



Pillsbury Winthrop Shaw Pittman LLP  
2300 N Street, NW | Washington, DC 20037-1122 | tel 202.663.8000 | fax 202.663.8007

**MEMORANDUM**

To: Jill Birdwhistell  
From: Jeffery L. Yablon  
Date: February 25, 2014  
Re: Need for Affiliate Agreement From All Branches

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This memorandum briefly summarizes the relationship that the American Association of University Women (“AAUW”) has to its state organizations and local branches (together, the “Branches”) and the need for AAUW and each Branch to execute a written agreement that delineates the rights and duties of both parties (an “Affiliate Agreement”). There are nine points:

1. AAUW has long been recognized by the Internal Revenue Service (the “IRS”) as a tax-exempt “charity” under section 501(c)(3) of the Internal Revenue Code (the “Code”). Donations to Code section 501(c)(3) organizations are generally deductible for federal income tax purposes as charitable contributions under Code section 170.

2. AAUW controls the AAUW Action Fund (the “Fund”), which has long been recognized by the IRS as a tax-exempt “social welfare organization” under Code section 501(c)(4). Donations to Code section 501(c)(4) organizations are generally not deductible for federal income tax purposes.



3. Both AAUW and the Fund are “national” organizations that serve the Branches and the individual members of AAUW.

4. To be a tax-exempt charity under Code section 501(c)(3), it is always necessary to obtain official approval from the IRS. In contrast, to be a tax-exempt social welfare organization under Code section 501(c)(4), it is not necessary to obtain official approval from the IRS, but such approval is available and usually recommended.

5. There are approximately 1,000 Branches. Some of the Branches are tax-exempt under Code section 501(c)(3), while others are tax-exempt under Code section 501(c)(4). Generally speaking, each Branch is responsible for all matters with respect to its own tax status.

6. As the national membership organization, AAUW provides many services and benefits to the Branches. Among other things, AAUW has obtained from the IRS a “group tax exemption” for itself and those Branches that (i) are tax-exempt under Code section 501(c)(4) and (ii) want the benefits of such group exemption. Under the rules promulgated by the IRS in Revenue Procedure 80-27, 1980-1 C.B. 677, and elsewhere, this requires AAUW and each such Branch to enter into a written agreement that, among other things, delineates the rights and duties of each of the two parties. The Affiliate Agreement that AAUW and each such Branch jointly signed has been approved by the IRS in this regard.

7. Branches that are ineligible for or do not chose to join in the group tax exemption must also enter into an Affiliate Agreement with AAUW. This is to ensure that every organization that claims to be affiliated with AAUW operates in a manner that is consistent with



the standards, goals, principles and values of AAUW. (For example, there cannot be an organization using AAUW's name that works against advancing the rights of women and girls or acts in a manner that injures the public image of AAUW.) This is also to ensure that the very valuable AAUW name, logo and other intellectual property is not misused, damaged or lost.

8. Without exception, every national membership organization that has local affiliates -- e.g., sororities, churches and the American Red Cross -- operates in this fashion and requires affiliates to sign one or more documents that are the functional equivalent of the Affiliate Agreement that AAUW uses. Simply stated, there is no other way to operate a national organization with local affiliates.

9. In summary, any organization that uses AAUW's name or logo must sign an Affiliate Agreement. This is true for Code section 501 (c)(3) organizations, Code section 501(c)(4) organizations and all other types of organizations as well.