



CFC MEMORANDUM 2017-10

December 15, 2017

**TO:** CFC-PARTICIPATING FEDERATIONS AND CHARITABLE ORGANIZATIONS, LOCAL FEDERAL COORDINATING COMMITTEES (LFCCs), AND THE CENTRAL CAMPAIGN ADMINISTRATOR (CCA)

**FROM:** KEITH WILLINGHAM *Keith Willingham*  
DIRECTOR, OFFICE OF THE COMBINED FEDERAL CAMPAIGN

**SUBJECT:** CFC APPLICATION STANDARDS: FAMILY SERVICES AND YOUTH ACTIVITIES/PROGRAMS (FSYA/FSYP) ORGANIZATIONS

The implementation of a single site for submission and review of CFC applications has uncovered a number of issues which negatively impact the quality and consistency of applications submitted for participation in the Combined Federal Campaign (CFC) and in the standards applied by application reviewers. This CFC Memorandum is one in a series meant to fine-tune CFC application standards and the criteria by which these applications are reviewed.

This memorandum replaces CFC Memorandum 2011-01.

### **Background**

Pursuant to 26 U.S.C. §170(c)(1), certain organizations that are part of the federal government qualify to receive tax-deductible donations that are made exclusively for public purposes. Non-appropriated fund instrumentalities (NAFIs) that support Department of Defense (DoD) installations' morale, welfare, and recreation (MWR) programs are part of the DoD and, as such, qualify to receive tax-deductible donations under 26 U.S.C. §170(c)(1). These organizations are called Family Services and Youth Activities (FSYA) or Family Services and Youth Programs (FSYP) organizations.

In accordance with 5 CFR §950.202(a)(3), FSYAs/FSYPs certified by the commander of a military installation as meeting the eligibility criteria contained in paragraphs 5 CFR §950.202 (a)(3) and (4) may appear on the list of local organizations and receive designations of funds through the CFC. FSYAs/FSYPs may participate in the CFC as a member of a federation at the discretion of the certifying commander.

This memorandum further clarifies the eligibility requirements of FSYAs/FSYPs.

### **Eligibility Requirements**

FSYAs/FSYPs seeking participation in the CFC must submit an FSYA/FSYP application through the CFC Application System. The application includes submission of the commander's certification letter.

Only NAFIs that support MWR on a military installation may apply to the CFC by applying as an FSYA/FSYP organization. Furthermore, CFC regulations require certification by the commander of the military installation. Only a qualified commander can make the required certifications. For CFC purposes, the installation commander is the garrison commander, a general officer commander of a tenant unit, or the civilian director of the facility the FSYA/FSYP organization serves when there is no military commander. Deputy commanders, executive officers, and directors of the FSYA/FSYP applicant cannot sign on behalf of installation commanders. In all cases, installation commanders signing certification letters for CFC purposes must be graded O-6 or higher or be members of the Senior Executive Service.

Other entities on military installations that are not NAFIs 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 Subpart B. Information on applying for this recognition can be found in IRS Publication 4220, *Applying for 501(c)(3) Tax-Exempt Status*, found on the IRS website at <https://www.irs.gov/pub/irs-pdf/p4220.pdf>.

### **Notes on Specific Clauses Regarding FSYA/FSYP Organizations**

The phrase "nonprofit, tax exempt" in 5 CFR §950.202(a)(4)(i) (and in the commander's certification letter) includes non-appropriated fund instrumentalities (NAFIs) that support DoD installation MWR Programs.

Furthermore, the clause requiring that "The activity must not receive a majority of its financial support from appropriated funds" in 5 CFR §950.202(a)(4)(i) (and in the commander's certification letter) is interpreted to mean the FSYA/FSYP organization receives no more financial support from appropriated funds than is authorized by DoD policy.

The phrase "base Non-Appropriated Fund Council or an active voluntary board of directors" in 5 CFR §950.202(a)(4)(iii) (and in the commander's certification letter) refers to the individual or individuals directed by the installation commander (to include, if applicable, the commander herself or himself) to oversee the expenditure of FSYA/FSYP organization funds. A certification

to the clause in 5 CFR §950.202(a)(4)(iii) indicates that these personnel are not compensated from donated funds.

The phrase “Non-Appropriated Fund Council or the directors” in 5 CFR §950.202(a)(4)(iv) (and in the commander’s certification letter) refers to the same individual(s) described in the paragraph above.

FSYA/FSYP organization applicants are not required to submit to OPM with their CFC applications the “annual report which includes a full description of the organization's activities and accomplishments” referenced in 5 CFR §950.202(a)(4)(vi).

These requirements are effective for the 2018 campaign. If you have any questions, please contact the Office of CFC at [cfc@opm.gov](mailto:cfc@opm.gov).

Attachments:

Attachment 1: FSYA/FSYP Completeness Review Checklist

Attachment 2: Sample Commander’s Letter