

21 & Change, Inc.

LEGISLATIVE AFFAIRS POLICY

AS OF: 8 SEPTEMBER 2018

Preamble

21 & Change, Inc. [hereafter referred to as “corporation”] requires directors, officers, employees and volunteers to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the corporation, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable federal, state and local laws and regulations.

The purpose of this policy is to educate and inform corporation members, volunteers, employees and the Board of Directors on acceptable practices for advocacy and lobbying on behalf of the organization. It is acceptable for a 501(c)(3) public nonprofit charitable organization to conduct limited lobbying under certain circumstances. This policy describes those circumstances and the necessary conditions that must be met to protect the organization’s federal tax-exempt status in accordance with Internal Revenue Code.

Status as 501(c)(3)

The exempt purposes set forth in section 501(c)(3) are 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.

21 & Change is a charitable nonprofit organization established and in operation for several of these purposes including defending the human and civil rights of the developmentally disabled. The organization’s code under the National Taxonomy of Exempt Entities (NTEE) is R23, Disabled Persons’ Rights.

To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

Prohibitions

Under the Internal Revenue Code, all section 501(c)(3) organizations are absolutely prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. Contributions to political campaign funds or public statements of position (verbal or written) made on behalf of the organization in favor of or in opposition to any candidate for public office clearly violate the prohibition against

political campaign activity. Violating this prohibition may result in denial or revocation of tax-exempt status and the imposition of certain excise taxes. 21 & Change will not engage in any of these prohibited practices.

IRS Publication 4221-PC dated July 1, 2009 provides more detailed explanation of activities that could jeopardize our public charity's tax-exempt status.

Advocacy and Lobbying

Advocacy is generally defined as arguing in favor of a cause or idea concerning issues that affect people every day. There is no limit to the amount of advocacy a nonprofit organization can do. 21 & Change will use advocacy to educate legislators and staff on how certain policy and practices affect our community

Lobbying is generally defined as any attempt to influence a public official or legislation concerning an issue(s). Lobbying can be further broken down into direct lobbying and grass roots lobbying.

Direct lobbying is defined as any attempt by organization members to influence new or existing legislation via communication with a member of the legislative body or other government representative who has influence over the legislation. Grass roots lobbying is defined as asking the general public to contact their legislator regarding a specific issue or mobilizing the public around a legislative issue.

21 & Change will engage in limited direct lobbying activities to support issues important and critical to the Down syndrome community.

Election of 501(h) status

21 & Change, Inc. was approved by the IRS for the 501(h) election and will use the "expenditure test" standard for limited lobbying in support of public policy issues for the Down syndrome community.

Expenditure Test

Those charitable organizations that choose the Section 501(h) election must apply the "expenditure test." Under this standard, lobbying only occurs when there is an expenditure of money. It sets forth specific dollar limits, calculated as a percentage of a charity's total exempt purpose expenditures.

These limits are:

- 20% of the first \$500,000 of exempt purpose expenditures, plus
- 15% of the next \$500,000 of exempt purpose expenditures, plus
- 10% of the next \$500,000 of exempt purpose expenditures, plus
- 5% of the remaining exempt purposes expenditures, up to a total cap of \$1 million.

Policy Update

This policy will be updated or rewritten as required, but no less than every two years.

Point of contact for this policy is John Bodor
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Policy approved by the Board of Directors on 8 September 2018.