Operational Guidance
for
U.S. WAAAUB Chapters

Any chapter of the Worldwide Alumni Association for the American University of Beirut (“WAAAUB”) – and particularly any chapter that has received a determination letter from the U.S. Internal Revenue Service (the “IRS”) stating that the chapter is exempt from Federal income tax under Section 501(a) of the U.S. Internal Revenue Code (the “Code”) as an organization described in Section 501(c)(3) of the Code – is subject to numerous laws, rules and regulations at the Federal and State levels that govern the activities of organizations formed or operating in the U.S.

These Operational Guidelines outline certain key requirements for chapters to maintain their status as WAAAUB chapters and, if they have received a determination of tax exemption, to maintain their favored tax-exempt status, as well as certain other compliance and operational items. As a practical matter, given the volume and complexity of the applicable rules, as well as AUB’s past experience with compliance, it is important for AUB to be informed of and have general supervisory oversight over all chapter activities, in particular those involving fundraising or sales of goods. Any projects which involve sales by the chapter or fundraising activities should be discussed in advance with senior Alumni Relations staff in the AUB New York office (currently Eva Klimas).

1. EIN Numbers

Each chapter that submitted a completed Form SS-4 to AUB should have its own Employer Identification Number (“EIN”), which AUB’s counsel applied for online on behalf of the chapter. Each chapter should have received a copy of its EIN from AUB—please contact the AUB Alumni Relations if you do not have it on file.

Each chapter may use its EIN to open its bank account. This will also be the number the chapter will use to identify itself to the IRS.

2. Chapter Bylaws

Each chapter has Bylaws, which are the provisions of the Chapter Policies and Procedures that pertain to governance of the chapter. Each chapter agreed to abide by the Chapter Policies and Procedures when it signed the Chapter Agreement with WAAAUB. A summary of these governance provisions has already been provided to you. Please contact senior Alumni Relations staff in the AUB New York office (currently Eva Klimas) should you need a new copy.

3. Bank Accounts

If it has not done so already, each chapter may open a bank account in the name that appears on the confirmation of EIN it receives from AUB (e.g., WAAAUB-Indiana Chapter). The following information may be useful to the bank:

- Corporate structure. WAAAUB is the official alumni division of AUB. Each chapter of WAAAUB is an unincorporated association. Each chapter serves
as a center for the alumni of AUB in a particular geographic or professional area.

- **Signatories on accounts.** The Bylaws require the signatures of two chapter officers on bank resolutions opening and closing chapter accounts.¹

If the bank should require further documentation, please refer those questions to senior Alumni Relations staff in the AUB New York office (currently Eva Klimas).

4. **Fundraising Considerations**

   **Receiving Tax-Deductible Contributions.** Should donors wish to provide tax-deductible contributions to your chapter, you should direct them to make such contributions to AUB, referencing the name of the WAAUUB chapter in the memo line. AUB will then issue an acknowledgment letter to the donor, which enables the donor to receive a tax deduction for his or her contribution. Chapters may send their own thank you letters but only the official acknowledgment letter issued by AUB will provide proof of tax-deductibility for donors.

   **Records of Goods Provided to Donors at Events.** Each chapter may hold alumni-related events for which the chapter sells tickets. Should a chapter wish to hold a fundraising event for which a portion of the ticket price will be tax-deductible to the donor, it should keep careful records of anything provided to donors in return for their payment of the ticket price, such as the fair market value of benefits (e.g., the meal) provided at the event. Chapters must report these details to AUB, and AUB will then issue acknowledgment letters to donors who have paid over $75 (as required by the IRS), which enable the donor to calculate the portion of the gift or ticket that is tax deductible. If no portion of the ticket price is tax deductible, the chapter need not value the benefits provided to attendees.

5. **IRS Filings**

   Each chapter is responsible for its own annual tax filings. For the 2015 tax year ending June 30, 2016 (to be filed by November 15, 2016), the documents to be filed are as follows:

   a) **Form 990-N ("e-Postcard")**: If the chapter has annual gross receipts less than $50,000 ("gross receipts" are the total amounts the organization received from all sources during the year), it merely has to annually file a Form 990-N, also known as an “e-Postcard” online. The e-Postcard is a very simple form, which takes about 5-10 minutes to complete, and must be filed even if the chapter has no assets or no gross receipts for that fiscal year. The questions asked on the form include:

   - name and mailing address
   - website (if any)
   - EIN
   - name and address of a principal officer of the organization (e.g., chapter president)

¹ Chapters should be aware that the Chapter Policies and Procedures also require two officer signatures on checks of $100 or more.
- annual tax period (for the November 15, 2016 filing, 7/01/15 – 6/30/16)
- statement that the organization’s annual gross receipts are normally $50,000 or less.

The online application and additional information can be found at this address: https://www.irs.gov/Charities-&-Non-Profits/Annual-Electronic-Filing-Requirement-for-Small-Exempt-Organizations-Form-990-N-e-Postcard. For the initial filing years, AUB will assist the chapters in filing the Form 990-N. Please make sure you provide the information described above to AUB when requested, as well as a Power of Attorney permitting AUB’s accountant / attorney to make the filing on your chapter’s behalf.

b) If your chapter’s gross receipts in any year exceed $50,000, please contact senior staff in the AUB New York Alumni Relations office (currently Eva Klimas) to discuss your filing options.

6. Remaining in Good Standing for Federal Tax Exemption and as a Chapter

In order for a chapter to remain in good standing with WAAAUB, it must comply with the WAAAUB Chapter Policies and Procedures, including timely submission of its annual IRS filings and annual submission of a report to AUB and WAAAUB by September 30 of each year, which: a) describes its membership and activities in the prior fiscal year ended June 30, b) gives an account of its revenues and expenditures in the same period, c) describes the chapter’s plans for the coming year, and d) provides minutes from all executive committee meetings. The contents of this report are detailed in Section 3.1.10 of the Chapter Policies and Procedures. Each chapter must also update AUB on any changes in officers and the officers’ contact information in the report. Failure to comply with these filings and reports or any other aspect of the Chapter Policies and Procedures may be grounds for WAAAUB to revoke the chapter’s charter and to terminate the chapter’s Chapter Agreement or Trademark License Agreement, as applicable.

7. Local Filings

a) Filing with charities bureau in chapter’s home state: State law often requires entities to register with a charities bureau if they will be conducting charitable activities in the state or soliciting donations. (For example, AUB has obtained such status in each of the 50 U.S. states.) For charities with little revenue, these annual filings should be minimal. Normally, the chapter will be able to show that the organization is exempt from any filing fees. It is each chapter’s responsibility to contact the charities bureau of its home state to learn of its filing obligations, if any. If a chapter intends to undertake any fundraising activities for funds used by the chapter in any state, those activities must be discussed in advance with senior Alumni Relations staff in the AUB New York office (currently Eva Klimas).

b) State sales tax: While sales tax law varies from state to state, and thus not all chapters may be eligible for exemption from payment of sales tax, chapters may seek to apply for exemption from payment of sales tax on purchases in their home state. Given the low and infrequent number of transactions in which chapters typically engage, however, AUB is not currently recommending that chapters take this step.
For sales by the chapter in connection with its charitable and educational purposes, for example in connection with a fundraising activity, the chapter may be required to collect sales tax from purchasers, register with the state tax authorities in each state in which the items are sold, remit sales tax proceeds to those authorities and report to those authorities on a regular basis. The chapter will be responsible for compliance with state tax laws, and chapter officers risk personal tax liability and penalties for non-compliance. As a practical matter, AUB is not currently recommending that chapters undertake fundraising projects involving sales unless the chapter is confident that it can comply with all state tax collection, remittance and reporting requirements. Any fundraising or other projects for which a chapter intends to sell items should be discussed in advance with senior Alumni Relations staff in the AUB New York office (currently Eva Klimas).

8. **Sale of Unrelated Items such as T-Shirts**

Tax-exempt organizations are subject to tax on certain activities that they regularly carry on that are unrelated to their tax-exempt purposes. This tax is called the “unrelated business income tax.” Since the sale of items such as t-shirts is not related to the tax-exempt purpose for which the chapters were formed (i.e., alumni relations), any chapter that engages in this activity on more than an intermittent basis is subject to the tax. However, if the chapter has only one fundraiser a year at which it sells t-shirts, mugs, or tote bags with the WAAAUB logo, this is permissible and will not generate tax. Any events at which such items are sold should be cleared in advance with senior Alumni Relations staff in the AUB New York office (currently Eva Klimas). Additionally, the design on any item that makes use of the WAAAUB logo must be cleared in advance with senior Alumni Relations staff in New York (for more on use of the logo, see below).

9. **Use of WAAAUB Logo**

Each chapter in good standing has a license to use the trademarks “Worldwide Alumni Association of the American University of Beirut,” “WAAAUB,” and the WAAAUB logo listed in Schedule A of the Chapter Agreement (all three collectively referred to as the “logo”). This license permits chapters to use the logo in a manner that protects WAAAUB’s reputation and integrity, which is accomplished through consistent and appropriate use of the logo. Chapters may not alter the logo in any way, meaning that they may not change the font, size, or arrangement of any part of the logo or add to or subtract from the logo in any way.

Additionally, chapters must accompany all use of the logo with the geographical or professional designation in the Chapter’s name in a manner that communicates that the associated activities being carried out are those of the specific chapter. Finally, any time a chapter wishes to use the WAAAUB logo, it must submit samples of the material containing the logo to senior Alumni Relations staff in New York for approval prior to use.

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2 There is no hard and fast rule about what constitutes intermittent activity as opposed to activity that is regularly carried on, but in our view more than once or twice may be deemed regularly carried on.