charitable activities. The most informative questionnaires received annually provide succinct, narrative descriptions of common activities and the results of those activities. We have enclosed sample questionnaires with examples of short descriptions of activities that chapters and divisions have submitted in previous years. We hope these examples will be helpful when completing your questionnaire.

- It is important to annually update chapter and division questionnaires. A significant number of chapters and divisions submit questionnaires each year that use identical or nearly identical language from the previous year's questionnaire to describe conservation and educational activities and uses of chapter property. Although many chapters and divisions conduct similar activities annually, it is also very likely that some events are cancelled due to weather or other factors, and the number of participants in specific activities will certainly vary from year to year. Again, it is more informative to submit shorter, narrative descriptions of activities conducted in 2019 than it is to copy and resubmit a list of activities from previous years.

### **Tips for IRS 990 Forms**

We also want to highlight other issues based on staff review of the more detailed 990 and 990-EZ forms submitted each year. First, national and division dues should not be included as chapter income or an expense. You should only be reporting the chapter's portion of the dues collected as income for the chapter. The portion of the total dues designated for the division or national organization are reported as revenue by those entities.

Second, one of the most important tools the IRS uses to evaluate whether or not nonprofits are meeting their requirements is the public support test. Chapters and divisions operating under the IWLA group exemption meet the public support test if they demonstrate that at least one third of the organization's total support is "public support." Public support includes general support from membership dues, funds from government or other public charities, funds from other donors (with some restrictions for very large gifts), and income from charitable activities.

League staff have reviewed chapter 990s that have been prepared by accountants who do not complete this section or complete it incorrectly. Calculations related to public support are generally found on the 990 in Part III, Support Schedule, Schedule C, Computation of Public Support Percentage. If your chapter or division uses a tax preparer to draft your 990, we encourage you to carefully review the public support section before signing and submitting it to the IRS. Check to ensure it is completed and properly filled out if your chapter or division does not meet the one-third threshold for public support. Furthermore, if you receive a 990 that indicates your chapter or division is a private foundation, go back to your preparer and challenge this because none of our chapters or divisions are private foundations.

### **Deadline for Submitting Information**

Receiving the information detailed above is important because it helps to determine whether your chapter or state division should continue to be covered under the League's group tax-exemption. If your chapter or division is currently covered under the League's group exemption and we do not receive this information, particularly the questionnaire, the national organization will have no choice but to remove the chapter or division from the League's group exemption, retroactive to January 1 of this year. It is imperative to provide each of the items by the August 14, 2020 deadline.

## **A Final Note on Submissions and National Staff Contacts**

Although this process documents conservation, educational and charitable activities conducted in 2019, we appreciate that the current public health emergency can pose challenges for compiling some information. The national organization is providing ample notice of the deadline for submissions and we encourage chapters and divisions to get started as soon as possible.

Furthermore, our staff are here to help you with any questions and to comply with requirements to the best of your ability. Reach out to staff with any questions and we are confident they will assist you. **With staff working remotely, we encourage you to communicate by e-mail and to submit materials electronically to the greatest degree possible.**

All materials should be sent to the attention of Lily Cai via: e-mail [lcai@iwla.org](mailto:lcai@iwla.org); fax (301) 548-0149; or U.S. Mail IWLA, 707 Conservation Lane, Gaithersburg, MD 20878-2983.

If you have questions about the process or the materials that your chapter or division must submit, please contact Scott Kovarovics at [skovarovics@iwla.org](mailto:skovarovics@iwla.org).

All of the enclosed materials are also available on the League's website at [www.iwla.org/501c3](http://www.iwla.org/501c3).

Thank you for your assistance with this process and for all you do for the League.

Sincerely,

Jodi Arndt Labs  
Chair, Executive Board

Kelly Kistner  
National President