

AAUW FUNDRAISING POLICY #501

Approved by the AAUW Board of Directors, February 2013; Revised February 2014; **Implemented July 1, 2014**

Note: In all AAUW policies, the term “AAUW” refers to the nationwide organization. The term “AAUW-affiliated entity” or “entity” refers to all AAUW state organizations, branches, or comparable AAUW entities.

Overview

This policy is designed to assist AAUW-affiliated entities in raising funds to support AAUW’s mission. Fundraising procedures, Internal Revenue Service (IRS) regulations, and state laws change over time, and this document will help AAUW and all AAUW-affiliated entities stay current and preserve their nonprofit status.

The IRS views both the tax-exempt nonprofit status of AAUW and AAUW-affiliated entities and the tax deductibility of donations and membership dues to AAUW and AAUW-affiliated entities designated as 501 (c)(3) charities as gifts from taxpayers for our valuable work to advance our IRS-approved mission. We must protect these privileges by adhering to IRS regulations and individual state laws while furthering the purpose for which we were all approved — advancing AAUW’s mission.

Definition of Terms

AAUW. The American Association of University Women uses the acronym AAUW to signify the nationwide organization with members throughout the United States and abroad. AAUW is identified by the IRS as the central organization of a group of nonprofit entities, 501(c)(4), 501(c)(3), or both. These organizations gain eligibility to use the AAUW name by (a) applying to the AAUW Board of Directors for affiliation approval, (b) signing the AAUW Affiliate Agreement, and (c) submitting their current, conformed bylaws to be housed at AAUW headquarters in Washington, D.C. Complying with these three requirements entitles each organization to use AAUW as part of its name to gain tax-exempt status¹ and to use the AAUW name in the conduct of its business and activities.

AAUW-Affiliated Entities. AAUW-affiliated entities are nonprofit organizations that have signed an AAUW Affiliate Agreement. Organizations applying to join AAUW submit applications (www.aauw.org/resource/state-recommendation-form) for approval by the AAUW Board of Directors as a new “AAUW-affiliated entity.” All AAUW-affiliated entries must be designated by the IRS as nonprofit organizations and must file with the IRS annually, either through AAUW or independently. This includes branches, state organizations, and a category called Other Affiliated Entities, which currently includes only the Younger Women’s Task Force (www.aauw.org/membership/ywtf).

Informal Organizational Constructs of AAUW-Affiliated Entities. The nationwide AAUW organization also includes many vibrant and vigorous entities, most often identified as interbranch or interstate organizations. While important to the functioning of our organization, none of these entities have independent AAUW status; that is, they neither sign AAUW Affiliate Agreements nor have IRS-designated nonprofit status. Typically, they are geographic constructs that coalesce the work of a number of branches/states to enhance impact and effectiveness. Because such bodies are not AAUW-affiliated entities, any fundraising activities they undertake must be conducted under the auspices of their constituent AAUW-affiliated entities, and donors must be clearly informed whether their gifts are tax deductible and under which entity’s status that deduction is authorized — that is, which 501(c)(3) AAUW-affiliated entity.

AAUW Affiliate Agreement. The AAUW Affiliate Agreement is the basic contract between AAUW — the 501(c)(3) “parent” organization of a group of “subordinate” entities — and each entity that chooses to become part of the AAUW national organization. The IRS required AAUW to submit two versions of the AAUW Affiliate Agreement for approval, one for 501(c)(3) charitable organizations and one for 501(c)(4) social welfare organizations. The IRS requires that each AAUW entity (branch, state, multistate, YWTF), whether designated by the IRS as a 501(c)(3) or a 501(c)(4) entity, sign an AAUW Affiliate Agreement appropriate to its designation and send the signed

agreement to AAUW headquarters for random IRS inspection. Entities with both designations must sign both versions of the agreement.

Donor Intent. A fundamental principle of charitable giving, “intent of the donor” relates to the donor’s expectations in providing a donation of money, goods, or services to a recipient. The IRS considers donor intent the primary determinant for the recipient organization’s use of a gift. For generations, courts have recognized respect for the intent of the donor as a critical factor in a wide range of legal matters, from the tax consequences of gifts to the beneficiaries of wills, trusts, and estates (see section I.E).

I. Donations and Fundraising — AAUW’s Mission-Based Programs

A. Support for AAUW Programs. AAUW-affiliated entities should consider financial support of AAUW’s charitable work to be their primary philanthropic priority.

B. Fiscal Integrity. All fundraising activities and financial management by AAUW and AAUW-affiliated entities must be conducted and communicated so as to uphold and reinforce high standards of fiscal integrity, accountability, and transparency.

C. Use of the AAUW Name.

1. Funds raised using the AAUW name must go to support AAUW’s national programs, activities, and services or other directly mission-related purposes, such as AAUW Funds. (See AAUW Bylaws [www.aauw.org/resource/2013-aauw-bylaws], Article III, “Use of Name,” Sections 1–3.)
2. Funds raised using the name of the AAUW-affiliated entity must go to support programs, activities, and services of the AAUW-affiliated entity and/or AAUW. These programs, activities, and services must be directly related to AAUW’s mission.

D. Collaborations. AAUW has always recognized the value of joining with other organizations, both nonprofit and otherwise, to raise awareness of issues and/or achieve common objectives.

1. Such efforts may help AAUW and AAUW-affiliated entities further our mission, make more effective and efficient use of our resources, and increase our visibility and impact.
2. The AAUW Collaborations Policy guides AAUW-affiliated entities in collaborations with other organizations. Collaborations that involve joint fundraising, dues payments, or direct support are likely to involve issues of donor intent, nonprofit status, and tax deductibility and, therefore, should be guided by the policy in order to protect members, donors, and entity tax status.

E. Respect for the Intent of the Donor. AAUW philanthropy is grounded in the fundamental principle of nonprofit fundraising and expenditure: respect for the intent of the donor. (See AAUW Policy 600, Collaborations with Other Organizations, and the Donor Bill of Rights [www.aauw.org/files/2013/06/Donor-Bill-of-Rights.pdf].)

1. Donors have a right to expect that their donations (or dues) to AAUW or AAUW-affiliated entities are raised and spent for AAUW mission-based programs, activities, and services.
2. Even if the donor is deceased, donations (or dues) must be expended as intended by the donor and are presumed to be used by the organization itself to further the AAUW mission unless a more specific designated use is clearly articulated.
3. Donors must be advised in advance of giving of the intended use of their donations. The stated use may be broad and general, such as to advance the AAUW mission, or more specifically directed to a particular AAUW project or program.
4. Specific donor designations for gifts must be adhered to. If a designation is not suitable for the organization, the donor must agree to an alternative use, or the organization must refuse the gift.

F. Fundraising for Other Charities. Fundraising for other organizations at AAUW or AAUW-affiliated entity meetings and events or in AAUW or AAUW-affiliated entity publications is not allowed.

II. IRS Regulation of Contributions to Nonprofit Organizations as It Pertains to AAUW

A. AAUW. AAUW is designated by the IRS as a nonprofit 501(c)(3) charitable organization and is identified by the IRS as the parent organization of a group of “subordinate” AAUW-affiliated entities, both 501(c)(4) social welfare organizations and 501(c)(3) charities.

B. AAUW Action Fund. The AAUW Action Fund, a subordinate organization of AAUW (wholly controlled by AAUW), is designated by the IRS as a nonprofit 501(c)(4) social welfare organization through which AAUW supports member activism and voter mobilization.

C. AAUW-Affiliated Entities. These entities are a group of AAUW branches, state and multistate organizations, and the Younger Women’s Task Force, all of which the IRS recognizes as AAUW-affiliated nonprofit entities — both 501(c)(4) nonprofit social welfare organizations and 501(c)(3) nonprofit charities.

1. IRS Status Designation. All AAUW-affiliated entities receive their nonprofit status, whether 501(c)(4) or 501(c)(3), from the IRS as a “subordinate organization” of AAUW (the national organization).
2. 501(c)(4) Organizations. AAUW-affiliated entities designated as 501(c)(4) organizations do not pay federal taxes, but they are obligated to file documents annually with the IRS.
 - a. Most are obligated to pay taxes in their states and to pay sales tax.
 - b. Donations to these entities are not tax deductible.
 - c. The process for applying for IRS designation is not complicated, though it can be protracted.
 - d. These organizations may elect to have AAUW file annually with the IRS via the AAUW group tax exemption, but they are obligated to respond annually to AAUW’s request for updated submission data. Failure by the entity to file annually has penalties and may result in loss of nonprofit status.
3. 501(c)(3) Organizations. AAUW-affiliated entities designated by the IRS as 501(c)(3) charities also do not pay federal taxes, but they are obligated to file documents annually with the IRS.
 - a. Most are obligated to pay taxes in their states and to pay sales tax.
 - b. Donations to these entities may be tax deductible to the donor under conditions stipulated by the IRS.
 - c. Attaining 501(c)(3) designation is relatively complicated, may be protracted, may be expensive because application may require legal assistance, and is usually accompanied by a state incorporation requirement. The IRS prohibits AAUW from providing application assistance.
 - d. Annual IRS filing by the entity itself is required and complicated. The IRS prohibits AAUW from providing assistance. Failure by the entity to file annually has penalties and may result in loss of nonprofit status. Failure to file for three consecutive years will result in loss of nonprofit status.

D. Informal AAUW-Related Organizations. Other AAUW entities, such as interbranch and interstate councils, are not designated by the IRS as nonprofit entities, and they have not signed AAUW Affiliate Agreements. (See AAUW-Affiliated Entity definition, above.)

1. Despite their important AAUW roles, such entities are the constructs of their constituent branches/states and, therefore, have informal status.
2. To ensure protection of the IRS status of their constituent, AAUW-affiliated organizations, informal entities should take care in their functioning to avoid overstepping the role of an entity that is not independently IRS-designated as a tax- exempt nonprofit organization.

E. AAUW Affiliate Agreement. The IRS requires every organization it designates as a nonprofit subordinate entity of the AAUW national organization to sign an IRS-approved AAUW Affiliate Agreement appropriate to its nonprofit status designation.

1. Dual Designations. If an organization has two IRS-designated entities, that is, both 501(c)(4) and 501(c)(3),
 - a. The IRS requires that a signed Affiliate Agreement for each entity be housed at AAUW’s national headquarters, accompanied by its current entity bylaws.
 - b. Each entity has annual IRS filing requirements, though the requirements differ for 501(c)(4) and 501(c)(3) organizations (see Section I.C).
2. Status Change. The IRS requires any change in nonprofit status to be reported to AAUW. A new signed Affiliate Agreement, accompanied by new entity bylaws, must be sent to AAUW’s national headquarters for random IRS inspection.

F. IRS Compliance. AAUW and all AAUW-affiliated entities must comply with IRS regulations concerning the acceptance and use of all donations. (See IRS publications 526, Charitable Contributions [www.irs.gov/pub/irs-pdf/p526.pdf], and 1771, Charitable Contributions: Substantiation and Disclosure Requirements [www.irs.gov/pub/irs-pdf/p1771.pdf], for full details.)

G. Entity Donations. The IRS prohibits financial donations (funds and other donations of material value, like stock, property, art, etc.) that are given by a 501(c)(3) organization to a 501(c)(4) organization. But the IRS does permit

donations (funds) to be given by a 501(c)(4) organization to a 501(c)(3) charitable organization. Individuals may give personally to either one.

H. Regulation of Fundraising Events. The IRS and most states regulate nonprofit organization events, drawings, raffles, games of chance, auctions, and other activities in which participants stand to benefit by obtaining something of value for their participation. Representatives of each entity need to be informed about IRS and state requirements before holding such events and follow required procedures. (See IRS publications 1771 and 526; see AAUW Funds Fair Market Value Worksheet and Special Event Worksheet.)

I. Contributions That Are Tax Deductible

1. Donations to IRS-Designated 501(c)(3) Entities. Donations (and dues) made to AAUW and other AAUW-affiliated entities that are designated by the IRS as 501(c)(3) charitable organizations are tax deductible by the donor, less the value of any goods and services that the donor may have received as a result of making the contribution. Donors to 501(c)(4) entities may receive a gift for their contribution, but no part of the donation is tax deductible to the donor. (See IRS publication 1771, Goods and Services section, for guidance; see also AAUW Funds Fair Market Value Worksheet.)
2. Locally Collected AAUW Donations. If a gift intended for AAUW is collected by an AAUW-affiliated entity and forwarded to AAUW, the gift is considered tax deductible to the donor because the affiliated entity is acting as AAUW's fundraising agent.
3. Donation Deduction Substantiation. To claim gifts as tax deductions, donors must substantiate the gift with a receipt from the charity (AAUW or another 501(c)(3)-designated AAUW-affiliated entity), a copy of the canceled check, bank records, or other means of verification of the gift as determined by the IRS. Every member's 24-month giving history, printable for tax-deduction verification, is posted on the password-protected AAUW Member Services Database.
4. Tax Advice. Donors are advised to consult their tax professional before making any deductions.

J. Contributions That Are Not Tax Deductible

1. AAUW Action Fund. Because the AAUW Action Fund is designated by the IRS as a nonprofit 501(c)(4) social welfare organization, contributions received by the AAUW Action Fund are not tax deductible.
2. Donations to IRS-Designated 501(c)(4) Entities. Contributions received by a 501(c)(4) entity are not tax deductible.
3. Donations to Individuals. A donation to benefit a specific individual who is selected by the donor is not tax deductible.
 - a. For a gift to be tax deductible, the donor must make the donation to a 501(c)(3) entity, and the donor may not influence the selection of the specific individual recipient. This requirement applies to recipients in a wide variety of contexts but most frequently arises in the context of scholarship recipient selection.
 - b. The recipient of an award may be selected from a pool of applicants or candidates qualified by established criteria, and the donor may participate in establishing the criteria, so long as the criteria are not so restrictive as to apply to a specific individual recipient.
4. Pass-Through Donations. A donation to AAUW or to any other 501(c)(3) AAUW-affiliated entity given with the condition that the donation is to be passed back to a 501(c)(4) AAUW-affiliated entity so that the donor can receive a tax deduction for this donation is prohibited by the IRS. Acceptance of such gifts would compromise the 501(c)(3) charitable status of AAUW and, potentially, the nonprofit status of AAUW's-affiliated entities.

For further information about fundraising credit, contribution submission, quarterly reports, and confidentiality, please see **Guidelines** (www.aauw.org/resource/fundraising-policy-guidelines).

For further clarification, please e-mail connect@aauw.org to ensure that questions are directed to the appropriate source of information. For IRS-related issues, refer to the IRS website for charities and nonprofits (www.irs.gov/Charities-&-Non-Profits) or call the IRS nonprofit office at 877.829.5500.

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