

LWVIL EDUCATION FUND POLICY AND GUIDELINES (Local League Account Use)

BACKGROUND

This document represents the updated LWVIL Education Fund (LWVILEF) guidelines and policies approved by the LWVILEF Board and supersedes any previous versions of the policy.

In September 1970 the LWVUS reported that “part of every League budget can be financed by deductible money. All of Voters Service and any educational programs which do not promote or lobby for a League position qualify. The percentage of administrative costs which support these services and programs also qualifies.”

Although part of every League budget can be financed by tax deductible money, deductible contributions cannot be made directly to the local or state League due to the current tax structure for most local leagues and the state League¹. In order to accept deductible contributions, a separate organization for citizen education activities was established by the LWVIL. The League of Women Voters of Illinois Education Fund (LWVILEF) was established under Illinois law in 1979. In November of that year it was recognized by the Internal Revenue Service as qualifying under Section 501(c)(3) of the Internal Revenue Code as an organization that may accept contributions that are considered to be tax deductible for the donor.

The LWVILEF is a nonprofit corporation organized under its own bylaws and operated exclusively for 501(c)(3) allowable activities. The LWVILEF does not attempt to influence legislation but rather supplements and extends the citizen education aspects of League work. The officers and directors of the LWVIL serve as the officers and directors of the LWVILEF and conduct its meetings and activities.

The LWVILEF receives money from:

- Gifts made directly to the LWVILEF that are either restricted for specific projects or are unrestricted. (Restricted gifts are contributions earmarked for specific purposes, frequently as a result of a grant proposal. Unrestricted gifts are contributions made to the general operating fund.)
- Gifts that are made to a local League’s account are restricted for use by the name local league and held by the state as fiscal agent until the local League requests its use.

¹ LWVIL and most local leagues are categorized by the IRS as 501(c)4 nonprofit corporations. Because 501(c)4 organizations are allowed to take positions on political issues and engage in activities that could influence legislation or elections, donations to local leagues are not tax deductible, even if a local league does not actively lobby.

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LOCAL LEAGUE ACCOUNTS IN THE LWVILEF

How to Establish an Account:

The LWVILEF provides local Leagues with a means of soliciting and utilizing tax deductible contributions. A local League may establish a LWVILEF account (an earmarked fund account) to deposit tax deductible funds for unrestricted and/or restricted projects providing that the requirements which have been established to preserve the IRS 501(c)(3) status and to facilitate the handling of the accounts are met.

A LWVILEF local League account may be opened when:

- (1) the local League sends a check from an individual donor or business for \$250.00 or more made out to the LWVILEF specifying that an account is to be opened in the name of the local League, or
- (2) the state League opens an account for a local League in order to “share” a portion of an unrestricted contribution to the Illinois League.

How Contributions to the Local Accounts Should Be Made

Only the LWVILEF has an IRS 501(c)(3) status – not the local League.

Checks must be made payable to the League of Women Voters of Illinois Education Fund. Checks made in the name of the local league with “Education Fund” added at the end will also be accepted.

Do not deposit these checks to your local account and write a check to LWVILEF.

We do not accept cash deposits from local leagues. In this instance, you may deposit the cash to your local league account and write a check to LWVILEF.

Acknowledgement of Contributions

The local League is responsible for acknowledging the gift and thanking the donor (see additional details below in Notes about IRS rules and templates for the acknowledgement message). If requested, the LWVILEF will send an official receipt.

How Funds Should Be Withdrawn

- **At least one month before beginning an Education Fund project**, submit a **Local League Application for LWVIL Education Fund Project²** to the Executive Director, along with a detailed budget itemizing the expected income and expense. The Executive Director will send written approval or, if necessary, contact the local league for more information.
 - Planning is important: The balance in the local league Education Fund account must be sufficient to meet expenses as they will occur.
- When your League has completed a project or event, you may request reimbursement using funds your league has collected and deposited with LWVILEF to reimburse some or all of the cost associated with the project or event. League Treasurers should determine what expenses are allowable to be reimbursed under

² Available on the LWVIL website in the Member Portal

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IRS guidelines and LWVILEF rules, and request that amount using the [LWVILEF Income and Expense Submission Form³](#).

- To reduce administrative costs, each reimbursement request must be for a minimum of one hundred dollars (\$100.00). LWVILEF may waive this requirement if it determines that circumstances warrant an exception.
- Requested reimbursements may not exceed available funds (i.e. the amounts you have for deposit in your local league account held at LWVILEF).
- Please include a detailed description of the scope of the project and why the requested amount is permissible to be reimbursed.
- Because LWVILEF is acting as a fiscal agent of Leagues participating in this program it is required to ensure that all requests meet IRS guidelines and LWVILEF rules before disbursing any funds. To ensure expedient processing and disbursement of funds please make sure to include all applicable receipts, invoices, copies of products, and any other documentation that support the request's compliance with IRS guidelines and LWVILEF rules. LWVILEF will not disburse funding until it is satisfied through documentation that IRS guidelines and LWVILEF rules have been met.

How the Account Is Administered

To keep an account active, a local League must maintain a minimum balance of \$250.00.

Local League Education Funds are maintained in a checking account administered by LWVILEF. Any nominal interest earned for the funds is used to cover the administrative costs of LWVILEF managing the balances on the local leagues behalf.

When an account has been established for a local League, the bookkeeper of the LWVILEF sends a quarterly account statement to the local League treasurer via email. The local League should keep a record of its account. The amount in the LWVILEF account should appear on a League's financial reporting as a separate item; it should not be included as part of the operating balance.

How The Account May Be Used

IRS Criteria Summary

The following is a summary of the types of activities that constitute 501(c)(3)-permissible charitable or educational activity that could be supported through the LWVILEF local league funds. This is not intended to provide comprehensive guidance on the permissible 501(c)(3) activities. LWVILEF encourages all participating Leagues fully familiarize themselves with 501(c)(3) permissible spending guidelines by reviewing the IRS publication, [IRS Compliance Guide for Public Charities](#) (<https://www.irs.gov/pub/irs-pdf/p4221pc.pdf>) (Publication 4221).

The activity / project must:

- Be educational in nature and designed to inform the public in a fair and objective manner.
- Cannot advocate for a position or urge action to affect a piece of legislation at the local, state or federal level.
- Cannot involve work with political parties or candidates for office, other than nonpartisan voters service activities, and it cannot influence the outcome of an election.

³ Available on the LWVIL website in the Member Portal

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Permissible activities include:

- Nonpartisan Candidate Forums
- Voter guides
- Illinois Voter Guide promotional materials
- Voter Registration Events

The project must serve the public, not League members exclusively. Internal membership materials would not qualify for funding under this service.

Education Fund resources cannot be used to promote League membership operations. Thus, the funding provided by the Education Fund under this program cannot be used to support the membership recruitment or membership maintenance activities of your League.

Any request for reimbursement of operating costs that can reasonably be seen as supporting 501(c)(3) activities must clearly outline:

- The 501(c)(3) permissible activities that the operating costs are supporting
- The methods and justification for methods used to determine the allocation of operating expenses between permissible and non-permissible activities
- Documentation that clearly shows that the requested amount is being used in support of stated 501(c)(3) activities

LWVILEF Criteria Summary

In addition to the IRS requirements described above, the use of funds provided by the LWVILEF must comply with the following LWVILEF rules.

- LWVILEF shall have the final discretion in determining whether a project meets IRS guidelines.
- The project must fully comply with the League's Diversity, Equity, and Inclusion Policy.
- The project cannot involve the development of a League position by consensus or other form of agreement nor can it promote a League position.
- The project must not give direct grants to outside organizations.
- If the project generates income, the income must be used only for educational purposes with the same requirements and restrictions on use imposed under this policy for donated funds, and Leagues must keep adequate documentation to show income and its appropriate use and make that documentation available for review by LWVILEF upon request.

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The table below provides a summary of allowable activities:

Activity	Allowed Percentage	Examples
Voter Service	100%	Candidate forums, educational publications, voter registration drives, and Mock Election
Office expenses and ongoing administration	50%**	Postage, rent, insurance, telephone, electricity, furniture, copier lease, stationery and/or supplies, etc
VOTER or other newsletters	50%**	Printing and postage; email distribution tools (Constant Contact, etc).
LLEF fundraising campaigns, including special events to benefit the LLEF	100%	Room rentals, food, speaker fees, etc
Purchase of Voter Service materials	100%	e.g. voter registration signs, etc.
Donations to the LWVILEF or another LLEF to support a particular project	100%	Illinois Voter Guide, Observer Corps, Moderator Training
Transition costs for a local league to become a 501(c)(3)	100%	
Creation and maintenance of Web sites	50%**	
LWVIL PMP obligation	50%	Contributed as a payment to LWVIL
LWVUS PMP obligation	50%	Contributed as a payment to LWVEF; LWVILEF would send the payment to LWVEF on behalf of the local League. ***
Liability Insurance	25%	

** The LWVIL/EF uses a similar 50/50 split.

*** From the LWVUS League Management site - search on Per Member Payment Information

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Notes about IRS rules Regarding Donations

- Acknowledgment of Donations of \$250 or more

Beginning January 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. While the law specifies that it is the responsibility of the donor to request the acknowledgment, we recommend that all donations of \$250 or more be recognized in writing, specifying the amount of the donation and the date received. It is the local League's responsibility to provide these acknowledgments.

- Disclosure by Charity of Receipt of Quid Pro Quo Contribution

Beginning January 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 \$60 would be deductible. The total payment was 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 fund need to disclose that the donation is **not** tax deductible.

- Written disclosure statement must:

1. the name of organization
2. the amount of cash contribution
3. a description (but not the value) of non-cash contribution
4. a statement that no goods or services were provided by the organization in return for the contribution, if that was the case
5. a description and good faith estimate of the value of goods or services, if any, that an organization provided in return for the contribution
6. a statement that goods or services, if any, that an organization provided in return for the contribution consisted entirely of intangible religious benefits (described later in this publication), if that was the case

Disclosure Example if you use your local League Ed Funds for PMP:

If you choose to use your Ed Funds for your PMP obligations, the acknowledgement sent to the donor should reference this fact.

The funds you contribute to the League of Women Voters of Illinois Education Fund under this program may be used to support the charitable and educational activities of our state League and to make contributions to the national League of Women Voters Education Fund.

Please address any questions to the LWVIL Executive Director or Treasurer.

Document History

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Current Version: August 11, 2021 - update of LWVIL contact information only