



Understanding and Planning for 501(c)4 Compliance

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Objective

- Understand how the 501(c)4 applies to GWRRR subordinates
- Identifying what are Compliant Educational Activities
- Achieving proper balance between “Educational” and “Social” contact hours
- Importance of recording compliance activities
- Budgeting to fund activities
- Planning for your Chapter Event



GWRRA, Inc. Disclaimer

- The following presentation is recommendations to help Chapter Directors and their Teams to understand tax compliance for GWRRA's "not for profit" 501(c)4 status. GWRRA Inc. is not responsible for subordinate financial responsibilities to the IRS. In all cases professional tax advice is recommended to insure compliance.
- This information is to be shared with Chapter Teams. If you have any questions please contact your District Director or Treasurer.



Definition

501(c)(4) exemptions are given to civic leagues and other organizations operated exclusively for the promotion of social welfare, or local associations of employees the membership of which is limited to a designated company or persons in a particular municipality or neighborhood and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.



How it applies to GWRRA subordinates

By design, the 501(c)4 has a broad definition. To understand how this applies to GWRRA, we have to go back to the application made by GWRRA for the 501(c)4. The following are excerpts from the original application in 1983.





Excerpts from application

- *“GWRRA is an organization devoted to educating its membership and the “four-wheeled” public to the safe enjoyment of an alternate form of “traditional” transportation. An effective, energy efficient, SAFE, and fun transportation.*
- *Unfortunately, motorcycling has attached to it some very negative publicity because of stereotypes made “popular” through Hollywood and certain news media. The GWRRA’s efforts to “right” these naïve misunderstandings have been difficult; but through our organized Association, progress has been made.*
- *The GWRRA has programs that are varied and considered important to its goals and ideals; some of which are: **safety education, positive public imagery, motorcycle riding courses, constructive legislative improvements, community involvement, helmet usage, maintenance techniques and clearing house for industrial improvements.**”*



Excerpts from application

- *“A typical agenda of a typical Chapter would be like the Phoenix Arizona Chapter.*
- *The first Saturday of every month is the business meeting – 8AM. Breakfast is served, and a guest speaker will talk on various topics. We have had speakers from the Red Cross – CPR techniques; a fire chief – basic first aid; insurance people on bike insurance; highway patrol on safe biking techniques; Honda dealerships on maintenance; movies from Motorcycle Safety Foundation and American Honda; an attorney specializing in motorcycle accidents; motorcycle mechanics; Muscular Dystrophy representatives; Easter Seals; March of Dimes and many other local civic and charity groups. After the meeting is a ride or related activity or event. It may be social or “business.”*
- *The business events have been: Motorcycle Displays in shopping malls to disseminate Association literature and safety materials; parade assistance to the March of Dimes Walk-a-thon; delivery of toys to an orphanage or the Boy’s Ranch or deprived families; Easter Seals phone committee and telethon coordinators; meetings with the mayor and the governor for better programs on licensing, training and testing present and potential “cycle riders”; legislation involvement for supplying input on “cycle matters”; planning for our National Convention and State and Regional conventions, etc. etc. This should give you an idea of how we promote our interests.”*



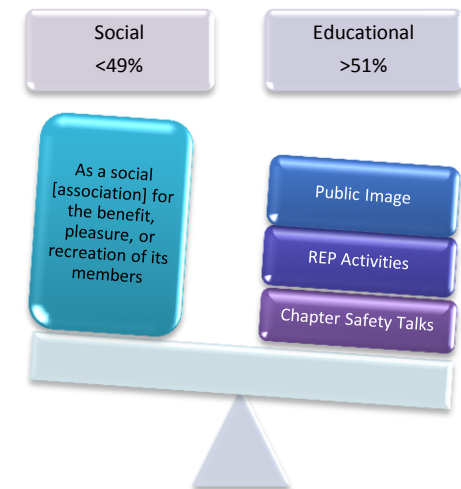
Excerpts from application

- *“Our Chapters hold a minimum of one monthly meeting in addition to various projects and events held each month. Such events would be: charity work (Easter Seals, Muscular Dystrophy, March of Dimes, Cancer Society, orphanages, etc.), sightseeing selected portions of their own geographical areas, safety workshops, mechanic clinics, motorcycle riding courses, parade assistance, public relations projects, legislative sponsorship for our safety programs, etc.*
- *It is a statistical fact that 90% of motorcycle accidents are caused by “4 wheelers” and the motorcyclist’s inexperience. It is also a regrettable fact that over 99% of all motorcyclists have had no professional training due to extremely limited talent, resources, abilities and sites.*
- *Our conventions are open to all people as this is another excellent tool (and time) to demonstrate, encourage and indoctrinate these people to safety concepts.”*



1983 Favorable Ruling based on Education

- 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.



Note: 51% of activities is not a direct reference to funds. If the Educational Activity Level of a Chapter is greater than 51% then funds are appropriately used.



Allocation of Chapter Funds

If the Compliance Activity Level of a Chapter is greater than 51% then the requirement of their “Not for Profit” status has been meant and the funds raised are tax free.

Exception: **Unrelated Business Income**

- UBI is income raise through the sale of Newsletter Advertisement, Trade Show Income, etc. If the net income (income received minus direct expenses) is \$1000.00 or greater, a 990T must be filed and taxes paid on the income. With proper planning Chapter fund raising events will not be considered UBI. This is discussed later in this presentation.



Chapter Compliant Activities

- Conduct monthly gatherings that includes a Rider Education talk.
- Why is this important?
 - 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. That's OK, if we hear it enough perhaps we'll remember it when it really counts. However, Educators need to stay informed and mix it up a little. Reference the REP chapter talks we have online, invite guest speakers, and have fun skits and other activities that require interaction with your audience. Keep it FUN!



Chapter Compliant Activities

- Conduct monthly gatherings that includes a Rider Education talk.
- Why is this important?
 - It is the number one thing a Chapter does as a compliance activity. Because a “Rider Education Talk” occurs at a monthly gathering the entire meeting is considered to be a compliant activity. 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.



Chapter Compliant Activities

- Have guest speakers, Police, Fire, EMT, Insurance Agent, etc.
- Conducting REP Seminars, PLP's, and other related GWRRA REP training.
- Team ride
 - Pre-ride meeting
 - Implementation of Rider Education training by riding in a staggered formation with a Road Captain and Tail-gunner.



Chapter Compliant Activities

- A portion of the Chapter Newsletter, which contains “Rider Education” related articles. The amount of expense is in direct relationship to the ratio between “social” and “educational” articles.
- Distribute “Motorist Awareness” information at Mall Shows, Fund Raisers, and other activities where you have contact with the public.



Compliance Consideration

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?”

Note...

The “Burden of proof” rests with the Chapter Director to demonstrate that stated “educational” activities are valid, and that the level of “educational” activities are greater than the level of “social” activities.



Chapter Non-Compliant Activities

- Chapter gathering without a Rider Education Talk.
 - It is extremely important to have a Chapter Educator. The Director needs an Educator to ensure that the compliant activities are being orchestrated. In the absence of a Chapter Educator, the District Educator, working with the Chapter Director, needs to ensure these activities are being done.
- Social parties and events.
 - It is OK and recommended to have Chapter parties. The Chapter needs to provide FUN social opportunities.
 - Social functions for the benefit of members may be carried out if they are incidental to the organization's primary purposes.




Recording Compliant Activities

The Rider Education form N.6 “Activity Report” is the tool for recording compliant activities.

- Training Events
- Seminars
- Community Presentations
- Chapter Gathering
- Other Training Meetings
- Publications

Note:

- Director needs to ensure Educator is doing this monthly and sending to appointing Educator. Director needs to do this in the absence of an Educator.
- Director or Treasurer collects all 12 monthly reports and files them with yearend expense report and 990n receipt.




N.6 Rider Education Activity Report

GOLD WING ROAD RIDERS ASSOCIATION

Rider Education Division

Educator Activity Report



Date of Report: / /

Chapter, District or Region:

Level:

Reporting Period:

Educator Name:

Type of Activity	Number of Events or Activities	Number of Participants
Rider Course Training		
MSF (BRC or ERC), CSC or ESC Course		
Advance Rider Course (ARC)		
Trike Rider Course (TRC)		
Sidecar Rider Course (SRC)		
Trailing Course (TC)		
Parking Lot Practice (PLP)		
Other Riding Skills Course/Event		
Seminars		
Co-Rider Seminar (Live or video)		
Road Captain Course Seminar		
Team Riding Seminar		
Motorcycling for the Mature Rider (MMR)		
Motorcycle Crash Scene Response (MCSR)		
Trailing Seminar		
Other Education Related Seminar or Video		
CPR or First Aid Training		
CPR		
First Aid		
AED		
Motorist Awareness Presentation		
Community Meeting		
Meeting Presentation or Talks		
Chapter Meeting		
Other Meeting or Group		
Total Number of Events/Activities and Number of Participants	Events:	Participants:
Newsletter Articles and Number of Newsletters Distributed	Articles:	Newsletters:
Level Activity Summary		
New Level Forms (N.7/8, N.9) Processed:		
Level I	Level II	Level III
Level IV		
Update Level Forms (N.10) Processed:		
Level II	Level III	Level IV
District Summary		
# of Chapters in District	# of Chapters Reporting	%
Region Summary		
# of Chapters in Region	# of Chapters Reporting	%
# of Districts in Region	# of Districts Reporting	%
Additional Comments:		

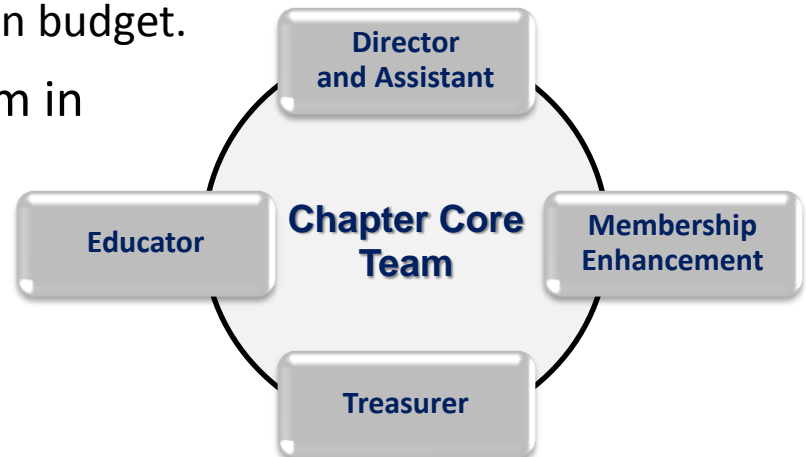
Revised April 2008



Creating a Chapter Budget

The Director and Treasurer are entrusted with the Members money and will be good stewards of these funds.

- The Director is the primary Financial Officer in all reporting to the IRS.
- The Treasurer is to ensure that all funds are used for the betterment of the Membership.
 - All funds must be collected by the Treasurer.
 - Distribution of funds by Treasurer based on budget.
- The Director will empower their Core Team in the budget process.
 - Annual Team meeting to create budget.
 - Program funding included in budget .
 - Treasurer facilitates the process.





Consideration for usage of Chapter Funds

The Chapter funds are raised by the Membership. The following are suggestions of their appropriate usage.

- Primary use is to provide fun program opportunities for the Membership to participate in.
- Used to fund the communicational needs of the Chapter keeping the Membership and community informed.
- Promoting GWRRA in the community for educational and recruiting purposes.
- For preapproved reimbursement of expenses. Entitlements to be shared equally by Core Team Members.
- Used for social events for the enjoyment of the Chapter participates.
- Funds can be given to Charities but should be a secondary usage and not become the principle activity of a Chapter.



Planning for Chapter Fund Raiser

- Chapter Director coordinates with their Core Team and supporting team.
- Incorporate Rider Education Theme
 - Bake sale, Mall Show, etc. Hand out Motorist Awareness information.
 - Fun Runs, Poker Runs, etc. Have a safety meeting regarding route. Give safety demonstrations. Conduct a Crash Scene Management demonstration. Ask them to perform a T-CLOCS. Put on a mechanic clinic.
- Time spent on planning event is compliant as long as a REP theme is incorporated.



Conclusions Regarding Compliance

- A Chapter needs an active “Rider Education Program” to ensure compliance.
- The Chapter Director, and their Team, needs to endorse and promote high participation in the “Rider Education Program” to ensure they meet their “educational” activities goals.
- The Chapter Educator and Director need to ensure that their compliance activity is properly documented.
- Where possible, Chapter events incorporate an “educational” theme.



Ensuring Compliance

- In all cases it is recommend that the Treasurer seek professional accounting advice regarding their compliance activity, to validate and ensure compliance to the 501(c)4.



Summary

- The purpose of this presentation was to give a clear understanding of what is required by the GWRRA Officer core to ensure that our compliance to the 501(c)4, Not-For-Profit status, is met.
- This will also ensure that our programs are funded paving a “path of success” for GWRRA for the next 30 years.
- GWRRA, Inc. appreciates your commitment and compliance to this very important requirement set forth by the IRS.