

## *Executive Summary*

### **Proposed Application for 501(c)(3) Status for the Capital Area Sportsmen League**

#### *Introduction*

- This executive summary describes the process for the Capital Area Sportsmen League (“CASL”) to apply for tax-exempt status under Internal Revenue Code Section 501(c)(3).
- CASL is currently a nonprofit corporation under Michigan law and is also currently tax exempt under Internal Revenue Code Section 501(c)(4).

#### *Benefits and Limitations*

- Achieving 501(c)(3) status generally exempts CASL from federal, state, and local income taxes.
- Since CASL is already tax exempt under 501(c)(4), it is already exempt from many taxes.
- However, 501(c)(3) status provides that individual and corporate donors to CASL may deduct the value of contributions to CASL, subject to the limitations in the tax code.
- 501(c)(3) status will also allow CASL access to grants, specifically from organizations which limit their grant-making to charitable organizations.
- CASL would be required to substantially operate under a charitable purpose, which includes a purpose of educating the public.
- CASL would become subject to Attorney General oversight as a holder of charitable funds.
- CASL would have significant lobbying limitations, and would be prohibited from all political campaign activity. Please note, however, that individual members of CASL would not face such limitations.

#### *Application Process and Proposed Changes*

- The 501(c)(3) application process involves preparing IRS Form 1023, which is used to apply for IRS recognition of exemption from federal income tax under Section 501(c)(3).
- In order to complete the IRS Form 1023, we believe that a few changes to the CASL’s organizing documents are necessary.
- We propose that CASL’s Articles of Incorporation and Bylaws be restated in order to highlight and identify how CASL has a charitable purpose that would

allow it to meet the requirements for tax exemption under Internal Revenue Code Section 501(c)(3).

- Additionally, we propose to add provisions to the Articles of Incorporation and Bylaws that provide protections to the individuals serving as officers and directors of CASL in compliance with recent updates to Michigan law.
- We propose to also adopt policies that the IRS recommends as part of the 501(c)(3) application. The policies include: a Conflict of Interest Policy, a Document Retention Policy, a Compensation Policy, and a Whistleblower Policy.
- Furthermore, a 501(c)(3) organization is subject to Attorney General oversight. CASL would be required to prepare and submit a Michigan Charitable Solicitation Registration.

### ***Summary of Proposed Changes***

- Restate the Articles of Incorporation of CASL.
- Restate the Bylaws of CASL.
- Adopt the following policies: a Conflict of Interest Policy, a Document Retention Policy, a Compensation Policy, and a Whistleblower Policy.
- Prepare and submit IRS Form 1023 and its related exhibits.
- Apply for a Michigan Initial Charitable Solicitation License through the Michigan Attorney General Office.