

## **Community Foundations and Advocacy**

### **Community Foundations Can Support Lobbying**

As public charities, community foundations can participate in and support lobbying. Unlike [private foundations](#) that are generally restricted from lobbying, community foundations can themselves participate in and fund a limited [amount of lobbying](#).

### **Community Foundations Can Advocate**

Community foundations can conduct all of the non-lobbying [advocacy activities](#) private foundations can do and can also fund these activities. For example, a community foundation could build relationships with legislators or help grantees build and sustain these relationships, the foundation could convene nonprofits and decision-makers to discuss a broad topic (e.g., how to balance the economy, development and the preservation of endangered species), or fund litigation to challenge the constitutionality of a particular law.

### **Community Foundations May Lobby, Within Limits**

In addition, all 501(c)(3) public charities, including community foundations, can lobby within generous limits allowed by federal tax law. How much lobbying the foundation can do will depend upon which of two options the foundation uses to measure its lobbying – the “501(h) expenditure” test or the “insubstantial part” test. Most foundations will benefit from electing to measure their lobbying using the [501\(h\) expenditure test](#) because the rules governing lobbying under Section 501(h) are clearer than those that apply under the [insubstantial part](#) test.

### **Community Foundations May Support Charities That Lobby**

Community foundations may earmark funds for lobbying; however, earmarked grants will count against the public foundation’s lobbying limit. Such earmarked grants will be double counted—against the lobbying limits of both the community foundation giving the grant and the public charity spending the grant funds on lobbying. In addition, community foundations that have made the [501\(h\) election](#) may follow the same general support and specific project grant rules that apply to private foundations, and these grants should not be considered a lobbying expenditure by the foundation, even if the recipient public charity spends the grant funds on lobbying.<sup>1</sup>

### **Community Foundations May Support Election-Related Activities**

Community foundations, like all public charities, are absolutely prohibited from engaging in activity that supports or opposes a candidate for public office. Community foundations may, however, support

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<sup>1</sup> Alliance for Justice received a [Private Letter Ruling](#) from the IRS confirming that AFJ, a 501(h) elector, may rely on the two grantmaking safe harbors. Although organizations other than AFJ may not rely on the ruling or cite it as precedent, it does reflect the approach the IRS likely will take in evaluating grants from one charity to another.

nonpartisan [voter education activity](#) (i.e., candidate education, get-out-the-vote, and voter registration activities). Private foundations have special restrictions for funding [voter registration activities](#), but these restrictions are **not** applicable to community foundations.

## **Community Foundations Can Support Nonpublic Charities**

Community foundations are permitted to fund the work of nonpublic charities, including 501(c)(4) social welfare organizations and unions, if it is an activity that the foundation could participate in itself. For example, a community foundation could provide a [grant](#) to a 501(c)(4) organization to engage in nonpartisan voter registration activity but could not provide a grant to the same organization to produce a partisan voter guide because the community foundation is not allowed to support or oppose candidates for office.<sup>2</sup>

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<sup>2</sup> Donor Advised Funds must adhere to different rules in regard to making grants to nonpublic charities.