



501(c)(4) Reporting

When are Donors Disclosed?

The disclosure of donors to 501(c)(4) organizations is a hot topic of debate among the media, lawmakers, legal scholars, and experts on the tax-exempt sector. While these debates focus on disclosure in the context of political activity, that is only one aspect of disclosure affecting 501(c)(4)s. All 501(c) organizations are subject to some reporting based on their tax status and may be required to comply with additional reporting requirements when they engage in specific permissible activities.

In this fact sheet, we explore the basics of 501(c)(4) reporting and provide an overview of common activities that may trigger additional disclosure.

Basic Law

All 501(c)(4)s are regulated by the Internal Revenue Service (IRS) and are required to file annual financial reports. Every 501(c)(4) organization with annual gross receipts over \$50,000 must file a [Form 990](#) or [Form 990-EZ](#) with the IRS annually.¹ In addition to reporting revenue and expenses to the IRS (among other information), organizations must identify their donors on Schedule B. However, 501(c)(4) organizations can redact the names and addresses of contributors when making the 990 publicly available.² This means that organizations DO NOT need to share their donors' names, addresses, or other identifying information with the public. The Supreme Court recognized the need to protect organizations' donors and members when it held, in *NAACP v. Alabama*, that "compelled disclosure of affiliation with groups engaged in advocacy may constitute [an] effective a restraint on freedom of association."

The IRS addresses the most frequently asked questions about exempt organization public disclosure on its [website](#).

Common Activities that Trigger Disclosure

In addition to annual reporting to the IRS, there are certain activities that trigger additional disclosure by 501(c)(4)s; and, in some cases, may require disclosure of an organization's donors. If your organization plans to engage in one or more of the activities below, you should be aware of the additional reporting obligations you will assume.

¹ Organizations with annual gross receipts under \$50,000 must file an e-postcard, Form 990-N.

² See the [General Instructions for Schedule B](#) (Form 990, 990-EZ, or 990-PF) for more details.



[Lobbying the Federal Government](#)

Organizations that lobby the federal government may be subject to the federal Lobby Disclosure Act (LDA). LDA reports do not usually require organizations to detail the origin of the funds used to pay for lobbying activities³. In addition to providing information about lobbying conduct, organizations report the total expenses for lobbying in a reporting period and information about certain political expenditures.

[Lobbying your State and Local Government](#)

State laws related to lobbying disclosure vary, as does the governmental entity that regulates lobbying. Organizations engaged in advocacy at the state and local level should become familiar with the law(s) that regulate their activity. Your state may be one of the more than 25 included in Alliance for Justice's [State Law Resources](#). If not, the National Conference of State Legislatures maintains a list of [state lobbying and ethics laws](#).

NOTE: Individuals who are registered federal lobbyists are required to file form LD-203 on a semi-annual basis to report their individual political contributions and any contributions to specific entities and events linked to Members of Congress (as defined by the Honest Leadership and Open Government Act of 2007).

[Operating a Federal Separate Segregated Fund \(SSF\)](#)

Organizations that establish and operate a federal SSF – also known as a connected PAC – should be aware of the reporting obligations under the Federal Election Campaign Act (FECA). The FECA does not require the connected 501(c)(4) organization to disclose any administrative expenses related to operating the SSF, but the SSF is required to report contributor information and all expenditures made from its bank account to the Federal Election Commission (FEC) on [Form 3X](#) (“Report of Receipts and Disbursements”).

³ Under certain limited circumstances, the organization’s filing must list the name, address, and principal place of business of any “affiliated organization,” i.e., any organization which contributes more than \$5,000 in a calendar quarter for lobbying activities *and* “actively participates in the planning, supervision or control of such lobbying activities.”



[Making Membership Communications](#)

501(c)(4) organizations that have FEC-qualified members⁴ are permitted to pay for partisan political communications to their members using general treasury funds. These expenses must be reported to the FEC on [Form 7](#) ("Report of Communication Costs by Corporations and Membership Organizations"). Form 7 does not require the reporting of any contribution or donor information.

[Making Electioneering Communications](#)

Organizations that make [electioneering communications](#) that add up to more than \$10,000 in the calendar year must file the "24 Hour Notice of Disbursements/Obligations for Electioneering Communications" ([FEC Form 9](#)) with the FEC within 24 hours of the disclosure date.

Currently⁵, an organization paying for an electioneering communication out of its general account must report the name and address of any donor who, since the first day of the preceding calendar year, has donated an amount totaling \$1,000 or more to the person (or organization) that is earmarked for electioneering communications. To avoid reporting donors to the organization's general fund, do not ask for earmarked contributions. Groups may also decide to establish a segregated bank account to pay for electioneering communications and report only the donors who have made contributions to that account.

[Making Independent Expenditures⁶](#)

Since the *Citizens United* ruling in 2010, 501(c)(4) organizations have been permitted to use their general treasury funds to pay for independent expenditures. Independent expenditures must be reported to the FEC on [Form 5](#) ("Report of Independent Expenditures Made and Contributions Received") once the total spent has exceeded \$250. All expenditures must be individually itemized. On a quarterly basis, organizations must report all donations in excess of \$200 received *for the purpose of making independent expenditures*. These reports must include certain details about each donor including name, address, occupation, and employer. Donors to the organization who did not contribute for the purpose of making the independent expenditure do not need to be reported.

⁴ State laws regarding membership communications vary.

⁵ In *Van Hollen v. Federal Election Commission*, the U.S. Court of Appeals for the District of Columbia Circuit reversed the U.S. District Court for the District of Columbia decision that struck down this 2007 FEC regulations, restoring the requirement that only donors of contributions over \$1000 earmarked for electioneering communications need to be reported. A petition to rehear the case en banc was filed on March 4, 2016 and is pending as of August 18, 2016.

⁶ For more information, see our fact sheet, [Independent Expenditures: What they are and what are the rules?](#)



Supporting Ballot Measures

Ballot measure activity is governed by state campaign finance regulations and regulations vary state to state. Organizations planning to engage in ballot measure advocacy should find out if they meet the state's reporting threshold, which would require the organization to register with the state and file regular reports disclosing their ballot measure activity, which may include donor information. For information on state requirements for participating in ballot measure advocacy, consult AFJ's [State Law Resources](#).

The Alliance for Justice Action Campaign (AFJAC) serves as the nation's leading resource on the legal framework for 501(c)(4) nonprofit advocacy efforts. AFJAC provides invaluable resources, training, and technical assistance to help nonprofit organizations and their donors advocate more efficiently and effectively. The information contained in this fact sheet and any attachments is being provided for informational purposes only and not as part of an attorney-client relationship. The information is not a substitute for expert legal, tax, or other professional advice tailored to your specific circumstances, and may not be relied upon for the purposes of avoiding any penalties that may be imposed under the Internal Revenue Code. Alliance for Justice Action Campaign publishes plain-language guides, offers educational workshops, and provides technical assistance for nonprofits engaging in advocacy.