

§ 950.301

5 CFR Ch. I (1–1–11 Edition)

appeal to the LFCC, a copy of the letter from the LFCC denying the appeal and supporting information to justify the reversal of the original decision.

(d) If an organization fails to file a timely application or a timely appeal of an adverse eligibility determination in accordance with these regulations, such application or appeal to the Director will be dismissed as untimely.

(e) Appeals to the Director may not be used to supplement original applications that had missing or outdated documents. Any such supplemental documents will not be considered. Such appeals shall be limited to those facts justifying the reversal of the original decision.

(f) The Director's decision is final for administrative purposes.

[60 FR 57890, Nov. 24, 1995, as amended at 71 FR 67286, Nov. 20, 2006]

Subpart C—Federations

§ 950.301 National and international federations eligibility.

(a) The Director may recognize national and international federations that conform to the requirements and are eligible to receive designations. The Director may from time to time place a moratorium on the recognition of national and international federations. In order to determine whether the Director will recognize a national or international federation, the Director may request evidence of corrective action regarding any prior violation of regulation or directive, sanction, or penalty, as appropriate. The Director retains the ultimate authority to decide whether the federation has demonstrated, to the Director's satisfaction, that the federation has taken appropriate corrective action. Failure to demonstrate satisfactory corrective action or to respond to the Director's request for information within 10 business days of the date of the request may result in a determination that the federation will not be included in the Charity List.

(b) By applying for inclusion in the CFC, federations consent to allow the Director complete access to it and its members' CFC books and records and to respond to requests for information by the Director.

(c) An organization may apply to the Director for inclusion as a national or international federation to participate in the CFC if the applicant has, as members of the proposed federation, 15 or more charitable organizations, in addition to the federation itself, that meet the eligibility criteria of §§ 950.202 and 950.203. The initial year an organization applies for federation status, it must submit the applications of all its proposed member organizations in addition to the federation application. A federation must re-establish eligibility each year, however only the applications of its new and former members that were not within the federation, as a CFC participant, in the previous year's campaign need accompany the annual federation application once an organization has obtained federation status, unless additional member applications are requested by the Director.

(d) After an organization has been granted federation status, it may certify that its member organizations meet all eligibility criteria of § 950.202 and § 950.203 to be included on the national list. Federation status in a prior campaign is not a guarantee of federation status in a subsequent campaign. Failure to meet minimum federation eligibility requirements shall not be deemed to be a withdrawal of federation status subject to a hearing on the record.

(e) An applicant for national or international federation status must annually certify and/or demonstrate:

(1) That all member organizations seeking participation in the CFC are qualified for inclusion on the National or International part of the Charity List. Applicants must provide a complete list of those member organizations it certified.

(2) That it meets the eligibility requirements and public accountability standards contained in §§ 950.202 and 950.203. The federation can demonstrate that it has met the eligibility requirement in § 950.202(a) either through its own services, benefits, assistance or program activities or through its 15 members' activities.

(i) The federation must complete the certification set forth at § 950.203(a)(2) without regard to the amount of revenue reported on its IRS Form 990 and

must provide a copy of its audited financial statements. The audited financial statements provided must verify that the federation is honoring designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member. The audit requirement is waived for newly created federations operating for less than a year as determined from the date of its IRS tax-exemption letter to the closing date of the CFC application period.

(ii) The federation must provide a listing of its board of directors, beginning and ending dates of each member's current term of office, and the board's meeting dates and locations for the year prior to the year of the campaign for which the organization is applying.

(iii) The federation must certify that it prepares and makes available to the public, upon request, an annual report that includes a full description of the organization's activities and supporting services and identifies its directors and chief administrative personnel. The federation must provide a copy of its most recently completed annual report covering the fiscal period ending not more than 18 months prior to January of the campaign year to which the federation is applying or the preceding calendar year. The annual report must also include an accurate description of the federation's membership dues and/or service charges received by the federation from the charitable organizations participating as members. The information must clearly present the amounts raised, the sources of contributions, the cost of fundraising, and how costs are recovered from donations.

(3) That it does not employ in its CFC operations the services of private consultants, consulting firms, advertising agencies or similar business organizations to perform its policy-making or decision-making functions in the CFC. It may, however, contract with entities or individuals such as banks, accountants, lawyers, and other vendors of goods and/or services to assist in accomplishing its administrative tasks.

(f) The Director will notify a federation if it is determined that the federation does not meet the eligibility requirements of this section. A federation may appeal an adverse eligibility decision in accordance with § 950.205.

(g) The Director may waive any eligibility criteria for federation status if it is determined that such a waiver will be in the best interest of the CFC.

(h) Two organizations—American Red Cross and United Service Organization—are exempt from the 15-member requirement of § 950.301(c).

[60 FR 57890, Nov. 24, 1995, as amended at 71 FR 67286, Nov. 20, 2006]

§ 950.302 Responsibilities of national and international federations.

(a) National and international federations must ensure that only those member organizations that comply with all eligibility requirements included in these regulations are certified for participation in the CFC.

(b) The Director may elect to review, accept or reject the certifications of the eligibility of the members of the national federations. If the Director requests information supporting a certification of national eligibility, that information shall be furnished promptly. Failure to furnish such information within 10 business days of the receipt of the request constitutes grounds for the denial of national eligibility of that member.

(c) Each federation, as fiscal agent for its member organizations, must ensure that Federal employee designations are honored in that each member organization receives its proportionate share of receipts based on the results of each individual campaign. The proportionate share of receipts is determined by donor designations to the individual member organization as compared to total campaign designations.

[60 FR 57890, Nov. 24, 1995, as amended at 71 FR 67287, Nov. 20, 2006]

§ 950.303 Local federations eligibility.

(a) LFCC's must approve local federations that meet the applicable requirements, except that in order to determine whether the LFCC must recognize