

Avoiding drama in the 501(c) family

**Managing relationships between
charities, social welfare organizations,
labor unions and business leagues**

Kimberly Eney
Justin J. Lowe

UT LAW CLE

THE UNIVERSITY OF TEXAS SCHOOL OF LAW

Agenda

- Overview of 501(c) organizations:
 - 501(c)(3) organizations
 - 501(c)(4) organizations
 - 501(c)(5) organizations
 - 501(c)(6) organizations
- Operational rules
- Managing drama

Overview of 501(c)(3) organizations

- Organized and operated “exclusively” for 501(c)(3) purposes:
 - E.g., charitable, scientific, educational
- Not organized for profit or primarily engaged in for-profit activity
- No violation of public policy
- Insubstantial private benefit, if any
- No inurement

3

Overview of 501(c)(3) organizations **(cont'd)**

- No substantial lobbying activities
- No political campaign activities
- Assets distributed for 501(c)(3) purposes on dissolution
- Contributions to 501(c)(3) organizations are tax deductible as charitable contributions

4

Overview of 501(c)(4) organizations

- Must primarily further social welfare, the common good and general welfare of the community
- Not organized for profit
- Not primarily engaged in for-profit activity or providing benefits to private groups
- No inurement

5

Overview of 501(c)(4) organizations (cont'd)

- Unlimited lobbying in furtherance of exempt purpose
- Some political campaign activities so long as they, along with other non-exempt activities, are not primary
- Contributions to 501(c)(4) organizations are not tax deductible as charitable contributions

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](http://utcle.org/elibrary)

Title search: Avoiding Drama in the 501(c) Family: Managing Relationships Between Charities, Social Welfare Organizations, Labor Unions, and Business Leagues

Also available as part of the eCourse

[2018 Nonprofit Organizations eConference](#)

First appeared as part of the conference materials for the
35th Annual Nonprofit Organizations Institute session

"Avoiding Drama in the 501(c) Family: Managing Relationships Between Charities, Social Welfare Organizations, Labor Unions, and Business Leagues"