

Why DAW AAUW Should Become a 501(c)(3)

DAW AAUW currently operates as a 501(c)(4) entity, which means that while we do not pay taxes to the state or federal government, we also cannot offer a tax donation to donors who give to our branch. About 1/3 of the branches in California are 501(c)(3) organizations

We want to change our status to 501(c)(3) for at least three reasons:

1. We will be able to access discounted products and services as a 501(c)(3) that are not available to us as a 501(c)(4). Examples are: greatly reduced accounting and customer contact software through TechSoup and reduced rental fees on facilities.
2. While donors to our two special projects, Local Scholarships, Tech Trek, are able to deduct direct donations to these AAUW-CA special project funds (SPF), we pay 5% of the gross receipts to the SPF fund for administration.
3. For fundraisers, donors are not able to deduct tickets purchased and paid to our branch for fundraiser events supporting these projects. While we could ask ticket purchasers to send checks directly to the SPF fund in question, we would not know who purchased tickets for the event until the following quarter's report. This makes purchasing tickets through SPF an impractical option for ticket sales.

It is also difficult to recover our fundraising expenses if we offer ticket purchase through SPF. For Local Scholarships SPF, we could submit expense vouchers to the fund for reimbursement after the fundraiser is complete. There is no option to recoup fundraising expenses for Tech Trek fundraising.

4. AAUW FUND is a special case. Because we are an affiliate of AAUW national, we are allowed to pass donations through our branch to AAUW FUND while maintaining deductibility for the donors. If we hold a fundraiser for AAUW FUND, we have no way of recovering the expenses as all revenue is passed on to the AAUW FUND.

What is the Downside of Converting to a 501(c)(3)?

1. On the negative side, the 501(c)(3) status would remove our ability to endorse political candidates. We would still be able to hold candidate forums under more strict constraints.
2. While we would still be able to lobby for issues, we would need to ensure that lobbying does not consume more than 20% of our expenditures and does not consume a substantial amount of our time. Normally, our advocacy is limited to Lobby Day, which is conducted by AAUW CA organization, not our branch. Other lobbying activities in our branch are minimal so this would not require a change to our current practices.