CHCI 2012 Board Alumni Task Force
Pros and Cons of AA Restructuring Options

	Program of CHCI		AA as 501c Subsidiary of CHCI (supporting c3, c4, or c7 org.)*		Fully Independent 501c Organization*	
	Pros	**Cons**	**Pros**	**Cons**	**Pros**	**Cons**
Leadership	AA national board and chapter boards; leaders serve as ambassadors	Leaders have limited powers	AA would have its own board of directors with a President, officers, term limits and regular elections	AA is child in a Parent/child structure	Fully independent organization responsible to adhere to all nonprofit regulations	Would need solid management team and organizational structure
Board	AA is an arm of CHCI; They work jointly in support of CHCI goals	AA is an arm of CHCI	Bylaws and other organizational documents will be drawn up by CHCI.	Board slate must be approved by CHCI. CHCI Board will own majority share in AA.	Independent board of directors elected by the membership	Requires regular board meetings and board infrastructure
Fundraising	Minimal fundraising responsibilities, limited financial reporting required	Limited independence for leadership to develop their own financial resources	Fund raising experience for chapter leadership within parameters of annual budget	AA Will require its own fund raising structure	Responsible for all fund raising, membership dues collection etc.	Requires an annual budget and independent fund raising, as well as independent financial administration.
Programs	CHCI works with AA to determine their engagement with its programs	AA are limited to areas of program support	Independent program development	The parent may hold the directors and officers accountable for the performance of the subsidiary	Fully responsible for program development, dues, organizational development etc.	Requires professional program staff
Budgets / Operations	Centrally administered and programmed by CHCI staff	Limited leadership development; no control of funds	Financial and management assistance from CHCI; parent responsible for report to IRS	Needs some financial infrastructure	No reporting to CHCI required	Responsible for 990 tax returns and audits as required by law
Professional Development	Service on national or chapter boards; AA President serves on CHCI board; Some professional development opportunities may are offered	Professional development opportunities may not be free or as frequent as alumni may like	Possibility of some staff exchange and mentoring possibility Representatives of AA serving on the CHCI board	AA would be responsible for budget and financial reporting to CHCI	If a c4 it would have greater leeway to lobby on behalf of Hispanic inclusion.	Donations to c4s are not tax deductible

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Member Dues	Membership dues collection and development left to CHCI staff; dues go back to support CHCI's mission	No independent financial resources; ues go back to support CHCI's mission		AA chapters would collect their own dues	Budgets dependent on dues payments		All membership dues go to AA budget	Annual renewal and collection process required	
Types of 501(c) organizations:									
501(c)(3)									
Charitable Organizations									
To be recognized as a public charity, your nonprofit must be organized and operated for purposes that are beneficial to the public interest. These purposes include: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term *charitable* is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. The organization must not operate for the benefit of a private person. Upon dissolution, its assets must be distributed to another 501(c)(3) charity. It is not allowed to engage in any partisan political activity. Lobbying is accepted but cannot be a substantial part of its activities. Public charities are the only tax-exempt organizations that can receive tax-deductible donations.									
501(c)(4)									
Civic Leagues, Social Welfare Organizations, etc.									
These organizations tend toward advocacy work, political actions, lobbying, environmental purposes, homeowners' associations and various community associations. A 501(c)(4) organization's net earning must go toward charitable, education or recreational purposes. Unlike their 501(c)3 counterparts, a 501(c)(4) can lobby, campaign, and otherwise participate in elections so long as the activities are in line with the organization's purpose and are not the primary activity for the organization. In applying for 501(c)(4) status, the applying organizations should be ready to show that it operates primarily to further common good and promote general welfare of the people in the community.									
501(c)(7)									
Social and Recreation Clubs									
These are clubs organized for recreation, pleasure, social activities and other similar nonprofit purposes. These organizations include college fraternities or sororities, country clubs, hobby clubs, garden clubs, etc. Membership is limited. An essential feature of a 501(c)(7) corporation is face-to-face interaction. This requirement of personal contact encourages social groups -- such as fraternal societies, country clubs and alumni organizations -- but excludes groups that interact only online. One of the most common types of 501(c)(7) is the recreational sports league, though ones geared toward kids may qualify for 501(c)(3). A 501(c)(7) social club cannot generate profits for its owners. The club must derive at least 65 percent of its gross income from membership dues. The dues paid by members of a 501(c)(7) corporation are tax-deductible. This does not apply, however, to any portion of dues that are used for lobbying or political campaign activities.									