Housekeeping Items

- Participants are on mute when they join the call.

- Staff will be monitoring the chat room, should you have a question during the presentation.

- We have reserved time at the end for questions.

- We will record and make the event available to view.

Upcoming Lunch & Learn

Wednesday, April 7th
Noon-1 p.m. CST/11 a.m.-noon MST

2020 South Dakota Nonprofit Sector Study

presented by
SDCF President and CEO, Stephanie Judson

2020 South Dakota Nonprofit Sector Study

The State of Philanthropy in South Dakota

CSA Role in
Community & Economic Development

Community Development

"a process where community members come together to take collective action and generate solutions to common problems."

Economic Development

"the creation of wealth from which community benefits are realized.... an investment in growing your economy and enhancing the prosperity and quality of life for all residents."

Today's Guests

Heath Johnson, Aberdeen Area Community Foundation

Jared Hybertson, Centerville Foundation

Rosemary Roth, First Interstate Greater Sturgis Area Fund

Steve Gohn, Huron Community Foundation

Karly Winter, SDCF Operations & Compliance Manager

Centerville, SD
Local Community Foundation & Local EDO Working Together

Jared Hybertson
Executive Director
Centerville Development Corporation
&
Centerville Area Community Foundation
Board Member

Why it makes sense for your local community foundation & your local EDO to work together.

Same Community

Common Goals

Accomplish More Together

Examples of Event Partnerships

- Tornado Days 4th of July Celebration

- Pool Fundraiser

- Downtown Fall-O-Ween Festival

- Celebrate Centerville Community Awards Gala

Examples of Foundation Giving To Community Development Projects

- Community Christmas Tree Lighting

- Pool House Improvements

- VFW Pitching Mound

- Covid Relief Funding for Community Daycare

- Landscaping for New Community Welcome Sign

- Sponsorship of Community Awards Gala

- Annually Giving Towards Economic Development Efforts

Examples of Economic Development Giving to Support Foundations

- In 2018 the Centerville Development Corporation presented a check to the Centerville Area Community Foundation for $50,000

- In 2018 the Centerville Development Corporation presented a check to the school for $80,000 to help establish the Tornado Education Foundation. The SDCF matched this with an additional $20,000 to start the newly established foundation out with an even $100,000.

Charitable Purpose Overview

- Charitable (Generally)
- Religious
- Educational
- Scientific
- Literary
- Testing for public safety
- Fostering amateur sports competition
- Preventing cruelty to children or animals

WHAT IS CHARITABLE PURPOSE?

SOUTH DAKOTA COMMUNITY FOUNDATION

DEFINITION

Charitable purpose is what sets a 501(c)(3) organization apart from other types of nonprofits. In order to qualify for 501(c)(3) tax-exempt status, organizations must exist exclusively for one or more of the following charitable purposes, as defined by the IRS, and broken down below:

- Charitable (generally)
- Religious
- Educational
- Scientific
- Literary
- Testing for public safety
- Fostering amateur sports competition
- Preventing cruelty to children or animals

WHAT IS THE DIFFERENCE?

Nonprofit Organizations
Nonprofit status is a concept of state law.
Nonprofit corporation status is granted by the Secretary of State.
There are several kinds of nonprofits, not all are tax-exempt.

Charitable Organizations
Charitable organizations are a **type of nonprofit**.
Their charitable purpose sets them apart from other nonprofits.
Designated by the IRS through section 501(c)(3) of federal code.
Such organizations are tax-exempt.
Must meet the IRS definition of charitable to qualify.

WHAT IS CHARITABLE?

Religious
Two basic guidelines:
1. Beliefs must be truly and sincerely held; and
2. Practices/rituals not illegal or contrary to public policy
Examples: churches, ministries, missions, church-related charities, seminaries. Churches must also prove regularly scheduled service at a publicized time with regular attendance (no exclusively online churches).

Scientific
Better understood as scientific research. Project must be done in the public interest. Results must be made available to the public.
Examples: University studies published in medical journals. Also, economic modeling, agricultural and climate studies.

Testing for Public Safety
Not simply promoting public safety, activities must include testing. Primary work should be testing finished products, ingredients, or other components for use by the general public.
Examples: Underwriter's Laboratory or Consumer Reports, Inc.

Literary
A rare designation. Reserved for nonprofit bookstores or publishing activities. Must be able to demonstrate how operation furthers an *exclusively* charitable purpose.
Examples: religious publishing houses or college bookstores.

Fostering amateur sports competition
Also, a rare designation. Competition should be organized on *at least* a regional level, higher than truly amateur athletics such as Post baseball or YMCA swimming.
Examples: USA Cycling or USA Volleyball - competitions that feed into the Olympics.
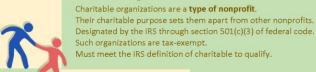
Educational
One of the more commonly used categories, with a wide range of possibilities. Two requirements to qualify:
1. Instruction or training of individuals for the purpose of improving or developing their capabilities; or
2. Instruction of the public on subjects useful to individuals and beneficial to the community
Examples: Primary or secondary school, college, tech school. Public discussion groups, forums, lectures, etc. Museums and zoos. Also, some alumni associations, children's sports leagues and nonprofit daycares.

Prevention of cruelty to animals or children
These organizations work for the general safety of children or animals. Note that many children's organizations will be considered educational.
Examples: ASPCA, World Wildlife Fund, humane societies, and endangered species habit groups. For children, APSAC, local Child Protection Teams, etc.

Charitable (Generally)
The catch-all category. Covers organizations that fulfill a charitable purpose but do not fit into one of the other categories. Further broken down into subcategories:
1. Relief of the poor, distressed or underprivileged
2. Advancement of religion
3. Advancement of education or science
4. Erecting or maintaining public buildings/monuments/works
5. Lessening the burdens of government
6. Lessening neighborhood tensions
7. Eliminating prejudice and discrimination
8. Defending human rights secured by law
9. Combatting community deterioration and juvenile delinquency
Examples: Community Foundations, St. Jude's, NAACP

Watch out for . . .
Examples of nonprofits that may appear charitable but are not:
- Volunteer Fire Dept – 501(c)(4)
- Rotary Club – 501(c)(4)
- Labor and Ag Unions – 501(c)(5)
- Chamber of Commerce – 501(c)6
- Economic Dev. Corp. – 501(c)(6)
- Fraternities/Sororities - 501(c)(7)
- Country clubs – 501(c)(7)
- Cemeteries – 501(c)(13)
- Legion, Post, etc. – 501(c)(19)

This sheet is a brief summary. For more in-depth guidance, please call SDCF at 1-800-888-1842.

Thank You

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