

CCCIA Ways & Means Committee 501c3 Assessment

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Organizational History

Articles of Association - Aug 31, 1948

Articles of Incorporation - Sept 8, 1948

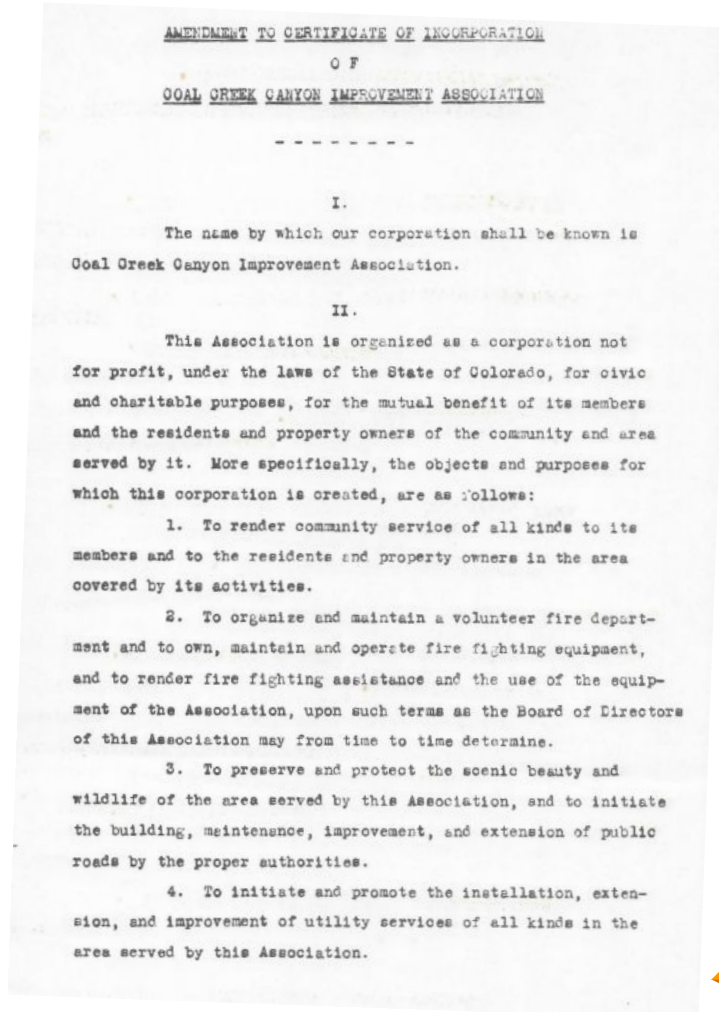
Amended in 1951 to remove Article II, #2 "to organize and maintain a volunteer fire department.."

Organization Scope

1940's Volunteer Fire District

1950's Utilities

2000's Community Improvement, Engagement, & Meeting Space





Problem Statement

- Over the past 5 years CCCIA expenses have **exceeded** revenues by an average of \$4300 per year*
- Moving forward, assuming no donations are given to other community groups (i.e. TEG, Park & Rec), and assuming revenue and expense averages remain unchanged, CCCIA **expenses will exceed revenues** by ~\$2900 per year.
- Why?
 - ▷ Membership is down & operational costs are increasing
 - ▷ 4th of July is no longer a guaranteed revenue generator

* This average includes a large donation for TEG in 2012/13 & all United Power donations



Proposal

“ *As a means of providing additional revenue opportunities, the Ways and Means committee recommends changing the CCCIA tax status from 501(c)(4) to 501(c)(3)* ”



What is a 501(c)(4)?

A 501(c)(4) is a tax-exempt, not-for-profit, social welfare organization **or** local association of employees

Commonly used by HOA's, political lobbying organizations, and volunteer fire organizations

Pro's of the 501c4

- The CCCIA is already a 501(c)(4); status quo
- As a 501(c)(4) the CCCIA is still tax-exempt
- Revenues can be raised for the financial benefit of our members
- Businesses can give "in-kind" donations to the CCCIA (for example, by giving advertising in exchange for the donation).

Con's of the 501c4

- Donations are not deductible by donors.
- Fewer grant opportunities and more difficult to get funding from foundations
- No sales tax exemption



What is a 501(c)(3)?

A 501(c)(3) is a tax-exempt nonprofit organization

Exempt purposes include charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition and preventing cruelty to children or animals

Pro's of the 501c3

- Most foundations & organizations will only give grants to a 501(c)(3)
- Donations are tax deductible
- Exempt from sales tax
- 501(c)(3) is marketable; the public understands that it is a charity
- The CCCIA can remain a membership organization

Con's of the 501c3

- CCCIA Articles of Incorporation and Bylaws will require revisions.
- The IRS charges a user fee for filing for tax-exempt status. Currently the fee is \$275 for organizations who are eligible to file form 2023-EZ.
- It can take many months for the IRS to rule on our application
- Requires commitment and financial rigor



***How would the CCCIA quality
as a charity?***



Exempt Entities - IRS Form 1023 EZ

S-20

Community
Development,
Improvement (General)

S-32

Rural Development

S-21

Community Coalitions

S-80

Community Service
Clubs

S-22

Neighborhood, Block
Associations

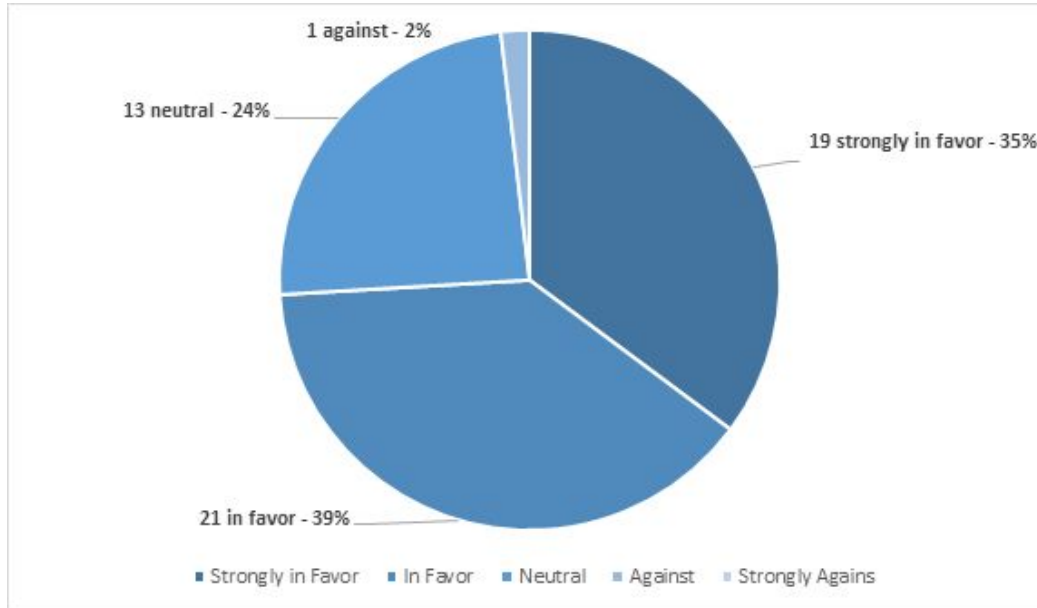
There are many exempt entities to
choose from!



Membership Survey Results

CCCIA 501(c)(3) Feasibility Survey - May 2017

In general, are you in favor or against the CCCIA pursuing a 501c3 tax status?



- 55 Total Responses
- 98% of respondents were strongly in favor, in favor, or neutral



Why are you in favor or against the CCCIA becoming a 501(c)(3)?

In Favor (selection of quotes)

"Potential to raise more revenue and fund more community events and projects while streamlining tax admin 2) Ability to get grants 3) Give CCCIA better standing to represent community as a non-profit development or community support org."

501C4 has been misused for political purposes lately. It seems clearer at a 501c3 that you have a purpose centered on helping the community.

"Tax-deductible contributions will encourage contributions! Sales tax exemption sounds good."

The ability to obtain grants, savings on sales tax, and provide a tax deductible donation opportunity for potential donors would further enhance CCCIA's role in the community.

"I feel the benefits outweigh the obstacles. The board is in a status quo mode. Changes are needed to improve the organization."



Why are you in favor or against the CCCIA becoming a 501(c)(3)?

Neutral (all quotes)

"I don't know the difference"

"Don't know the pros and cons to it"

"Since we are not involved anymore due to age and health we are neutral."

"Most people will not know the difference between (c)3 and (c) 4, even after reading the information."

"Even after reading the document, I'm not sure what it all means."

"Not enough info"

Against (all quotes)

"I don't think using the tax code is a good way to get people to donate more money. I think it is too much work for little gain. My guess is you could use the Parks and Rec district if you want a grant."



Survey Questions

- I don't really know much about what it means to be a 501c3.
- Will this be decided before the annual CCCIA meeting on June 17th? If not, if it's an agenda item, would be great to hear what everyone has to say about it. If it is decided before the meeting, from what I have heard, it sounds like it would likely be a good idea to do it. It's the board up to the challenge. Will it put too much strain on you.
- Will the benefits (tax-exempt) outweigh the costs and extra work? I defer to the Board on this decision.
- If approved, when would the change occur?
- How will it impact members? I don't know if I'm for or against it yet. If it has no impact on the members and works for the association, go for it.
- Are there other ways of gaining more revenue beside grant opportunity?



Next Steps

2017/2018 Board of Directors

Get Help

Hire a consultant to review requirements & assist with the application materials

Update Articles & Bylaws

Update the Articles of Incorporation & Bylaws to reflect the actual mission & activities of the current organization

Report Back & Vote

We will either wait for the 2018 Annual Meeting or call a special meeting to vote on any changes that require a general membership vote

Submit Application

Thank You!

Questions? Comments?