

FAQ: 501c3s and county extension councils

<https://www.501c3.org/frequently-asked-questions/>

What is a 501c3 and how does it work?

What does it mean to be a 501c3 organization?

Being “501(c)(3)” means that a particular nonprofit organization has been approved by the Internal Revenue Service as a tax-exempt, charitable organization. “Charitable” is broadly defined as being established for purposes that are religious, educational, charitable, scientific, literary, testing for public safety, fostering of national or international amateur sports, or prevention of cruelty to animals and children. SOURCE: <https://www.501c3.org/frequently-asked-questions/>

What benefit does a 501c3 offer my nonprofit and its contributors?

One of the primary benefits of being tax-exempt under IRC Section 501(c)(3) is the ability to accept contributions and donations that are tax-deductible to the donor. Additional benefits include, but are not limited to:

- Exemption from federal and/or state corporate income taxes
- Possible exemption from state sales and property taxes (varies by state)
- Ability to apply for grants and other public or private allocations available only to IRS-recognized, 501(c)(3) organizations
- Potentially higher thresholds before incurring federal and/or state unemployment tax liabilities
- The public legitimacy of IRS recognition
- Discounts on US Postal bulk-mail rates and other services

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Is the county extension council a 501c3?

No. Extension Councils, as a department of a political subdivision of the State of Missouri, derive their tax-exempt status from section 115 of the Internal Revenue Code. They do not derive their tax-exempt status from Section 501 (c)(3) of the Internal Revenue Code but are tax-exempt none-the-less.

Does my county need a 501c3 Foundation?

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No. The purpose of a 501c3 is to set up a corporate structure to function as a non-profit charitable organization, which is not necessary for a county extension council or an extension program. A county extension council can function as a charitable organization through statutes covering governmental entities. The University enjoys the same status through similar statutes under Section 115 of the tax code. In other words, any 501c3 set up to serve a county extension council or extension programming, is setting up a corporate redundancy. A major drawback to county foundations is the extra administrative requirements to remain an active corporation. Meeting these requirements uses up volunteer energy and time that could be devoted to more productive activities.

What do I do if my county already has a 501c3 Foundation?

Is the foundation functioning well? Work with it. If the foundation is not functioning well, or not functioning at all, encourage volunteers that their fiduciary responsibility requires they revive the foundation, or disband it.

Extension Advancement and the Missouri 4-H Foundation can help.

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