

## TAX EXEMPT ORGANIZATION INFORMATION

All nonprofit organizations are not created equal. There have been some questions regarding the deductibility of donations to lodges and Moose Charities. This document is intended to clarify how those donations are treated differently by the Internal Revenue Service.

Moose International, Inc. is a tax-exempt 501(c)(8) not-for-profit fraternal organization. A 501(c)(8) organization is defined by the Internal Revenue Service as a: Fraternal beneficiary society, order or association operated under the lodge system or for the exclusive benefit of the members of a fraternal beneficiary society, order or association operating under the lodge system which provides for the payment of life, sick, accident, or other benefits to the members of such society, order or association or their dependents.

All subordinate entities including Moose Associations, Moose Legions, Moose Lodges and Chapters are also classified as 501(c)(8) tax-exempt organizations under the Internal Revenue Code. They are all considered member-benefit organizations and their main purpose is **fraternal**, not charitable. The tax-exempt function is related to the causes that these groups raise funds for.

Does this mean that any donations to the lodge are not deductible? No. Donations may be made to the lodge, however, the only charitable tax deductible contributions that are allowed must be used exclusively for religious, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals or for the support of a recognized 501(c)(3) public charity. If lodges are going to accept donations, they need to have a separate segregated fund for those charitable donations and they must follow all laws and IRS rules for handling those donations and giving receipts. Because the donation is to the 501(c)(8) organization, the donor may deduct contributions representing up to 30% of the donor's adjusted gross income if the individual itemizes on his/her tax returns.

Mooseheart Child City and School, Inc., Moosehaven, Inc. and Moose Charities, Inc. are classified as 501(c)(3) public charities. They are all considered public benefit organizations and their purpose is charitable, not fraternal.

Under IRS's Internal Revenue Code Section 170, individuals giving to 501(c)(3) organizations that are either public charities, private operating foundations, and certain private foundations may deduct contributions representing up to 50% of the donor's adjusted gross income if the individual itemizes on his/her tax returns.

Why can't the lodges be designated as 501(c)(3) organizations? The main reason is that they are **private** membership organizations. Also, charitable projects are not their main function, they operate for the benefit of our membership which would serve to defeat the qualification as 501(c)(3) organizations.

If you have any questions regarding your tax-exempt status, please contact Stacy Herrmann at 630-859-2000 x 6517 or at [sherrmann@mooseintl.org](mailto:sherrmann@mooseintl.org).