

November 26, 2008

TO: LOCAL FEDERATIONS AND INDEPENDENT ORGANIZATIONS

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SUBJECT: GUIDANCE ON LOCAL CFC APPLICATIONS

This memorandum provides guidance effective with the review of 2009 CFC applications. Applicants can find additional guidance in CFC Memoranda 2006-22 and 2007-6 on the CFC website (<http://www.opm.gov/cfc/opmmemos/index.asp>).

Attachment A - Statement of Real Services, Benefits, Assistance or Program Activities

Local Presence

CFC regulation 5 CFR § 950.202(a) requires a local CFC applicant provide real services, benefits, assistance, or program activities at the local, adjacent, or statewide level. A schedule of these services is required in Attachment A of the application. Services that are provided in a foreign country or in an area other than that of the geographic area covered by the campaign or campaigns to which the organization is applying do not qualify. For example, a charity that is located in New York City but provides services exclusively in Mexico, does not meet the local eligibility criteria. The organization should consider submitting an application to participate in the International section of the CFC Charity List.

Number of Beneficiaries

To the extent possible, applicants should document the number of beneficiaries of each service it provides. This information may assist the CFC in determining that the level of the activity is not de minimis. Per CFC Memorandum 2006-22, de minimis services or benefits will not be accepted as a basis for qualification as a statewide organization.

Services Provided by Other Entities

Schedules which describe activities conducted by an entity other than the applicant, such as a chapter or a support group, must include information documenting the applicant's role in the delivery of the service. Details may include items such as whether the chapter is funded by the applicant or how the applicant assisted in the delivery of the service. Applications that fail to include a description of how the applicant, itself, provides service may result in a denial.

Services Provided in One Location

Statewide organizations may provide services in one location, but have beneficiaries from other areas in the state. If an organization can document the services are subsidized or were provided free-of-charge, and list the value of those services to each of the beneficiaries, then the service to

the beneficiary may be considered a service in the county of the beneficiary's residence, similar to a financial grant or scholarship. For example, a medical institution providing free housing to family members of the patient during the length of the patient's stay should list the location of the medical institution, the county/state of residence of each beneficiary, the dates of service, and the value of the housing provided to each beneficiary's family members. If the service to beneficiaries is not de minimis, it may count as service in the county.

Media-Related Activities, Research and Reports

Just as the mere dissemination of information does not constitute a real service, similarly an organization's role in providing information to the media, such as authorship of an article for a newspaper, magazine, or journal, or serving as an interviewee or reference for a television news program, or the authorship of a book, does not in itself constitute a real service for CFC purposes. Likewise, the production and/or distribution of information, such as a report based on research, surveys conducted by the applicant organization, or publication of a policy position paper, does not, in itself, constitute an eligible service.

With regard to media-related activities, research, and reports, the applicant must describe the manner in which beneficiaries requested or used the document or information in order to establish the provision of a real services, benefit, assistance, or program activity.

Day Care Centers

Day care centers that are located on Federal property may participate as local organizations in the CFC if they meet the requirements for family support and youth activities, outlined at 5 CFR § 950.204(c) and (d). In these cases, the head of the local Federal agency should perform the duties outlined in the regulations for the commander of a military installation.

Attachment C - Audited Financial Statements

Local applicants with total revenue of \$100,000 or more are required to certify that an annual audit was completed. Each applicant with revenues of \$250,000 or more must include a complete copy of its audited financial statements, including all schedules and auditor's notes, with the application. The audited financial statements submitted with the CFC application must include an auditor's report on the Certified Public Accountant's (CPA) letterhead and include the signature of the CPA or the auditing firm.

Attachment D – IRS Form 990

An IRS Form 990 which has been amended to correct an error in the original submission must denote that it is an amended form in the appropriate box of the form. Revised forms submitted on appeal must be accompanied with a statement that the amended form is required to be filed with the IRS and has been filed, or that it is not required to be filed. Failure to check the amendment box on the form and to indicate that the form was filed or was not required to be filed may result in a denial.

Appeals to OPM

Organizations whose CFC applications have been denied by the Local Federal Coordinating Committee (LFCC) both in the initial review and in the local appeal process, have the right to appeal the decision to the U.S. Office of Personnel Management (OPM). It is the responsibility of the organization to provide OPM with copies of all relevant documents that were submitted with the initial application and the appeal to the LFCC. Appeals that do not contain complete information may result in OPM sustaining the LFCC's decision.

Organizational Status

Federation Status

CFC regulation 5 CFR § 950.301(c) requires federations have 15 or more charitable organizations, in addition to the federation itself, that meet the eligibility criteria of 5 CFR §§ 950.202 and 950.203. If an organization has less than 15 eligible member organizations as a result of withdrawals or denied applications, its eligible members will be listed as independent organizations. All other communications and disbursements will be sent directly to the organizations.

In the case where an organization does not have enough members to qualify as a federation, the organization may be listed as an independent organization. However, the organization that would have been a federation but for its insufficient number of member organizations must submit a schedule of real services, benefits, assistance, or program activities in accordance with 5 CFR § 950.202. This schedule must be provided with the organization's initial application or on appeal. The services must have been provided directly by the organization and not through its member organizations.

National Organizations and Local Affiliates

A national organization may waive its listing in the national/international or international parts of the Charity List and instead, have its local affiliate listed in the local part by following the procedures set forth in 5 CFR §950.201(c). However, an organization that has applied and been found eligible for the national part of the Charity list may not waive its listing in the national part of a campaign's Charity list to be listed in the local part because its office is located within that campaign's geographic boundaries.

Merged Entities

An organization that is newly formed as a result of a merger may be eligible to participate in the CFC even though it has not completed a fiscal cycle. In order to participate, the entity must provide the new organization's IRS determination letter and documentation outlining the names and Employer Identification Numbers of the organizations that were combined to create the new entity, as well as the date the merger was completed. Each of those organizations must submit the four attachments required of all organizations (schedule of real services, IRS determination letter, audited financial statements, and IRS Form 990). If each of the organizations' information meets the eligibility criteria, the newly merged entity may participate.

The CFC will use the financial information from each organization's IRS Form 990 to determine the administrative and fundraising rate that will be published in the Charity List. The AFR for the merged organization will be the aggregate sum of lines 14 and 15 from both organizations' IRS Forms 990 divided by the sum of lines 12 from both IRS Forms 990.

Organizations No Longer In Business

It is the responsibility of a local organization or its federation to notify the local campaign if it will be ceasing operations. The communication must indicate the date when the organization will no longer be able to accept contributions. The CFC will continue to disburse funds until that date. After that date, all pledges will be considered undesignated and disbursed in accordance with 5 CFR § 950.501.

If the organization no longer in business is listed in the CFC Charity List during the solicitation period, campaigns must notify donors who made a designation to the charity of its status and give them an opportunity to select another participating charity. Donors will not be provided an opportunity to change their designation after the disbursement cycle has begun.