

AEP Submits Application for Tax Exemption

October 2004

Africa Education Project submitted an Application for Recognition of Exemption under section 501(c)(3) of the Internal Revenue Code. AEP staff began preparing the 29-page application in August 2004. Two months and many long working hours later, the application was submitted to the Internal Revenue Service (IRS) on October 20, 2004.

The benefits of an organization receiving “exemption” include eligibility to receive tax-deductible charitable contributions and exclusion from federal income tax. Federal tax-exempt organizations are also usually granted exemption from state income taxes and property taxes. Other benefits of tax-exempt status include reduced postal rates from the US Postal Service and other reduced rates for goods and services.

“We are so excited to have completed our application,” expressed an enthusiastic Kat Simon-Agolory, Executive Director of Africa Education Project. “Once we receive tax-exempt status, it will move our organization to the next level particularly in the area of funding.” Mrs. Simon-Agolory is referring to the fact that individuals and corporate donors are more likely to support organizations with 501(c)(3) status rather than those who do not have such status. Most corporations and foundations only accept grant applications from tax-exempt organizations.

Although there are numerous benefits of being a tax-exempt organization, there is greater responsibility that comes with the territory. Tax-exempt organizations are required to keep detailed books and records of all activities both financial and

nonfinancial, file annual information returns with the IRS, meet public disclosure requirements, and document charitable contributions. Public disclosure requirements obliges all tax-exempt organizations to make their application and three most recent IRS information returns available to the public upon request without charge. Charitable contributions documentation requires that a tax-exempt organization provide written acknowledgement for any single contribution of \$250 or more. Although the responsibility of AEP staff will increase, the organization feels that the benefits will far outweigh the added responsibilities.

AEP’s 60-page submission to the IRS detailed the organization’s past, present and planned activities, fundraising program and financial information. The application highlighted AEP’s plans to expand its two current scholarship programs and to create a new scholarship program called Teach for Africa. The Annie L. Jeter (ALJ) Scholarship Program is also a youth development program that includes mentoring relationships and esteem-building group activities. The Tumaini Program is a scholarship program for vocational studies such as mechanics, carpentry, tailoring, etc. The program includes a microenterprise

AEP Scholarship Programs

ALJ Scholarship for Secondary Education
(launched in 2003 in Kenya)

Tumaini Scholarship for Vocational Training
(launched in 2003 in Kenya)

Teach for Africa Scholarship Program
(will be launched in 2007 in Kenya)

component that helps scholars market their trade after graduation. In the future, AEP plans to launch the Teach for Africa Scholarship Program aimed at college students. Scholars pledge to serve as teachers in poor performing public school districts in their country. The number of years the scholar is required to serve in the school system will be equivalent to the number of years the scholar received AEP funding. AEP anticipates that its scholarship programs will eventually serve Kenya, Uganda, Ethiopia, Tanzania, Sudan and Somalia.

AEP has other current and planned programs besides the scholarship programs. The AEP Education Support Program aims to improve the quality of education in Africa by completing projects in partnership with schools in Africa. Examples of projects currently being discussed by the AEP Board of Directors include a book drive, construction projects, computer export program, teacher exchange program, and teacher development program. The US-Africa Education Program is designed to educate American youth about Africa through various activities targeted specifically at inner-city youth. In conjunction with this initiative, AEP will launch an internet based education guide for teachers that provide resources for them to

AEP Activities Breakdown

Scholarship Programs (40%)

(launched in 2003 in Kenya)

Education Support Programs in Africa (25%)

(will be launched in 2007 in Uganda and Ethiopia)

US-Africa Education Program (25%)

(will be launch in 2005)

Cultural Events (10%)

(launched in 2002 in USA)

teach young people about Africa. AEP will continue to stage cultural events as part of its activities. The cultural events always include entertainment, an authentic African dinner and an African after-party.

The future AEP fundraising program will continue to include individual donations, cultural events (with admission costs) and special fundraising projects like the "Run for Education in Africa" Marathon Team. In the future, AEP plans to grow its donor pool, increase the number of cultural events, diversify its special fundraising program and apply for foundation and corporation grants.

AEP's Desired Fundraising Program

Individual Donations

Cultural Events (with admission costs)

(ie. Karamu)

Special Fundraising Projects

("Run for Education in Africa" Marathon Team, World AIDS Day Campaign, The Hunger Initiative)

Foundation and Corporate Grants

(can apply for receive tax-exempt status)

There are many more details contained in AEP's application for recognition of exemption. The application is available for public review and can be requested on the AEP website.

Once AEP receives tax-exempt status, any donation given to the organization since its creation in September 2003 will be tax deductible. Staff feels that a strong application was submitted on behalf of the organization. Now all that's left is to wait for a determination from the IRS, which in general takes six months. Staff eagerly awaits the coming of spring and a favorable response from the IRS.