

AQuA Organizational Charter

The Art Quilt Association, hereafter abbreviated (AQuA) is designated as an exempt organization designation 501c (7) by the Internal Revenue Service*. As such, AQuA must comply with sections from the document [Charities and Nonprofits | Internal Revenue Service \(irs.gov\)](#) related to Social and Recreational Clubs to maintain tax-exempt status and avoid penalties. The following are guidelines specific to AQuA:

Information Summarized from the Compliance Guide for Tax-Exempt Organizations IRS Publication 4221 NC	
IRS Compliance Requirement	AQuA Action
Discrimination based on race, color, or religion is prohibited	A formal statement exists in our By Laws
Private benefit prohibited. The club may not use net earnings to benefit any 1 person in the organization	Net earnings will used to benefit services the club provides to its members without a corresponding increase in dues or other fees paid for club support such as ZOOM workshops and informational sessions.
Purposes of Organization -- members are bound together by a common objective of pleasure, recreation, and other nonprofitable purposes	Purpose statement in our By Laws
Limited Membership [<i>generally means no outside corporate members</i>]	Financial records and membership rolls will be kept
Support – the club is supported solely by membership fees, dues, and assessments. However, club won't be disqualified because it raises revenue from members through the use of club facilities or in connection with club activities.	Financial records and membership rolls will be kept Income will be reported on the year's Income Tax filing.
Business Activities: engaging in business activities such as selling products or services will endanger exempt status of the organization	AQuA will not engage in business activities, including, but not limited to, renting AQuA owned property.
Tax treatment of donations: Donations aren't deductible as charitable contributions on the donor's federal income tax return. The organization must inform the giver of this or receive daily penalty.	Financial officer will accept and acknowledge donations via a receipt that carries the statement: "Thank you for your donation; however, we are obligated (IRS code) to inform you that you cannot deduct this donation on your federal income tax form."
Records Management – the club can choose any recordkeeping system suited to its activities that clearly shows the organization's income and expenses, employment taxes, and assets based on an annual accounting period.	Responsibilities of the financial officer are stated explicitly in the By Laws in the description of duties. Yearly financial audits by 1 or 2 members are conducted.

*(IRS letter dated 1-28-2016 retroactive to 5-15-2012)