

Tips for Chapter Officers



Federal Requirements for U.S.-Based Chapter Scholarship Programs

While PDK International is a federally-recognized 501(c)(3) non-profit organization, this distinction does not apply to your chapter unless the chapter applied for it through its own application to the IRS. For more information, contact PDK International member services team by phone 800-766-1156 or email memberservices@pdkintl.org.

If your chapter **does** have 501(c)(3) status, the IRS is entitled to investigate whether your chapter scholarship program “serves private interests.” To avoid any perception of inequity, please observe the following requirements for your chapter scholarship program:

- **Clear, legitimate award criteria must be published in advance of the application deadline.**

According to 4.76.11.3 of the *Internal Revenue Manual*, the IRS may “review published announcements” to “verify that standards for merit or financial need are legitimate standards.” A rubric is very handy for establishing and communicating these criteria through brochures, flyers, e-mails, etc.

- **Applicants must be solicited objectively and fairly.**

Also according to the manual, the IRS may “review the organization’s methods and criteria for soliciting applicants and awarding scholarship or fellowship grants, as the criteria for selecting recipients must be objective and non-discriminatory.”

- **Recipients must be chosen without regard to personal/family relationships.**

The IRS may seek evidence that “a scholarship was awarded on a personal rather than objective basis to a child of a friend, officer, employee, or trustee of an organization.” Consider a blind application review process – perhaps by people outside of your chapter – in which reviewers use your rubric.

For more information, visit www.irs.gov.

Thank you for your leadership. We wish you continued success in your chapter!



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