

TAX-EXEMPT STATUS FAQ

What is our tax designation?

Unless altered by the alumni association, all Pi Kappa Alpha Alumni Associations are considered 501(c)(7) organizations. This is an Internal Revenue Service (IRS) designation stating that the alumni association is exempt from federal income tax under the Internal Revenue Code (IRC) 501(a) as organizations described in IRC 501(c)(7) as being “organized for pleasure, recreation and other non-profitable purposes.” A common misconception is that an alumni association is a 501(c)(3) organization as opposed to a 501(c)(7).

The difference is that a 501(c)(3) organization must spend their income on activities that further their exempt purpose, which is a charitable cause. 501(c)(7) social clubs’ exempt purpose does not have to be charitable, but it must be social or recreational and non-profitable. Designation as a 501(c)(7) also allows the group to limit membership. Instead of operating like a business for the public, 501(c)(7) organizations only serve its members.

What does this mean?

All alumni associations are required to file annual tax returns **3 ½ months** after the end each fiscal year. EACH Pike alumni associations’ fiscal year is from July 1 - June 30, so association tax returns are due **November 15**.

Alumni associations do not have the ability to provide a tax-deductible receipt for any kind of donations when funds are directed through the association. Only 501(c)(3) designated organizations, such as the Pi Kappa Alpha Foundation, have the legal capacity to provide tax benefits to those who donate money for the designated charitable purpose of the organization. Donations to the Foundation can be directed toward programs that benefit the chapter directly.

For tax purposes, alumni associations are subordinate groups of the International Fraternity and should use the Fraternity’s group exemption number to apply for their individual employer identification number (EIN) and when filing a form 990.

What forms is my alumni association responsible for filing?

The following table outlines what annual forms your alumni association is responsible for filling out based upon the annual gross receipts in the given fiscal period.

Fiscal Year Totals	Form to File	Where to File
Gross receipts less than or equal to \$50,000	990-N (E-Postcard)	Irs.gov; file990.org; OmegaFi
Gross receipts less than \$200,000 and total assets less than \$500,000	990-EZ or 990	File990.org; OmegaFi
Gross receipts greater than or equal to \$200,000 or total assets less than or equal to \$500,000	990	OmegaFi; local accountant/CPA

Gross Receipts: The total amount the organization received from all sources of income during its annual period, without subtracting any costs or expenses.

Is my alumni association at risk of having its exempt status revoked?

Any organization that has not filed one of the three 990 forms above for three (3) or more years will automatically have their tax-exempt status revoked by the IRS.

What happens if our tax-exempt status is revoked?

If an organization loses its exemption, it will have to reapply with the IRS to regain its tax-exempt status. *Any income received between the revocation date and renewed exemption date may be taxable and subject to potential fines.* For more information, see the Exempt Organizations page on the IRS website. Please contact the finance department for further instructions, finance@pikes.org.

Passed at the 2014 International Convention:

“Each chapter and alumni association shall be in full compliance with Internal Revenue Service annual filing requirements. Should a chapter or alumni association not comply with this provision, the Executive Vice President shall have the authority to cause such filing(s) to be made and to bill the cost of filing to the chapter or alumni association.” (Code IV § 14)

This means that failure to comply with IRS policies regarding the association’s tax-exempt status will result in the International Fraternity fronting costs associated with reaching compliance and billing these costs back to the alumni association. This provision was voted on and approved on the International Convention floor due to the growing concern of chapters and alumni associations not maintaining their tax-exempt status. For all questions and concerns related to the tax-exempt status of your alumni association, and/or the annual tax filings, please contact the finance department at (901) 333-2787 or finance@pikes.org.