

Internal Revenue Service (IRS) Grants AEP Tax-Exempt Status March 2005

The United States Internal Revenue Service (IRS) granted Africa Education Project tax-exempt status as a public charity under section 501(c)(3) of the Internal Revenue Code.

AEP submitted its Application for Recognition of Exemption in October 2004, after two months of rigorous preparation. The IRS requested additional information and explanation from AEP in February 2005. After another two weeks of intensively preparing materials for the IRS, AEP submitted its final supplementary materials. Less than a week later, on March 15, 2005, the IRS approved AEP's application for tax-exempt status.

Designation as a tax-exempt organization brings many benefits. The benefit of most interest to donors is that all donations given to AEP since the organization's inception on September 4, 2003, are tax deductible.

"We are so excited about our new status!" glows Kat Simon-Agolory, Executive Director of the Africa Education Project. "This is an accomplishment that our Board and staff are very proud to report. Not only does recognition from the US Government serve to further legitimize our organization but it will also open up new avenues of funding for AEP."

AEP's new status makes the organization eligible to apply for grants from foundations, corporations and the government. Most grantors require that grantees have tax-exempt status. Furthermore, research has shown that individual donors are more likely to give to organizations that have tax-exempt status than organization that do not have tax-exempt status.

AEP expected IRS approval to take at least six months and hoped that approval would not take longer than nine months. Staff and Board members were pleasantly surprised when AEP's application was approved in less than five months. Applications for tax-exempt status usually take between six and twelve months to approve.

Next steps for AEP include seeking exemption from state taxes and applying for grants. AEP will apply for state tax exemption in North Carolina and Louisiana where the organization is registered as a nonprofit. AEP is not expecting any delays in acquiring state exemption status since states usually follow the federal lead in granting exemption to nonprofits. AEP has identified foundation grants to pursue and has already begun preparing grant applications. By the end of the year, AEP plans to have applied for at least five grants. There are exciting new horizons in AEP's future.

AEP's Application for Recognition of Exemption
is available to the public upon request.