

Mays and May Nots: 501(c)(3)/501(c)(4) Funder Groups

Funder groups have a vital role in creating social change by supporting advocacy.

By pooling resources, engaging in joint policy discussions, and strategizing, funder groups can stretch dollars and maximize efforts to create a more just society. When funder groups are composed of a mix of private foundations, community foundations, and 501(c)(4) funds, questions arise about the scope of discussions and strategies that c3 funders may engage in without jeopardizing their tax status. This factsheet offers tips on the types of discussions and activities that mixed tax status funder groups may participate in within the bounds of nonprofit laws and regulations.

In meetings of c3/c4 funders held to discuss funding goals and strategies, private foundation funders:

- MAY** be present when groups share plans about what each organization is doing.
- MAY** be present when groups discuss their lobbying, ballot measure, voter registration, and other election-related efforts. It is ok for private foundation to hear about these efforts by others, but cannot use the information to make decisions about its own activities).
- MAY** engage in joint discussions to broadly plan how to address a shared goal, such as passing immigration reform or raising the minimum wage.
- MAY** share information about what its grantees are doing
- MAY NOT** strategize or contribute to lobbying/ballot measure efforts.
- MAY** share its own plans and ideas, including how much money it wants to spend, the issues it will address, and the states it will work in.
- MAY NOT** be part of discussions when c4 funders strategize on projects and organizations they will fund to accomplish c4 goals.

When making grants, private foundations:

- MAY** agree to fund c3 advocacy efforts (see caveats below about lobbying and voter registration activities).
- MAY** agree to provide specific project grants up to the non-lobbying amount to public charities for projects with a lobbying component. This same rule applies to voter registration drives.
- MAY** agree to provide general operating support to public charities that engage in lobbying or voter registration activities.
- MAY NOT** earmark grants for lobbying activities or voter registration drives (unless the voter registration drive meets the section 4945(f) rules).
- MAY NOT** agree to fund c4 partisan activities.
- MAY NOT** fund c3 activities designed to supplement c4 partisan goals. Private foundations must have a private foundation-permissible reason to engage in the activity or grant-making strategy.
- MAY NOT** agree to fund an organization for the purpose of influencing the outcome of an election.

In reports to private foundation boards about the activities of a c3/c4 funder group, the board:

- MAY**, for informational purposes, know what the funder group has agreed to work on, including any partisan work the c4 participants will be doing.
- MAY NOT** approve any grants earmarked for lobbying or voter registration drives (except those that meet the section 4945(f) requirements).
- MAY NOT** vote to approve or strategize on any c4 plans or activities.
- MAY NOT** strategize on how the private foundation can supplement the partisan work of c4 participants in the funders group. For instance, after hearing a discussion of a tight gubernatorial race in Michigan, a private foundation program officer could not offer to fund groups to do GOTV in the key swing districts.

For more information, see Bolder Advocacy's [Philanthropy Advocacy Playbook](#), and [Investing in Change: A Funder's Guide to Supporting Advocacy](#).

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