

Tax-Exempt Status **Subtitle or Delete** **Overview for State Coalitions**

The Jump\$tart Coalition for Personal Financial Literacy is **tax-exempt under Section 501(c)(3) of the Internal Revenue Code**. Jump\$tart requires its affiliated state coalitions to become and remain tax-exempt under Section 501(c)(3) of the Internal Revenue Code also. (This is Jump\$tart's requirement as a condition of affiliation; not an IRS requirement.)

Organizations receive their tax-exempt status by applying to the Internal Revenue Service (IRS). Jump\$tart was granted its tax-exempt status in 1997. State coalitions may receive their tax-exempt status by applying to the IRS in the same manner; however, they also have a second, much simpler option. Most of Jump\$tart's state coalitions have been granted their tax-exempt status under national Jump\$tart's **group exemption**. The way they have done this is by simply by asking national Jump\$tart to add them to the group.

The decision to grant an organization tax-exempt status through a group exemption rests solely with the Central Organization (in this case, national Jump\$tart). The IRS does not get to decide which subordinate organizations (state coalitions) get added to the group exemption – but, the IRS *can* revoke the status, most commonly for failure to file an annual 990.

Each year, national Jump\$tart files a report with the IRS confirming which subordinate organizations (state coalitions) should remain under the group exemption. In this report, we also update your contact information with the IRS. After filing the report, national Jump\$tart issues a letter to the state coalitions confirming their tax-exempt status under the group.

State coalitions sometimes ask for documentation from the IRS to confirm their tax-exempt status. We do not receive anything from the IRS other than confirmation that we have filed the annual group exemption report. Jump\$tart's counsel recommends that funders verify your tax-exempt status with our group exemption letter and by using the [Tax-Exempt Organization Search](#) tool on the IRS website, along with your EIN.

Most of Jump\$tart's state coalitions are part of the group exemption. A few received their tax-exempt status by applying independently to the IRS – either by requirement, by choice, or because their tax-exempt status was revoked. (Once your tax-exempt status is revoked by the IRS, Jump\$tart is not permitted to add you back into the group exemption.)

It is important for state coalitions to remember:

- **Each state coalition has its own tax identification number** (sometimes referred to as your TIN or EIN). Do not use national Jump\$tart's EIN, even if you are part of the group exemption.
- State coalitions are independent organizations. Regardless of how tax-exempt status was received, state coalition leadership is responsible for **operating as a tax-exempt entity**. The section on [Charities and Nonprofits on the IRS website](#) is a good informational resource.



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- Tax-exempt entities, such as our state coalitions:
 - Cannot be organized or operated where a person or business can gain financially or have any special benefit, privilege, or exemption that is not available to the general public. Cannot devote a substantial part of its activities to influence legislation.
 - Cannot participate or intervene in any political campaign on behalf of, or in opposition to any candidate.
 - Cannot organize or conduct activities that are illegal or violate fundamental public policies.
- All state coalitions, like all nonprofits, **must file [IRS Form 990](#) each year**, even if your state coalition is part of Jump\$Start’s group exemption. (National Jump\$Start’s 990 does not report state coalition information.) Your state coalition will lose its tax-exempt status if you fail to file a 990 for three years. If you lose your tax-exempt status, you may be required to pay taxes, you may be ineligible for funding, donors cannot write off their donations to you, and you will be ineligible to remain affiliated with Jump\$Start.

Sales and Use Tax Exemptions

A state coalition’s tax-exempt status pertains to its exemption from state and federal income tax. State coalitions may be subject to other taxes, such as sales tax, and the rules vary from state to state.

This guide is intended to provide Jump\$Start state coalitions with general information. It does not constitute specific legal or tax advice. State coalitions are encouraged to seek these professional services, as needed.