

Soroptimist

INTERNATIONAL OF THE AMERICAS

April 28, 2003

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Leigh Wintz, CAE

Dear President,

SI OF Metropolitan Sacramento, CA has been included in the federation's group exemption with the Internal Revenue Service (IRS). The letter granting that group exemption is enclosed and should be kept on file in your club's permanent records. If the club needs to provide proof of its charitable, 501(c)(3) status, you should make a copy of the letter and always retain the original. SIA's group exemption number is 3899. This number must be included on the 990 forms which you must file annually with the IRS if your gross receipts are \$25,000 or more. SIA will NOT be filing a group return. Form 990 must be filed by November 15 if your fiscal year ends on June 30. If the club receives a 990 form in the mail, it must be completed and returned even if gross receipts are less than \$25,000. Gross receipts means ALL revenue received by the club in the form of dues, donations, grants, interest and fundraising revenue in ALL club accounts.

Please note on page 2 of the enclosed letter the information that must be available for public inspection upon request. Note also, that certain income may be subject to unrelated business income tax (UBIT). Unrelated business income is defined as "income from a trade or business, regularly carried on, that is not substantially related to the charitable purpose that is the basis for the organization's exemption." IRS publication 598 deals with this subject. If you are in doubt, please ask us or consult with a non-profit tax consultant.

Always use the CLUB'S employee identification number (EIN). Your club's EIN is 94-2893222. Never use SIA's EIN. The club's EIN should be used on all bank accounts, IRS or state filings and other legal or accounting documents. It is a unique identifier, like a personal social security number and should be protected and maintained by the club indefinitely. If for any reason you change your EIN, headquarters must be notified.

All club financial reports and audits should be prepared in a timely manner and must be kept on file in the club. SIA will NOT be filing any consolidated financial reports with the IRS. If the club changes its fiscal year, SIA and the IRS should be notified.

The paperwork that you submitted is on file here at headquarters and must be retained for the IRS. Copies of both the request for inclusion and the letter of agreement that your club signed should be kept with the club's permanent records. The agreement is as binding as Soroptimist law and failure to meet the requirements of this agreement might jeopardize your club's good standing. If the club revises its bylaws, please send a copy to headquarters after adoption. While we reviewed bylaws only for possible conflict with the IRS requirements for 501(c)(3) organizations, we did notice that many club bylaws are very outdated. Sample club bylaws are available and we will begin reviewing them to make sure that they reflect modern club culture and operation. If you haven't revised your bylaws in the last 15 years, they are probably due for complete revision.

All of the above requirements are not new. These same rules applied to clubs under SIA's old 501(c)(4) group exemption, but the new designation has increased benefits and therefore is monitored by the IRS more closely. The new exemption means that the club is now able to receive grants and corporate contributions to help conduct projects and programs that meet our tax

exempt purpose. Participating in SIA identifying programs like Women's Opportunity Awards, Violet Richardson Awards and the prevention of domestic violence initiatives will help ensure that your club is fulfilling its purpose. Make sure that your club is familiar with SIA's strategic plan and choose club projects that fit under the strategic goals and objectives. The plan is available right on the SIA home page www.soroptimist.org. On the home page, just click "Our vision and mission".

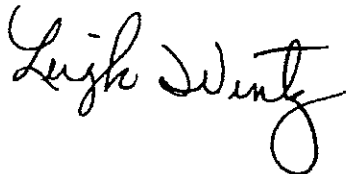
Individuals may also make tax deductible donations to the club. All donations should be acknowledged. Receipts MUST be issued for donations greater than \$250. This can be done in letter form. Neither SIA nor the club should give individual tax advice, but as of this date, members who itemize deductions may include the SI and SIA portion of their dues as a charitable donation. Region and club dues may also be deductible if nothing of substantial extrinsic value is received in return. Hence, if your dues payment includes meal assessments, you shouldn't deduct that portion for meals consumed. Expenses to attend conventions and conferences may also be deductible with certain limitations. As always, members should be instructed to consult their own tax advisors.

Individuals contributing to SIA should send their checks, payable to Soroptimist International of the Americas, directly to headquarters and these donations will be acknowledged with a receipt and credited towards recognition programs like the Laurel Society. Legacies and bequests are deposited in the Endowment Fund. Clubs and regions are generally not equipped to handle large bequests, especially if they contain donor restrictions. Members wishing to support Soroptimist should be encouraged to name SIA in their estate planning for large gifts, rather than the local club. Large bequests at the local level can become such a substantial part of the local club's assets that the IRS might consider the club to be a private foundation and therefore not eligible to be included in SIA's group exemption. While clubs should have reasonable levels of reserves available, our purpose is not to amass wealth, but conduct projects and programs that make a difference for women.

Remember that this 501(c)(3) group exemption is a federal designation. The exemption is from federal taxes only. Your state may have additional tax and filing requirements for not for profit organizations. It is up to the club to know the rules in their state and local jurisdictions.

If you have any questions, please don't hesitate to contact us at headquarters. We are pleased to be able to provide this service to your club and to include the club in our group exemption. The average cost to secure such a designation on your own would have cost about \$1800. We hope that you will be generous in remembering SIA when making charitable distributions from your fundraisers. SIA needs both dues and donations to continue providing quality programs, products and services to our 44,000 members in 1500 clubs in 19 countries.

Sincerely,



Leigh Wintz, CAE
Executive Director

cc: Board of Directors
Fund Development Council
Region Governors

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **NOV 26, 2002**

DLN: 17053200049002
Contact Person: LYNN A BRINKLEY - ID# 31435
Contact Phone #: 877-829-5500
Addendum Applies: No
GROUP EXEMPTION #: 3899

SOROPTIMIST INTERNATIONAL OF THE AMERICAS INC
23-2154856
2 PENN CENTER 1000
PHILADELPHIA, PA 19102-1721

Dear Applicant:

We have considered your application for a group exemption letter recognizing your subordinates as exempt from federal income tax under section 501(a) of the Internal Revenue Code as organizations of the type described in section 501(c)(3).

Our records show that you were recognized as exempt from federal income tax under section 501(c)(3) of the Code. Your exemption letter remains in effect.

Based on information you supplied, we recognize your subordinates whose names appear on the list you submitted as exempt from federal income tax under section 501(c)(3) of the Code.

Additionally, we have classified the organizations that you operate, supervise, or control, and that are covered by your notification to us, as organizations that are not private foundations because they are organizations of the type described in section 509(a)(2) of the Code.

Donors may deduct contributions to your subordinates as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your subordinates or for their use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of section 2055, 2106, and 2522 of the Code.

Your subordinates whose gross receipts each year are normally more than \$25,000 are each required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of their annual accounting period. If you prefer, you may file a group return for those subordinates that authorize you in writing to include them in that return. If you are required to file Form 990 for your own activities, you must file a separate return and may not be included on any group return that you file for your subordinates. The law imposes a penalty of \$20 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty imposed cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so your subordinates should make sure their returns are complete before filing them. Please advise your subordinates that, if they receive a Form 990 package in the mail, they should file the return even if their gross receipts do not exceed the \$25,000 minimum. If not required to file, a subordinate should simply attach the label provided, check the box in the heading to indicate that its annual gross receipts are normally \$25,000 or less and sign the return. This will allow us to update our records to show that the subordinate is not required to file and to delete that subordinate from the list of organizations that will receive Form 990 packages in future years.

Your subordinates are required to make their annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You and your subordinates are also required to make available for public inspection your group exemption application, any supporting documents and this exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

Your subordinates are not required to file federal income tax returns unless subject to the tax on unrelated business income under section 511 of the Code. Each organization subject to this tax must file Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your subordinates' present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

As of January 1, 1984, each of your subordinates is liable for social security taxes under the Federal Insurance Contributions Act on remuneration of \$100 or more they pay to each of their employees during a calendar year. Your subordinates are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown below.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP codes), actual addresses if different, and employer identification numbers of subordinates that, since your previous report:
 - a. Changed names or address;
 - b. Were deleted from your roster; or
 - c. Were added to your roster
3. For subordinates to be added, attach:
 - a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given you written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c) (3);
 - e. The street address of each subordinate whose mailing address is a P.O. Box; and
 - f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587, for each subordinate that is a school claiming exemption under section 501(c) (3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule B, Form 1023, Application for Recognition of Exemption Under Section 501(c) (3) of the Internal Revenue Code.
4. If applicable, a statement that your group exemption roster did not change since your previous report.

Please mail the information requested in this letter to the following address:

Internal Revenue Service
Ogden UT 84201

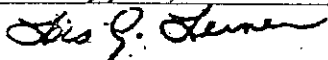
Your Group Exemption Number is 3899. Your subordinates are required to include this number on each Form 990, Return of Organization Exempt From Income Tax, and Form 990-T, Exempt Organization Business Income Tax Return, that they file. Please advise your subordinates of this requirement and provide them with the Group Exemption Number.

If the heading of this letter indicates that an addendum applies, the enclosed addendum is an integral part of this letter. Because this letter could help resolve any questions about the exempt status and foundation status of your subordinates, you should keep it for your records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations