

Local League Use of LWVIL Education Fund

The League of Women Voters Education Fund (LWVILEF) is a tax-exempt nonprofit corporation organized under its own bylaws and operated exclusively for educational purposes. The fund does not attempt to influence legislation; it supplements and extends the citizen education aspect of the League.

Uses of Ed Fund money:

- A local League may use its own Ed Fund account, which operates through the LWVILEF, as a vehicle for collecting tax-deductible contributions. When solicitation letters are sent from a local League to either businesses or individuals, a sentence may be added stating: **Tax-deductible contributions to the _____ League may be made to the League of Women Voters of Illinois Education Fund or contributions to support general activities and advocacy may be made directly to the _____ League.** The checks for the Ed Fund are deposited in the local League's account at the LWVILEF. **LWVILEF currently has a bank account with Merrill Lynch, which will not accept checks unless they are written correctly payable to the LWVILEF--no third party checks, nor checks payable to the local Leagues (unless "Ed Fund" is added), nor checks payable to the name of a project. Merrill Lynch does not accept cash; please convert any cash to a check.**
- Money in a local League Ed Fund account may be used for up to 25% of state PMP and 50% of national PMP for a Local league and for any voter service or educational project a local League undertakes with prior approval from the treasurer of the LWVILEF. The project approval application should be completed and sent to the treasurer at least four weeks before the project start date in order to receive approval to initiate the project. The form, Local League Application for LWVIL Education Fund Project, is available on the LWVIL website. A project budget should be included listing estimated income, if any, and estimated expenses by category as part of the application form. Retroactive requests will not be approved for payment. PMP bills may be sent directly to LWVILEF without an application form.
- Ed Fund use for a State of the Community Dinner. Submit the project approval form early (as soon as the date is established).

The invitation or response card must state that the checks are to be written payable to the LWVIL Education Fund. The local League name may be added to avoid confusion, i.e., the Anytown Education Fund. The invitation should indicate that a portion of the dinner ticket price is a potential tax deduction (i.e., donations over \$25 are tax deductible to the extent provided by law). Outright donations (no meal) may be fully tax deductible to the donor. Programs printed for the Dinner should indicate that the Dinner was funded through LWVILEF.

Checks must be forwarded to the League office for deposit into the local League's Ed Fund account using the Income and Expense Submission form available on the LWVIL website. Do not endorse the checks or deposit them in a local League operating bank account. All event bills should be sent directly to the LWVILEF office for payment along with a completed Income and Expense Submission form. Due to IRS standards, preference is to pay all bills directly rather than to

reimburse the local League.

Items purchased for the dinner are exempt from state sales tax. The sales tax exemption letter is available through the LWVILEF office. This letter is available only for Ed Fund project use. At the completion of the Dinner, the LWVILEF can provide an accounting of the income and expenses. Any profit remains in the local League Ed Fund account for future voter service or educational projects.

Notes about IRS rules

- Acknowledgment of Donations of \$250 or more

Beginning Jan. 1, 1994, a donor was not allowed a charitable deduction for a contribution payment of \$250 or more unless he or she had an acknowledgment from the receiving organization. We recommend that all donations of \$250 or more be recognized in writing, specifying the amount of the donation and date received. It is the local League's responsibility to provide these acknowledgments.

- Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning Jan. 1, 1994, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services received. For example, a donor makes a contribution of \$100 for a local League Ed Fund dinner and the dinner is valued at \$40; the remaining \$60 would be deductible. The total payment is more than \$75 so the disclosure statement must be furnished. This rule applies only to Ed Fund solicitations. Leagues holding fundraisers for their general operating funds need to disclose that the donation is **not** tax deductible.

- Written disclosure statement must:

1. Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of money contributed over the value of goods or services provided.
2. Provide the donor with a good-faith estimate of the value of the goods or services that the donor received.
3. The local League may furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the League presented the statement in connection with the solicitation, it is not necessary to present the statement with receipt of the contribution but is a good idea to thank participants. Note that if an individual purchases tickets with a combined value of \$250 or more a written acknowledgement is required.
4. The disclosure must be in writing and large enough to be reasonably noticed by the donor.
5. The penalty for failure to make the disclosure on a contribution of over \$75 is \$10 per contribution, not to exceed \$5,000 per event or mailing.

Please address any questions to the LWVIL bookkeeper or treasurer.