

## Gold Wing Road Riders Association

### Director of GWRRA

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**Subject: Simple steps for a Chapter to be 501c4 compliant**

**Excerpts taken from February 2010 Rider Education Newsletter, clarifying what a Chapter has to do to be compliant.**

### **Is this really something new?**

In last month's newsletter, I talked about our "Not for Profit" status and the role Rider Education has in ensuring compliance. It has been the topic of conversations, message boards, and Facebook. Based on some of the concerns that have been raised, it appears that for some, this is new information, when in actuality, it is not. In 1983, GWRRA was awarded its 501(c)4 status based on the "Education Program" we provide our membership and the public.

Also, some of the concerns regarding 501(c)4 compliance at the Chapter Level are misleading, and draws incorrect conclusions. We need to make clear that Rider Education is ingrained into our Association, and many of the things we do as habit are compliant activities. For the vast majority of our Chapters, business as usual is sufficient, and nothing more needs to be done. So, the purpose of this article is to enlighten Educators and Directors who are struggling with this and have raised these concerns.

First, let me recap from last month's article. In 1983, the IRS gave GWRRA a favorable ruling based on the GWRRA application for "Not for Profit" status. The requirements of compliance, based on this ruling, were outlined in the following statement.

### **GWRRA favorable IRS Ruling**

In 1983, GWRRA was awarded its 501(c)4 status based on the "Education Program" we provide our membership and the public. Many members perceive "social welfare" to mean we provide a social environment, when it really means that it provides "education." Based on this, we must stress the importance of education to maintain our 501(c)4 status.

Based on the GWRRA 501(c)4 ruling, subordinates:

- Must operate primarily to further the common good and general welfare of the people of the community- i.e. Rider Education (Community is both the Membership and Public)
- The organization cannot be operated primarily as "a social club for the benefit, pleasure, or recreation of its members." Again, however, social functions for the benefit of members may be carried out if they are incidental to the organization's primary purposes.
- At least 51% of activities focus on Rider Education.
- When considering whether an activity is "education" or "social", it must stand the test "Did it benefit the Community (members and/or public) by presenting "Rider Education" related subject matter?" Remember, the "Burden of proof" rests with the Director of the Subordinate to

demonstrate to the IRS that stated “educational” activities are valid, and that the level of “educational” activities are greater than the level of “social” activities.

**Note:** As referenced, a GWRRA Subordinate includes all GWRRA Chapters, Districts, or Regions.

Since 1983, these have been the requirements of GWRRA, Inc. and all of its subordinates for 501(c)4 compliance. The Rider Education Program has Education Officers at all levels of the Association to assist the Directors ensuring their compliance. For the vast majority of Chapters within GWRRA, nothing is needs to be changed or included additionally to their normal operation.

Our number one goal in Rider Education is to ensure that 100% of our Chapters have Educators. We have a few Chapters without Educators, and we are continually working with Chapter Directors to fill these Chapter Educator positions so that we ensure these chapters have an active Education Program.

Let's first indentify some of the compliance activities a Chapter Educator should do for their Chapter.

#### **Chapter Educators:**

- Present a Safety Talk at each monthly Chapter gathering. Running out of ideas? Go to <http://www.gwrra.org/regional/ridered/ChapterTalks.html>. There are 26 different Rider Education articles your National REP Team has put together, which you can use for your next Chapter Talk.
- Contact your District Educator and schedule Rider Education Seminars, PLP, and MFA classes. They need your feedback for scheduling purposes.
- Complete your Monthly Report and send it to your District Educator. It is paramount that this is done each month as standard practice.
- Get everyone in your Chapter enrolled in the Levels Program. There is no cost for the program itself, and Levels program patches are available to purchase if desired. People who join GWRRA are committed to safe motorcycling; get them involved!

This kind of activity has been, and continues to take place every month in Chapters throughout our Association. Why is having a Rider Education talk so important at a monthly gathering? It serves two very important purposes:

- It informs the Membership of important safety information they can use in their daily lives. Some may find some of the information repetitive, having heard it before. Repetition helps us remember it when it really counts. So that we keep our members interested and engaged, Educators must stay informed and mix it up a little. Reference the 26 chapter talks we have online, invite guest speakers, and have fun skits and other activities that require interaction with your audience. Keep it FUN!
- When a “Rider Education Talk” occurs at each monthly gathering and the entire meeting is considered to be a compliant activity. It is the number one thing a Chapter does for 501(c)4 compliance. Since the majority of the time a Chapter spends together is at their monthly meeting, for most Chapters, the annual compliance activity level is satisfied.

Other activities, like Rider Education Seminars, PLP, Maintenance Days or Chapter Workshops, and MFA classes, are compliance activities. One of my personal favorites is having a short meeting with the Road Captains and other riders prior to a team ride. Personally, I won't participate in a team ride unless I know that everyone is on the same page. Would you? Once again this is also a compliance activity. These are things a Chapter does regularly by habit.

I want to emphasize that the Rider Educator "Activity Report" is of utmost importance because it records the fact that these compliance activities have taken place. This information is used by both the Educator and the Director. Why the Director? Because the Director is the Financial Officer of the Chapter and the one that declares on their 990N return to the IRS that their activity level is compliant. It is advised to all Directors that a copy of all 12 monthly "Activity Reports" be stapled to the back of the 990N return results. Should questions arise later, all the documentation will be at hand and available. The information from the Chapters is also compiled at the District level. Directors and Educators change and new people assume these positions. We advise Chapters and Districts to each maintain copies of all compliance documentation.

There are other opportunities to promote a positive image of GWRRA and motorcycling to the general public. When the Chapter is in the public eye, during Mall Shows and other like events, handing out Motorist Awareness brochures is a great way to promote this and is also a compliant activity.

Charitable work by a Chapter may also be a compliant activity. The volunteer work may be compliant contact hours and the money given to the charity may be a deductible expense. There are specific IRS rules governing this and professional accounting advice should be consulted to ensure correctness.

Regarding the 990N filing requirements by a Chapter Director, Congress passed the Pension Protection Act of 2006, which added a new filing requirement to ensure that the IRS and potential donors have current information about all 501(c) organizations. Prior to 2006, if your gross receipts were \$25,000 or less, you were not required to file a 990 tax return unless directly requested by the IRS. In GWRRA, 97% of all subordinates fell under this rule and were not required to file. The only requirement was for those subordinates to fill out a year-end financial statement and submit it to the next higher level in GWRRA. In 2006, this changed due to the Pension Protection Act, when the IRS created a new filing for those at or below \$25,000, called the 990N e-postcard. Now, 100% of all GWRRA subordinates are required to annually file with the IRS. This is not new information. This has been a requirement of all subordinates by the IRS since 2007.

So while there has been a lot of discussion regarding 501(c)4 compliance at the Chapter level, in actuality, the business being done as usual by the majority our Chapters has been and will remain compliant. As I noted earlier, these requirements are not new and have been a part of GWRRA since 1983. However, if you are a Chapter Director or a Chapter Educator and you find this information is new to you, please contact your appointing officer for assistance. Region and District Officers, along with your International Team, are also here to help with your Chapter's needs.

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