



NATIONAL COUNCIL OF THE UNITED STATES
SOCIETY OF ST. VINCENT DE PAUL, INC.

January 20, 2017

Dear Vincentians,

In October of 2016, the Society began a two-year plan to transition all councils and conferences (except isolated conferences) off the Society's Section 501(c)(3) Group Ruling with the IRS (GEN 5496). This letter, together with the transition materials, provides important information to help you implement the changes necessary to transition off the Group Ruling and to continue tax-exempt status for your council or conference under Section 501(c)(3) of the Internal Revenue Code.

Background

By way of background, the federal tax exemption for the Society's conferences and councils historically was tied to the IRS group ruling held by the United States Conference of Catholic Bishops ("USCCB"). In the 2000s, the USCCB decided that the Society's conferences and councils should not be listed under the USCCB Group Ruling, since the Society is technically a separate lay vocation independent of the Church.

This decision resulted in a fairly urgent situation whereby thousands of the Society's councils, conferences, and special works needed to secure alternative recognition of Section 501(c)(3) tax-exempt status. To promptly address the situation, National applied for, and secured, its own group letter ruling (GEN 5496). The group ruling, secured in 2008, helped the Society's subordinates successfully transition from the USCCB's group ruling. Its use, however, as a long-term, sustainable solution for tax compliance by the Society quickly grew problematic due to the Pension Protection Act, changes within the IRS' Exempt Organizations Division, and the growing complexity of the Society's operations.

In March of 2015, the Society's leadership formed our Task Force. Over the next few months, we worked together with legal counsel and national staff to review alternatives to the Group Ruling to determine what measures could be taken by the conferences and councils to improve tax compliance without impacting the current ministry operations and traditions of the Society. These recommendations were presented at the Society's National Assembly in Providence, Rhode Island in August of 2015. The general feedback and discussions following the presentation were well received.

We then began reviewing specific implementation and transition materials to ensure that the proposed options were not only in the best interest of the Society, but properly addressed the diversity of conference and council situations. In January of 2016, our Society's Board of Directors passed Resolution 137 which summarized our recommended options for the Society's conferences and councils to transition off the IRS group ruling. In September of 2016, Resolution 137 was presented to, and approved by, the Society's National Council.



What Does Resolution 137 Mean and Does It Apply to My Conference or Council?

Many of the Society's councils and conferences have already secured their own tax-exempt status separate from the IRS Group Ruling (GEN 5496). Resolution 137 memorializes the Society's intent to transition the remaining subordinates (except isolated conferences) off the Group Ruling over the course of a two-year period, ending in October of 2018. Thus, if your council or conference is relying on the Group Ruling for its tax-exempt status, it will need to take steps over this two-year period to change this.

Resolution 137 does not mandate a specific plan or structure for the Society's conferences and councils. The Task Force's training materials cover three different options from which the conferences and councils can select. While three options are available, we do encourage – and believe that – most council and conference situations will best benefit from structuring themselves so that all tax compliance and corporate recognition occurs at the diocesan or district council level. Each conference in a council's region will operate as an integrated volunteer group or unit of the council under the council's FEIN. This model, referred to as Option 1, has been favorably implemented throughout the US by various councils and conferences.

Conference and council leaders are encouraged to review the enclosed transition materials, starting with the Overview. The options contain step-by-step instructions for Vincentians to implement the necessary changes for their conference and council. We recommend conferences and councils work with their local attorney or accountant to help with the transition as needed. National has also arranged for additional legal support should you require it beyond the training materials and local professionals.

Additional Guidance for the SVdP's Relationship with Local Parishes and Dioceses

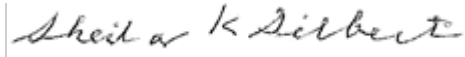
Occasionally a local parish or diocese may incorrectly assume, albeit infrequently, that the Society's council, conference, or special works should operate under the diocese's or parish's EIN. As an independent lay vocation, this approach is contrary to the Society's Rule. Resolution 137 clarified that none of the Society's conferences, councils, and special works should continue to be identified or operated under the local diocese or parish's EIN or legal entity. On December 9, 2016, the USCCB sent a similar communique to all Diocesan Attorneys reinforcing this message. Together, the USCCB memorandum and the Society's Resolution 137 confirm to all interested parties that the Society, as an independent lay vocation, may not operate as a unit of a diocese or parish.

Please note that all of the Society's conferences, councils, and special works may still apply to have an asterisked listing in the USCCB's Official Catholic Directory ("OCD"), provided that they have secured their own individual IRS determination letter. For more information, contact your local Diocese.

Concluding Remarks

We trust the enclosed transition resources will help guide you step-by-step through the transition process for your council or conference. Please contact your current legal advisor first if you have additional questions. For more complex situations, contact tax attorney Ryan Oberly at (ryan@wagenmakerlaw.com 843-377-8969).

Yours in Christ



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