



Maximizing Your Advocacy

Supporting
Documents

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Sample Board Resolution For Lobbying Grant from 501(c)(3) to 501(c)(4)

This sample board resolution authorizes the 501(c)(3) Nonprofit Education Fund to grant 95% of its unused lobbying capacity (as measured using the 501(h) rules) to the 501(c)(4) Nonprofit Advocacy Action Campaign. The timing of this grant is at the end of the year to ensure accurate calculation of the remaining 501(c)(3) lobbying amount, and the amount of the grant leaves a 5% buffer in the event a hypothetical IRS audit reclassifies non-lobbying activity as lobbying.

The resolution can be approved by the 501(c)(3)'s board of directors any time during the year of the grant, with the calculation of the amount and payment to the 501(c)(4) happening before the close of the tax year.

RESOLUTION

of the Board of Directors of
Nonprofit Advocacy Education Fund
December 19, 2019

The Board of Directors of the [501(c)(3)] Nonprofit Advocacy Education Fund hereby authorizes a distribution of funds ("Grant"), subject to the limitations below, to the [501(c)(4)] Nonprofit Advocacy Action Campaign.

Amount of Grant

The amount to be distributed to Nonprofit Advocacy Action Campaign shall be equal to 95% of Nonprofit Advocacy Education Fund's lobbying nontaxable amount for 2019, as defined by 26 USC 4911(c)(2), minus the amount of lobbying expenditures, as defined by 26 USC 4911(c)(1), made by Nonprofit Advocacy Education Fund in 2019.

Restrictions on Use of Funds

Nonprofit Advocacy Action Campaign shall be prohibited from using the Grant for the purpose of electioneering for or against any candidate for public office.

The use of the Grant for grassroots lobbying shall be restricted as necessary to ensure that 2019 expenditures by Nonprofit Advocacy Education Fund for grassroots lobbying, as defined by 26 CFR 56.4911-2(b)(2), do not exceed 95% of the grassroots lobbying nontaxable amount, as defined by 26 CFR 56.4911-1(c)(2).

Payment of Grant

This grant shall be considered an obligation of Nonprofit Advocacy Education Fund in the 2019 tax year and shall be made as promptly as possible, and no later than December 31, 2019.

Treatment of Distribution by Nonprofit Advocacy Education Fund

Nonprofit Advocacy Education Fund shall report this Grant as a lobbying expenditure to the Internal Revenue Service for the 2019 tax year.

APPROVED:
December 19, 2019

Ray Dameron
Chair, Nonprofit Advocacy Education Fund

Sample Grant Agreement For Lobbying from 501(c)(3) to 501(c)(4)

The grant to [name of 501(c)(4) (“Grantee”)] from [name of 501(c)(3)] (“Grantor”) is for the explicit purposes described in Grantee’s proposal and subject to Grantee’s acceptance of the terms of this Agreement.

WHEREAS, Grantor is a nonprofit corporation organized and operated for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1964, as amended (“Code”) and desires to provide a grant to Grantee to conduct lobbying activity within its legal limits set forth in Code Section 4911(c)(2); and

WHEREAS, the parties hereto agree that every effort shall be made to safeguard the integrity of Grantor’s tax-exempt status;

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, the parties agree as follows:

Grantor has approved a grant in the amount of \$_____ to Grantee in support of its work to support the project as described in Appendix A to this Agreement (“Project”). Grantee shall not spend more than \$_____ on grassroots lobbying as that term is defined under Code Sections 501(h) and 4911. Grantee has reviewed the Agreement and accepts the grant terms and conditions outlined below.

Tax- Status: It is understood that your organization is exempt from tax under Code Section 501(c)(4). This status has been confirmed by filing copies of any and all IRS rulings with the Grantor. Grantee is required to notify Grantor immediately of any changes in Grantee’s tax status, including changes proposed by the IRS and an actual revocation, whether or not appealed.

Controlled Grant: This grant constitutes a “controlled grant” as that term is defined pursuant to Treasury Regulation § 56.4911-4(f)(3). As such, the grant funds may be used for the Project and exclusively for charitable and educational activities consistent with Grantor’s tax-exempt status as a public charity. It is understood that your organization will not use these funds to intervene in any election or support or oppose any political party or candidate for public office, or engage in lobbying as that term is defined under Code Sections 501(h) and 4911 in excess of the limit set above.

This grant is not earmarked for transmittal to any other entity or person, whether or not mentioned in any proposal or other correspondence. Grantee accepts full control of the grant and its disposition and responsibility for complying with this Agreement's terms and conditions.

Reversion of Grant Funds: Any funds not expended or committed for the Project, or within the period stated, must be returned to the Grantor. Grantor will notify Grantee if it determines in its sole discretion, after careful consideration of available information, that the grant was not used for the purposes specified or was not reasonably in the interest of the general public. In addition, Grantee will return any unexpended funds if Grantee loses its exemption under Code section 501(c)(4).

Reports to Grantor: Grantee will furnish Grantor with a written report ninety (90) days after the grant period begins, addressing the following points to ensure that the grant is being used for the purposes intended and for Grantor to fulfill its own public reporting responsibilities:

- A summary of receipts and expenditures. The report shall provide an itemized statement of costs incurred by Grantee in performance of this Agreement.
- A description of work conducted by Grantee during the period in furtherance of the Project.

Grantee shall provide Grantor with a final report on the Project within 90 days after all grant funds have been spent. The report shall include:

- A detailed description of what was accomplished through the expenditure of grant funds, including a discussion of the progress made toward achieving the goals of the grant, and
- A financial accounting of how the funds were spent

Each report must be signed by an authorized representative and include the following certification inside the report or in an attached letter:
"This organization warrants that it is in full compliance with its Grant Agreement with the Grantor and that all restrictions, including those prohibiting the use of the grant funds for lobbying and political activities, set forth in that Agreement have been observed."

Grantee Records: Grantee shall maintain records satisfactory to Grantor related to the performance of this Agreement. If requested, Grantee shall make all books, ledgers, accounts, files and computer records and personnel involved in performing functions under the Agreement available to the Grantor or its designated representatives, auditors or legal counsel to confirm compliance with the terms of the Agreement and applicable law. Grantee agrees to retain records in accordance with its document retention policy but in no case less than six (6) years after the conclusion of the grant period.

Please sign and return the original of this Agreement acknowledging that Grantee accepts the terms and conditions of this Agreement.

For Grantee:

(Signature of Authorized Representative)

(Name and Title)

(Date)

For Grantor:

(Signature of Authorized Representative)

(Name and Title)

(Date)

Calculating the Amount of the Lobbying Grant

1. Lobbying Cap for the Tax Year

Calculate your total lobbying caps using Bolder Advocacy's 501(h) Lobbying Limit Calculator.

Overall lobbying limit: _____

Grassroots lobbying limit: _____

2. Calculate a 5% buffer

Best practices: include a minimum 5% (or other percentage you prefer) buffer to ensure the (c)(3) does not exceed its lobbying limits after making the grant.

.95 x overall lobbying limit: _____

.95 x grassroots lobbying limit: _____

3. Determine total grant amount

Subtract the total amount of direct and grassroots lobbying the (c)(3) has spent this year.

_____ - _____ - _____
95% overall lobbying limit - Direct Lobbying - Grassroots Lobbying

= _____
Total lobbying grant

4. Determine grant's grassroots lobbying limit

_____ - _____
95% grassroots lobbying limit - Grassroots Lobbying

= _____
Maximum grassroots lobbying for the grant

Need More Guidance?

Bolder Advocacy is here to help!
Just call our Technical Assistance hotline at
1-866-NP-LOBBY, email us at **advocacy@afj.org**,
or visit our website at **bolderadvocacy.org**.
Please share this with your funders, and
encourage them to call us with questions.

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