



TOWN

HALL

MEETINGS

501C3

**SOUTH MEETING
WEDNESDAY, MARCH 2ND**

**HOSTED BY THE BRIDGEVIEW LIONS CLUB
BRIDGEVIEW COMMUNITY CENTER
7900 S. OKETO AVE
BRIDGEVIEW, IL**

6:00 P.M. FELLOWSHIP ** 6:30 P.M. MEETING

**NORTH MEETING
TUESDAY, MARCH 8TH**

**HOSTED BY THE RIVER GROVE LIONS CLUB
THE AMERICAN LEGION HALL
8664 GRAND AVE.
RIVER GROVE, IL.**

6:00 P.M. FELLOWSHIP ** 6:30 P.M. MEETING

LIGHT REFRESHMENTS WILL BE SERVED AT EACH MEETING

**District 1-A Lions Clubs
Charitable Corporation
Expanding Service Abilities**

**District 1-A Lions Long Range Planning Committee
Lion Herb Zimmermann
January 7, 2011**

Ninety-four years ago Lions Clubs International founder Melvin Jones united a group of businessmen creating an organization with a vision to give back to the community. Today, Lions Club International has grown to 1.3 million members and serves the entire world. As times change, it is apparent the 1,958 Lions of District 1-A must unite and form a Charitable Corporation to better serve all the people in need in the geographical area that District 1-A serves.

Since 1917, there have been numerous changes in the tax laws and the addition of many organizational classifications. Most Lions Clubs today are 501(c)(4) corporations and are classified by the IRS as Civic League and Social Welfare Organizations (IRS, 2010, p. 45). While this is the most economical form of incorporation the major drawback is donations made to 501(c)(4) organizations are not tax deductible on the donor's federal tax return (IRS, 2010, p. 46).

The choice today when incorporating a charitable organization is to form a 501(c)(3) corporation. The major benefit is that contributions from donors are deductible as charitable contributions on the donor's federal tax return (IRS, 2010, p. 20).

It is not uncommon for an organization to form two corporations; one a 501(c)(4), used to conduct administrative functions, and a 501(c)(3) to exclusively maintain their charitable purpose. The Lions Club International Foundation is the charitable corporation of Lions Club International. Donations made to the Lions Clubs International Foundation are deductible as charitable contributions on the donor's federal tax return. The Orland Park Lions Club (Illinois) has two corporations. The Orland Park Lions Club is a 501(c)(4) corporation and that status is to operate the administration of the club. The Orland Park Lions Club Charitable Corporation is a 501(c)(3) corporation and uses that status to receive and disburse funds in accordance with the Corporate Bylaws. One of the reasons the Orland Park Lions Club formed a 501(c)(3) corporation was one of the club member's employers would make a charitable donation to an organization that any of it's employees of which he/she was a member. The only condition was the organization needed to be a 501(c)(3) corporation.

District 1-A will not be the first in Multiple District 1 to organize as a 501(c)(3) corporation. District 1-CN already has 501(c)(3) corporation status (Illinois Attorney General, 2009, p. 3).

Two District 1-A signature projects that will (exponentially) benefit from the formation of a 501(c)(3) corporation are:

- Vision First a project that has to date provided eye exams and glasses to over 55,000 school aged children.
- Service to Open Areas within District 1-A where there isn't a local Lions Club to aid the people in need.

Both of these projects are and should continue to be of ultimate concern to the Lions of District 1-A. With the formation of the District 1-A Lions Clubs Charitable Corporation the ability to obtain funding from donors will increase significantly. Large corporations, sports team charities, and individuals look for organizations with a 501(c)(3) status when considering their financial support. A single annual fundraiser for a 501(c)(3) organization, with a clearly defined purpose, can easily generate a revenue base to support the two current projects and provide a springboard for embracing new projects throughout District 1-A. Celebrities and Dignitaries are

more apt to promote and support a Charitable Organization especially when it is local to their domain.

While the formation of a 501(c)(3) corporation may seem daunting the results will be overwhelming. The formation of a 501(c)(3) corporation requires

- Formulation of a Mission Statement
- Formation of a Board of Directors
- Articles of Incorporation
- Bylaws
- Development of a
 - strategic plan
 - business plan
 - budget
 - recording system
 - accounting system

The above formation criteria, while being unique to the District 1-A Lions Clubs Charitable Corporation, the governing body that the Charitable Corporation will report to will be the District 1-A Lions Clubs in accordance to its constitution and bylaws.

With the formation of any corporation there are fees. The initial costs to form a 501(c)(3) corporation are

- State of Illinois Filing Fee \$50.00 (State of Illinois, 2003, p. 1).
- Internal Revenue Service User Fee \$850.00 or IRS Cyber Assistant Fee \$200.00 (IRS, 2009, p. 1).

The maximum required investment would be \$900.00. With the importance of forming a 501(c)(3) corporation there is no question that legal and accounting advice should be sought. However, there are many firms that provide pro bono services for the formation of 501(c)(3) corporations.

Times change and the vehicles we choose to get us to our destination change also. Where do the Lions of District 1-A go from here? They can accept the status quo and do what they have always done, or they can address the growing need for the Lions, and adapt their current ways to address and satisfy those needs. Ninety four years have passed and Lions Clubs International has adapted to change without losing a single step in fulfilling their motto "We Serve". Now is the time for the Lions of District 1-A to form the *District 1-A Lions Clubs Charitable Corporation* to strengthen and expand District 1-A's ability to serve.

References

- Illinois Attorney General. (2009). *Charitable Organization Annual Report*.
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