



AAUW CALIFORNIA SPECIAL PROJECTS FUND 501(c)(3)

PURPOSE

The AAUW CA Special Projects Fund (SPF) is a tax-exempt corporation as provided by the Internal Revenue Service Code 501(c)(3) and the Franchise Tax Board of the State of California (FTB). This fund was established to receive tax deductible corporate and individual donations for AAUW approved state projects and local AAUW scholarship programs and projects within the state of California that further education and equity for all women and girls. The SPF is not intended to compete with the national AAUW Funds.

WHO IS ELIGIBLE TO USE THE SPECIAL PROJECT FUND

AAUW California (the state organization), and the inter-branch councils, and branches of AAUW CA or any combination, thereof, are eligible to use the SPF for approved projects and local AAUW scholarship funds. No project or local AAUW scholarship fund will be considered without the completion of the application and requested financial information.

ELIGIBLE PROJECTS AND PROGRAMS

The SPF may be used only for projects and programs that promote education and equity for all women and girls and support the AAUW Mission. Specifically excluded are those projects that seek to influence legislation, support candidates for office, or are of benefit solely to AAUW members or individuals.

An application must be submitted to the SPF Board of Directors for each project requesting use of the SPF. Branches participating in state sponsored projects (such as Tech Trek or joint district or inter-branch projects) do not need to submit a separate application.

Only projects with a budget of \$1000 or more will be considered. They are subject to the standard SPF administrative fee schedule (currently 5%) on all deposits. The SPF board will determine eligibility based upon the following minimum criteria: Goal or purpose of the project, description of the project, whom it will serve, proposed budget detailing revenue and expenses, number of members and community partners involved, expected outcomes, and proof of current participation in AAUW CA Liability Insurance. Local AAUW Scholarship Programs applying to SPF must also demonstrate on-going support of the AAUW Funds.

FINANCIAL INFORMATION

SPF is established as a “fiscal sponsorship” fund. Approved projects secure funding and deposit directly to the SPF. Each project/program is responsible for its own accounting; the fund does not do accounting for the projects that use it. All projects/programs with funds held in the SPF must keep accurate records. Release of funds is dependent upon available revenue in the account. Each project/program must have a designated fiscal agent and must file a final financial report with the SPF Treasurer within 45 days of the annual close of the project/program.

An administrative fee of 5% will be assessed on each project or scholarship program that uses the fund. Calculation of this fee will be based upon actual revenues received.

APPLICATION PROCEDURE

To request use of the SPF for a branch or inter-branch project/program, or state AAUW approved project, the project director **MUST** complete the “AAUW CA SPF CLIENT APPLICATION FORM”. Project applications must be received a minimum of 90 days prior to the scheduled project commencement date. Incomplete applications will not be considered.

EVALUATION PROCEDURE

Every approved project/scholarship program is required to fill out an evaluation form and provide supporting documentation at the conclusion of the project/program or for ongoing programs/projects on the anniversary date of the project (date the project was accepted by SPF).

Request application and/or evaluation forms by contacting:

AAUW CA Special Projects Fund
P.O. Box 160067
Sacramento, CA 95816-0067
or e-mail: spfund@aauw-ca.org

Once a project or local scholarship program is approved by the SPF Board of Directors an administrative packet will be sent to the project/local scholarship director.

Questions: Contact spfund@aauw-ca.org.

AAUW CALIFORNIA SPECIAL PROJECTS FUND

FREQUENTLY ASKED QUESTIONS

WHAT IS THE SPECIAL PROJECTS FUND (SPF)?

The Special Projects Fund is a tax-exempt [501(c)(3)] non-profit corporation. As such, it offers tax-deductibility to all donations made to support AAUW projects and scholarships through the AAUW CA Special Projects Fund. SPF is registered with both the US Internal Revenue Service and the California State Franchise Tax Board as a charitable trust.

SPF was established in 2001 for a 5 year provisional period and received final determination as a 501(c)(3) non-profit corporation in March of 2006.

WHY IS THERE A SPECIAL PROJECTS FUND?

The AAUW CA SPF was established as a "pass through" fund to receive and distribute tax deductible corporate and individual donations for approved AAUW CA state, branch, and inter-branch projects and scholarships that further education and equity for women and girls in AAUW California communities.

HOW IS SPF GOVERNED?

SPF is governed by a Board of Directors representing a broad spectrum of both AAUW and professional expertise and geographical distribution. Directors are appointed independent of the AAUW CA Board of Directors, as AAUW CA SPF is a separate corporation. All directors are volunteers. As a working board, directors log approximately 1700 hours annually in volunteer hours. The AAUW CA President sits on the board, providing an interface between the state and SPF.

DOES SPF HAVE A STAFF?

SPF contracts with a part-time bookkeeper, supervised by the SPF treasurer, and a CPA firm which specializes in non-profit corporations.

WHO USES SPF?

Any AAUW CA project or scholarship that supports the AAUW mission and is administered by a branch, inter-branch council, or the state and wants to offer tax-deductibility to the donors may apply to use SPF as its pass through fiduciary agent. SPF will accept donations only for approved projects and scholarships. Currently, SPF serves 2 state projects, 2 branch project, and 10 local scholarships.

HOW DOES SPF HELP WITH FUND RAISING?

Most major donors, both individuals and corporations, require tax-deductibility. Using SPF provides that tax-deductibility. Most corporations require the necessary documentation which SPF provides before they will consider funding a request. SPF acknowledges all donations of \$250 or more. It is the responsibility of projects and scholarships to acknowledge donations of less than \$250.

HOW DOES A PROJECT OR SCHOLARSHIP APPLY?

Projects and scholarships wishing to use SPF must submit a detailed application to the AAUW CA SPF Board of Directors for review and acceptance. Applications are evaluated based upon the relevancy of the project or scholarship to the support of AAUW's mission and the financial viability of the applicant. All projects and scholarships must have a minimum annual budget of \$1,000 and the applicant must exhibit the ability to sustain the project/scholarship.

WHAT SERVICES DOES SPF PROVIDE TO ITS USERS?

SPF is responsible for:

- Depositing and tracking all tax-deductible donations.
- Paying all vouchered expenses of the projects and scholarships.
- Professional bookkeeping services.
- Audit and tax preparation services.
- Issuing tax letters to donors of \$250 or more.
- 1099 miscellaneous income tax reporting.

HOW ARE THE SERVICES FUNDED?

SPF charges an administrative fee, currently 5%, on all deposits made by the project or scholarship with the fee taken at the time of deposit. This fee is minimal compared to other non- profits, which charge an average of 18-22% assessed annually.

- 30% of the SPF fees are used for professional audit and tax preparation services.
- 38% is used for professional bookkeeping services.
- 26% is used for administrative expenses.
- 6% is used for miscellaneous operating expenses such as postage, phone, post office box rental, and software upgrades.

WHY IS THE SPF FISCAL YEAR DIFFERENT FROM THAT OF AAUW CALIFORNIA?

The SPF fiscal year runs from January 1 to December 31 while the AAUW CA fiscal year, like that of AAUW, runs from July 1 to June 30. A calendar fiscal year allows for improved facilitation of our accounting process during peak activity periods related to projects that occur from March through August.

HOW IS A 501(c)(3) DIFFERENT FROM A 501(c)(4)?

A 501(c)(3) corporation is exempt from federal income tax if its activities have the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering amateur sports competition, or preventing cruelty to children or animals. All contributions to a 501(c)(3) are tax-deductible.

A 501(c)(4) is a nonprofit membership association and contributions are not tax-deductible.

AAUW CA Special Projects Fund is a 501(c)(3) tax-deductible corporation recognized by appropriate agencies of the federal and state governments. Most branches fall within the 501(c)(4) category.

SPF Fees

What is the Cost of Using the SPF?

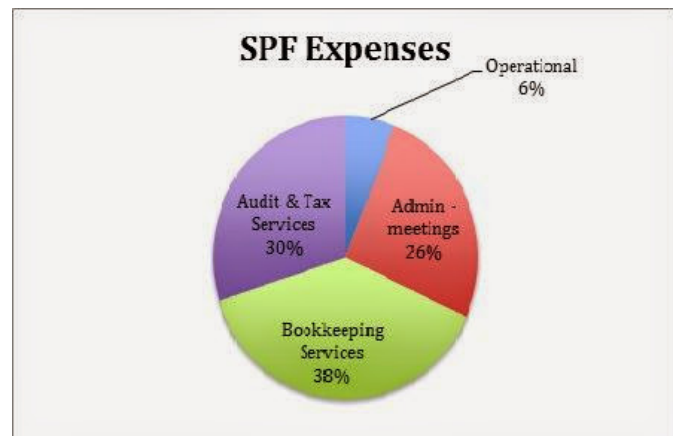
The SPF assesses an administrative fee (currently 5%), with a minimum of \$30, on each project or program that uses the fund. This is a one-time assessment taken at the time of the deposit.

There is also an “Inactivity Fee” of an additional two percent on the balance in any account for which there is no deposit activity during the SPF year, January 1 to December 31.

Note that the average administrative fee charged by non-profits is between 18 and 22 percent, and it is assessed annually. The SPF fee is minimal compared to other non-profits.

What is the SPF Administrative Fee Used For?

- 30% professional audit and tax preparation services
- 38% professional bookkeeping services
- 26% general administrative expenses associated with board meetings and meetings with the accountant and bookkeeper (travel, housing, etc.)
- 6% operational expenses (PO Box, postage, software, phone, etc.)



501(c)(3) vs 501(c)(4) Entities

Why would my branch consider using the AAUW CA Special Project Fund (SPF) for a project or local scholarship?

Donations to branches that successfully applied to the state to be 501(c)(3) entities may receive donations that are tax-deductible to the donor. Otherwise, they are by default 501(c)(4) entities, and any donations they receive are not tax-deductible to the donor.

A branch may apply to the SPF, a 501(c)(3) corporation, so donations made to the SPF for the branch are tax-deductible to the donor.

What is the difference between 501(c)(3) and 501(c)(4) non-profit organizations?

Under Internal Revenue Service guidelines, both 501(c)(3) and 501(c)(4) entities are tax-exempt non-profit organizations and do not have to pay taxes on the money donated to the organization, but **only the donations provided to a 501(c)(3) are tax write-off for the donors.**

A 501(c)(3) must also **provide the donor with a receipt** for the amount of the donation or a receipt for the value of the donation, while the 501(c)(4) does not have to do the same.

A 501(c)(3) **must be a corporation**, fund, foundation or community chest, and follow all the state regulations pertaining to these types of organizations. None of its earnings may inure to any private shareholder or individual (such as an officer, director or key employee).

A 501(c)(4) does not have to be any one of these types of organizations; the 501(c)(4) only has to be an organization that is not established for profits and only uses the funds for social welfare.

As tax-exempt entities, both 501(c)(3) and 501(c)(4) organizations are not allowed to participate or intervene in any political activity, such as promoting a candidate or opposing a candidate. The difference is that a 501(c)(3) organization **loses it rights to be a tax-exempt even if the organization indirectly participates in a political activity.** A 501(c)(3) organization **cannot participate in any campaigning or lobbying activities;** however a 501(c)(4) has a way to get an exception to the political activity regulation.