

Financial Notes on the National AAUW Restructuring 2009

Delegates at the 2007 national AAUW convention voted to restructure the organization and to take advantage of current tax structures. AAUW staff and attorneys have accomplished this organizational restructuring and it will take effect in June 2009. Remember, AAUW is older than the IRS. I think of this restructuring as similar to cleaning out AAUW's cupboards and reorganizing them—not much more, but certainly needed and desirable.

To comply with the regulations, AAUW must have certain statements in its bylaws and articles of organization. Thus, there must be a new AAUW Bylaws to consider at the 2009 convention. For a good example of the changes, look at Article II Purpose in the Bylaws of the American Association of University Women. Because this restructuring was *requested*, it is safe to say that those parts of the Bylaws will be approved.

AAUW's main organization, called the American Association of University Women, Inc, will be a public charity, 501(c) 3. The voter education and lobbying activities will be a social welfare organization called the AAUW Action Fund, Inc, a 501 (c) 4 organization.

Dues collected in the spring are counted as prepaid for the next fiscal year that begins July 1. So, effective April 1, 2009

- AAUW National Individual Membership dues for fiscal year 2010 are \$49: \$46 is tax deductible, and \$3 is not tax deductible (because it supports the AAUW Action Fund's Section 501(c) (4) Lobby Corps and get-out-the vote activities).
- AAUW National Student Affiliate fee is for fiscal year 2010 is \$17: \$16 is tax deductible, and \$1 is not tax deductible (because it supports the AAUW Action Fund's Section 501(c)(4) Lobby Corps and get-out-the vote activities).
- AAUW National Life Membership dues (one-time payment) of \$980 are fully tax deductible.
- Ohio membership dues are not tax deductible.
- Branch membership dues are not tax deductible unless your branch is classified under the Section 501(c) (3) entity by the Internal Revenue Service.

What does restructuring mean to your branch? Not much. Tax-deductible funds (national dues and contributions) may be processed through branch checking accounts. That these funds are collected by the branch is immaterial to their deductibility, as the intent of the payer and the destination of the payment controls the tax deductibility of the payment when the recipient is a 501(c)(3) organization.

What should your branch do? Continue doing what you have been doing. Each year when you return your form to join AAUW's group exemption, you can continue as a social welfare organization (501 c 4) exempt from income tax. And each year you must file an information return to document your compliance as a tax-exempt organization. Since your fiscal year is July 1 to June 30, you need to file by November 15 each year.

Purchases for branch activities generally are not exempt from Ohio sales tax (currently 5.5%) unless your branch has been ruled a public charity by the IRS.

Sources:

AAUW Briefing # 19, and AAUW National Dues Payment FAQ, www.aauw.org

AAUW Outlook, Spring/Summer 2009, Convention Section, pp. C10-C19

IRS Publication 557

Ohio Department of Taxation, FAQ #41, What sales are exempt/excepted from sales tax? www.ohio.gov