

Pros of Forming a 501(c)(3)

1. Tax-Exempt Status - Exempt from federal income tax, sales tax, property tax
 2. Tax-Deductible Donations
 3. Grant Eligibility - more grants available to 501(c)(3)s
 4. Credibility and Public Trust
 5. Limited Personal Liability - Board members and officers are generally protected from personal liability
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Cons of Forming a 501(c)(3)

1. Restrictions on Political Activity
2. Compliance and Administrative Burden
 - Required bylaws, policies, and formal governance
 - Annual tax filings
 - Ongoing record-keeping, meeting minutes, and financial controls
3. Slower Decision-Making - Fiduciary duties can limit flexibility and speed
4. Public Transparency - Financials, leadership compensation, and governance details are publicly accessible