

CFC Memorandum 2011-01

March 1, 2011

**TO: LOCAL FEDERAL COORDINATING COMMITTEES AND  
PRINCIPAL COMBINED FUND ORGANIZATIONS**

**FROM: KEITH WILLINGHAM  
DIRECTOR, COMBINED FEDERAL CAMPAIGN**

**SUBJECT: FAMILY SUPPORT AND YOUTH ACTIVITIES/MORALE  
WELFARE AND RECREATION ORGANIZATION  
REQUIREMENTS**

Recently questions have come up regarding the organizations that qualify to participate in the Combined Federal Campaign (CFC) as Family Support and Youth Activities (FSYA) also known as Morale Welfare and Recreation (MWR) organizations on military bases. The concern was regarding the meaning of “nonprofit, tax exempt organization” in 5 CFR § 950.204(d)(1). Our office has met with officials from the Department of Defense (DoD) and the Internal Revenue Service (IRS). This memorandum provides the requirements for participation in the CFC as a FSYA/MWR organization based on the results of these discussions.

Organizations that are part of the Federal Government qualify to receive tax deductible donations that are made exclusively for public purposes under 26 USC § 170(c)(1). Non-appropriated fund instrumentalities (NAFI) that support DoD installation FSYA/MWR Programs are part of the DoD. As such, they qualify to receive tax deductible donations under 26 USC § 170(c)(1). Only these organizations may be certified by the base commander to participate in the CFC under the FSYA/MWR section of the regulations. See 5 CFR § 950.204(c), (d). Under the regulations, the FSYA/MWR director is not qualified to make this certification.

Other entities on the base that are not NAFI are not eligible to participate in the CFC under this section of the regulations. Day care centers in Federal office buildings may not be admitted for participation under this section of the regulations. Day care centers that had previously used this section for qualification

should consider applying to the IRS for § 501(c)(3) recognition and applying to the CFC using the requirements in 5 CFR § 950.204(a) and (b). Information on applying for this recognition can be found on the IRS website at <http://www.irs.gov/charities/charitable/index.html>.

In summary, the phrase “nonprofit, tax exempt” in 5 CFR § 950.204(d)(1) is defined as non-appropriated fund instrumentalities (NAFI) that support DoD installation FSYA/MWR Programs.

These requirements are effective for the 2011 campaign. If you have any questions, please contact your CFC Regional Representative.