

GUIDELINES FOR STATE & LOCAL GRANT SERVICE



2007-2008 Edition



League of Women Voters Education Fund

**LWVEF Guidelines for
State and Local Grant Service**

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INTRODUCTION

THIS PUBLICATION DESCRIBES HOW THE GRANT SERVICE WORKS AND LISTS THE STEPS YOU MUST FOLLOW IN USING IT.

"Why does the League of Women Voters have a State and Local Grant Service?"

Short Answer: So that state and local Leagues can solicit tax-deductible donations.

Long Answer: All state and local Leagues are classified by the IRS as 501© (4) nonprofit organizations. As such, donations to them are not tax-deductible.

*Your donors must
make their checks
payable to the
"League of
Women Voters v/
Education Fund"*



The League of Women Voters Education Fund (LWVEF) was established in 1957 as a separate, tax-exempt organization with a 501© (3) status. Organizations with 501 © (3) status are allowed to solicit contributions that are tax deductible as charitable donations. Oftentimes, state and local Leagues may wish to solicit tax-deductible donations for educational funds on their own to accept such gifts. By allowing the LWVEF to act as their agent or "sponsor" in the fundraising process, Leagues can solicit tax-exempt donations. The way this works is simple: Leagues solicit donations, donors write out checks to the LWVEF, the LWVEF deposits the funds, and finally, the LWVEF cuts checks to the state and/or local Leagues.

There are, of course, rules and conditions that go along with the process, as well as steps that must be meticulously followed.

It is important to abide by these rules. Otherwise, the LWVEF risks losing its 501© (3) status.

Using the Education Fund

In order to use the grant service for your funding, your project must meet IRS and League criteria.

The IRS criteria are:

1. ***The project must be educational.*** The project must be completed for the purpose of informing the public in a fair and objective manner. Through the project, your League cannot advocate a particular position on legislation or urge any action to affect legislation (federal, state or local). 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 cannot involve work with political parties or candidates for office, other than nonpartisan voters service activities. It cannot influence the outcome of an election.
2. ***The project must serve the general public, not League members exclusively.***
3. ***Education Fund resources cannot be used to promote League membership.*** The project's resource cannot be used to support the membership recruitment or membership maintenance activities of your League. However, internal membership materials (that are funded by other means) are acceptable to have at EF events.

The League criteria are:

1. LWVEF trustees must ensure that the project will meet IRS and LWV criteria.
2. The project must not give direct grants to outside organizations.
3. The project must be nonpartisan.
4. If your project generates income, the income must be used for educational purposes only.
5. The LWVEF must be properly credited.

The trustees reserve the right to review materials and require changes. If the project differs from the concept submitted on the initial project request form, or if the project does not meet the above criteria, funds cannot be disbursed.

Step By Step

The following list describes each step in the process of using your LWVEF Grant Service account.

STEP 1. Select a project and develop a budget.

STEP 2. When you get donations, submit funds with the **deposit** form. Make sure you indicate on the **deposit** form how you want the funds you are depositing to be distributed. There are different lines to designate where the funds should go. The LWVEF will send acknowledgement of all deposits received.

STEP 3. When you are ready to spend your funds, mail (or fax) the **withdrawal** form. **NO funds** can be distributed without the **withdrawal** form.

STEP 4. Within two months of the project's completion, submit the **final report**, along with any results of your project that can be mailed (i.e., pamphlets, press clippings, videotapes, etc.).

Keep your own records of Grant Service transactions. Your League treasurer should keep a permanent record of all deposits and withdrawals from your Grant Service account so they can be reconciled with the LWVEF records. The names and addresses of donors should also be kept as a part of your records.

Retain documentation on all project expenses for seven years. You are legally required to keep an accounting (including receipts) of all project expenses.

Frequently Asked Questions

Project Development

"I'd like to do a project, but I cannot think of anything to do!"

Here are some examples of educational projects your League can do:

- Voters service and /or citizen information projects (forums, debates)
- Publications (listings of elected officials, balanced information on issues)
- Educational public meetings (seminars, conferences, forums or workshops)
- Media programs that discuss issues in an unbiased way (radio, TV, slide presentations)
- Purchase and distribution of educational League publications
- Public interest lawsuits, monitoring the implementation of laws

Budget Development

"How can I make sure I request the right amount of funds?"

Once you have selected your project, you can begin to estimate expenses and develop a budget. Your budget should include the following components:

• Direct Costs

Expenses specifically for the project. Examples include printing editing, layout, postage, supplies, distribution, promotion, phone charges, out-of-pocket expenses of volunteers and salaries.

• Indirect or Overhead Costs

General operating expenses incurred when completing a project, such as office rent, equipment use and utilities. A portion of these expenses can be attributed to the project based on use. However, to prove this, records must be maintained that show the project used these services or items.

• Office Expenses

Your League can charge a portion of office or telephone expenses associated with your yearly ongoing citizen information service or other ongoing Ed. Fund projects. These costs should be documented through financial records and logs. The proportion of League time and funds spent on this educational activity needs to be tracked and recorded to ensure the percentage of office expenses charged to the Ed. Fund is proportional to the project vis-à-vis all League activity. For example, if 20% of your League's time and resources go to conducting the citizen information service—then 20% of the cost of phones, rent and office expense can be paid for out of Ed. Fund monies.

• In-Kind Contributions

Items such as equipment, materials or services cannot be considered as tax-deductible contributions to the LWVEF for state and local Leagues. A business that wants to make such a gift might instead consult an accountant or attorney to investigate classifying the gift as a deductible business expense.

Project Criteria

"Can I buy a computer with the money I raise?"

Equipment such as computers may be purchased with Education Fund dollars provided that the equipment will be used for education projects only. Under certain legal restrictions, a League (the 501(c)(4) entity) may pay to share the equipment. Please call the **Grant Administrator** prior to selecting this option.

*“Can we use our **Grant Service** account to pay our Per-member-Payment (PMP)?”*

Funds already deposited in your Grant Service account can be used to meet PMP obligations. Leagues may also raise new, unrestricted tax-deductible contributions to satisfy up to 50 percent of their PMP obligation. (Refer to the ~~President’s Packet~~ for details.)

“What about when I combine an educational project with a membership project, such as inserting something into a League newsletter?”

If your League provides educational issue inserts for your newsletter, you may pay for only the insert pages with Grant Service funds. Additionally the material must be distributed to the public to meet the diversity criterion. Therefore, that distribution cost also should be included in your EF project budget.

Project Approval

“What if we do not have time to wait for approval?”

In an emergency, you may request and receive approval over the phone. Call the **State and Local Grant Administrator at 202-429-1965**. Make sure you follow up with a written request. No funds will be disbursed without a written request. The LWVEF reserves the right to reject a follow-up written request that differs from the original phone description.

“If we do the same project every spring, do we have to submit a new withdrawal form each year?”

Yes. On every request for withdrawal for ongoing projects – we require that you submit a short description of the project (see the withdrawal form). We use this to continually monitor the project and make sure the it still meets 501(c)(3) requirements.

General Instructions

Project Fund Deposit

- Allow a minimum of three weeks for LWVEF to process your request.
- Do not exceed your LWVEF Grant Service balance.
- Do not exceed your approved project budget by more than the established percentage as indicated in the deviation chart below.

Sometimes, project budgets will exceed original projections. If this happens, the LWVEF ~~Grant Service~~ allows you to spend additional funds without completing more paperwork. However, there are established limits (see chart below) on how much the project can exceed the approved budget before you must seek approval.

Budget Deviation Chart for Project ReApproval	
Approved Project Budget (\$)	Accepted Total Deviation from the Approved Budget
1-1,000	25%
1,001-3,000	20%
3,000-5,000	15%
5,000+	10%

Donation Follow-Up

Always thank donors for their contributions. It is important that you thank donors as it will continue to keep you in a good relationship with them. (*The LWVEF will acknowledge donations that are over \$250 in accordance with IRS regulations*) but a donor can never be thanked too many times. Keep track of the names and addresses of all donors.

Additional Record Keeping Tips

- Keep records of Grant Service transactions for reconciliation with LWVEF records.
- Retain documentation on all project expenses. Under the law, you must keep accounting (including receipts) of all project expenses for seven years.
- Keep accounts balanced.
- Leagues will receive quarterly statements of Grant Service ~~account~~ activity from the LWVEF.

Credits

The LWVEF must be credited on project material. Publications for community distribution, including programs for meetings or seminars, must credit the LWVEF. Donors may be credited on publications as well, but check with them first. Some donors prefer to remain anonymous.

Examples of wording for credits on project materials:

“Prepared by the League of Women Voters of (name of your League), published by the League of Women Voters Education Fund, and financed by contributions from (name of donors).”

“This seminar conducted by the League of Women Voters of (name of your League) and has been made possible by a contribution from (name of donors) to the League of Women Voters Education Fund.”

“Published by the League of Women Voters of (name of your League) and funded by contributions to the League of Women Voters of (name of your League) and the League of Women Voters Education Fund.”

FINAL CHECKLIST

- Make sure your planned project is educational in nature; no advocacy or membership activities allowed.
- Make sure checks are made out to the “League of Women Voters Education Fund”.
- Submit funds with the **deposit** form. Please be sure your local League number is on the form to ensure proper credit to your account.
- Request withdrawals by mailing (or faxing) the **withdrawal** form. Please be sure your local League number is filled out on the form to ensure proper debit from you account.
- Submit the **final report** form.