

Donation, gifts and Sponsorship Policies of the SMCBA

We are tax-exempt, but not a 501(c)3 charitable organization. We are a 501(c)6 trade association. For printed solicitations, the following is the IRS rule:

"A. Print Medium. In the case of a solicitation by mail, leaflet, or advertisement in a newspaper, magazine or other print medium, the following four requirements must be met:

1. The solicitation includes whichever of the following statements the organization deems appropriate: "Contributions or gifts to [name of organization] are not deductible as charitable contributions for Federal income tax purposes," "Contributions or gifts to [name of organization] are not tax deductible," or "Contributions or gifts to [name of organization] are not tax deductible as charitable contributions;"
2. The statement is in at least the same size type as the primary message stated in the body of the letter, leaflet or ad;
3. The statement is included on the message side of any card or tear off section that the contributor returns with the contribution; and
4. The statement is either the first sentence in a paragraph or itself constitutes a paragraph"

The Bar Association could be subject to IRS taxes and penalties if we do not follow the above rules.

We prefer the following wording:

"Contributions or gifts to the San Mateo County Bar Association are not deductible as charitable contributions for Federal income tax purposes. Sponsorships, gifts or other payments to the San Mateo County Bar Association may be deductible under other sections of the Internal Revenue Code, please consult your tax advisor."

If you want to solicit tax deductible donations, they may be funneled through the San Mateo County Bar Association account with the Silicon Valley Community Foundation. We do request that all donations to the Silicon Valley Community Foundation be sent to us and we then forward the checks in a group to the Foundation, so we are sure they get credited to our account. Then we can request a grant be paid to the desired organization. However, grants from a donor advised fund cannot, by law, go to individuals, they can only go to qualified charities.

If the Bar Association or one of its sections wishes to fund a scholarship to an individual, there can be no charitable donations used. It is the

What is and is not taxable to the individual can be viewed here:

<http://www.irs.gov/publications/p970/ch01.html>

Basically, if the grant is for books and tuition, **AND** the recipient uses it only for books and tuition, the recipient does not have to pay income tax on the grant. If the grant can be used for other things like room and board, travel, equipment, etc., then it is taxable to the recipient.

It is the Bar Associations recommendation that any grants be limited to \$500 so we do not have to deal with 1099 reporting issues.

Finally, please check with staff before making any solicitations, as the rules and regulations may have changed since the printing of this information.