



North Carolina Department of Health and Human Services
Division of Aging and Adult Services

Pat McCrory
Governor

Aldona Z. Vos, M.D.
Ambassador (Ret.)
Secretary DHHS

Dennis Streets
Division Director

DAAS ADMINISTRATIVE LETTER NO. 13-04

To: Area Agencies on Aging
Subject: Verification of 501(C)(3) Status for Private Non-Profit Providers
Date: March 6, 2013

Effective immediately, Area Agencies on Aging (AAAs) should verify the 501(C)(3) status for all private non-profit providers. These providers should have some correspondence from the Internal Revenue Service (IRS) stating that they are a tax-exempt, non-profit organization.

The basic requirement of getting tax exempt status is that the organization is specifically limited in powers to purposes that the IRS classifies as tax exempt purposes. Unlike for-profit corporations that benefit from broad and general purposes, non-profit organizations need to be limited in powers to function with tax exempt status, but a non-profit corporation is by default not limited in powers until it specifically limits itself in the articles of incorporation and/or non-profit corporate bylaws. This limiting of the powers is crucial to obtaining tax exempt status with the IRS and then on the state level.

While private non-profit status is not required, providers that want to obtain the 501(C)(3) status must submit an Application for Recognition of Exemption Under Section 501(C)(3) of the Internal Revenue Code (Form 1023) to the IRS. Note: "tax exempt" also does not excuse an organization from maintaining proper records and filing any required annual or special purpose tax returns. Failure to file required returns may result in monetary fines.

AAAs should verify all private non-profit providers' 501(C)(3) status annually and maintain a copy of the documentation from the IRS in each provider's file.

If you have any questions regarding this information, please contact Kim Jacobs at (919) 855-3448.

Sincerely,

A handwritten signature in black ink that reads "Dennis W. Streets".

Dennis W. Streets
Director

DWS/kj

www.ncdhhs.gov • www.ncdhhs.gov/aging
Tel 919-855-3400 • Fax 919-733-0443

Location: Taylor Hall, 693 Palmer Drive • Raleigh, NC 27603
Mailing Address: 2101 Mail Service Center • Raleigh, NC 27699-2101
An Equal Opportunity / Affirmative Action Employer

