



501(c)(3) Frequently Asked Questions (FAQs) September 18, 2019

The following includes excerpts that were previously provided by AAUW National to AAUW members during its restructuring in 2009. Our AAUW Colorado Springs Branch is supplementing this information to keep our members informed. Stay tuned for updates to these FAQs as we share our progress in filing for 501(c)(3) status for our Branch.

- **What is the goal of restructuring National AAUW as both a 501(c)(3) and 501(c)(4)?**
 - There were both organizational and business reasons for restructuring.
 - The goal of the National AAUW restructuring was to sharpen the focus, make the mission the priority, address current and future demographics, and streamline the structure to provide the flexibility needed for the 21st century.
 - At the 2007 AAUW national convention, the members unanimously voted to restructure AAUW by moving the membership and the majority of the assets into the 501(c)(3) entity (which currently houses the Educational Foundation), leaving a small 501(c)(4) entity for those activities not allowed to a 501(c)(3) tax-exempt corporation, such as voter guides, voter education, and related political activities and the AAUW Action Fund.

- **What public policy and lobbying activities can AAUW engage in as a 501(c)(3) entity versus a 501(c)(4)?**

501(c)(3)	501(c)(4)
<p>A 501(c)(3) organization must operate exclusively for a charitable purpose. Advocating for improvements in education, defending civil rights, and providing assistance to the poor are common charitable purposes.</p>	<p>A 501(c)(4) nonprofit must operate exclusively for the promotion of social welfare. Civic associations and volunteer fire departments are common social welfare organizations.</p>
<p>AAUW can engage in lobbying that focuses on issues related to the organization’s purpose.</p> <p>There are limits on the amount of time and money that can be put into lobbying activities.</p>	<p>The AAUW Action Fund can engage in political activity, such as an unlimited amount of lobbying on legislation, publishing the Congressional Voting Record, programs to encourage women to register to vote, endorsing or opposing government appointments, and other politically related activities as long as such action is consistent with the organization’s purpose.</p>
<p>For Branch activities:</p> <ul style="list-style-type: none"> • Allows Fundraising • There are also restrictions against being involved with political campaigns. Endorsing a candidate is not allowed. 	<p>For Branch activities:</p> <ul style="list-style-type: none"> • Allows Public Policy activities

If an organization plans to be active in lobbying, **it is recommended that two separate, but affiliated organizations be formed so that the 501(c)(3) status is not jeopardized.**

- **What dues will be tax deductible and when?**
 - A major portion of **National dues** (not branch or state) are already deductible. Any part of the national dues that supports the work of the AAUW Action Fund will not be deductible because only those dues going to the 501(c)(3) tax-exempt corporation (AAUW) are deductible. Of the \$59 national dues for 2019-20, \$56 will be tax deductible. The exact proportion each year will be determined each spring when the next year's budgets are determined.
 - It hasn't been determined yet what portion of AAUW **Branch dues** will be tax deductible.

- **What are other advantages for our Branch to be a 501(c)(3) nonprofit?**
 - Donations are tax deductible.
 - Government and private grants are available for 501(c)(3) tax-exempt organizations.
 - Recognition of your status making your organization seem more credible to the public and other entities when fundraising.
 - Many media outlets often give free or discounted rates for announcements and press releases from nonprofit organizations.
 - Many venues do not charge for meetings and events.
 - Sales taxes are not charged for goods and services
 - Colorado Nonprofit Association (CNA) offers free classes on leadership, strategic planning and other important board member learning activities. They offer these classes free of charge to CNA members. There is a small CNA membership fee for 501(c)(3) nonprofit organizations. CNA membership for 501(c)(4) organizations is more expensive.

- **Are there disadvantages for our Branch to be a 501(c)(3) nonprofit?**
 - There is an extra level of paperwork that must be completed for this structure to be approved for our Branch.
 - At the national level – IRS
 - At the state level – State of Colorado
 - Once approved, the Branch must meet public reporting requirements
 - At the national level – file tax return (same for 501(c)(4))
 - At the state level – yearly report, plus have Articles of Incorporation and Strategic Plan on file yearly.
 - Must adhere to strict financial recordkeeping

Note: Nonprofit organizations recognized as tax exempt under 501(c)(3) of Internal Revenue Code (IRC) are subject to compliance rules and procedures established by the Internal Revenue Service (IRS). Compliance with federal tax law is required to maintain tax-exempt status and avoid penalties.