



CWRT LEGAL STATUS SURVEY SURVEY ANALYSIS

One of most interesting things about getting to know the different CWRTs is that many do not have formal organizational structures, no elected leaders, no dues and some don't even have members. So, we decided that it would also be informative as to the prevalence of 501(c)(3), nonprofit organizations versus the others.

This survey had an N = 109 with an 69% completion rate. Thirty-three (33) were either incomplete or disqualified because the respondent didn't know the legal status of their CWRT. And, one was removed as the respondent was listed as anonymous, as was the CWRT.

SUMMARY

The BEST PRACTICES that came out of this survey are as follows:

1. It is important that leaders of 501(c)(3) CWRTs continue to tell their members that they are eligible to receive tax benefits by virtue of their membership in the CWRT.
2. It is incumbent on CWRT leaders to make decisions from a basis of knowledge, rather than conjecture. Suggest looking into the costs for filing, the tax return requirements at the end of each fiscal year and the likelihood that a small nonprofit will be audited.
3. Corporate versus individual liability is a very real benefit to becoming a registered nonprofit. Whereas officers can be sued with judgements against their personal assets for unincorporated organizations, only the assets of the CWRT can be targeted for incorporated organizations.
4. The reasons for not becoming a 501(c)(3) may seem compelling if everything in the future remains as it has been in the past. However, when CWRTs hold meetings in another's facility or go on field trips and a catastrophe should occur, leaders, tour guides, drivers or others may be in a position to lose their homes, future earnings, etc.
5. As one respondent pointed out, it is also important to seriously consider the purchase general liability and errors and omissions insurance to further protect members. They cover different risk exposures.

General liability insurance covers:

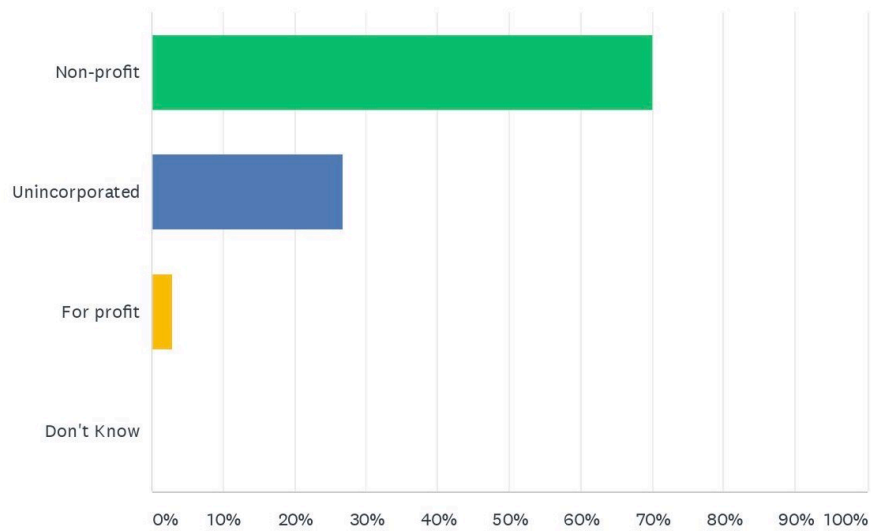
- a. Non-employee bodily injuries on your commercial property
- b. Damage you caused to someone else's property while carrying out your work
- c. Advertising injuries (slander, libel, copyright infringement, misappropriation, etc.)

Errors & omissions insurance covers:

- a. Negligent professional services
- b. Failure to meet contractual obligations
- c. Failure to uphold a certain standard of care
- d. Errors or oversights

Q1 What is the legal status of your organization

Answered: 67 Skipped: 0

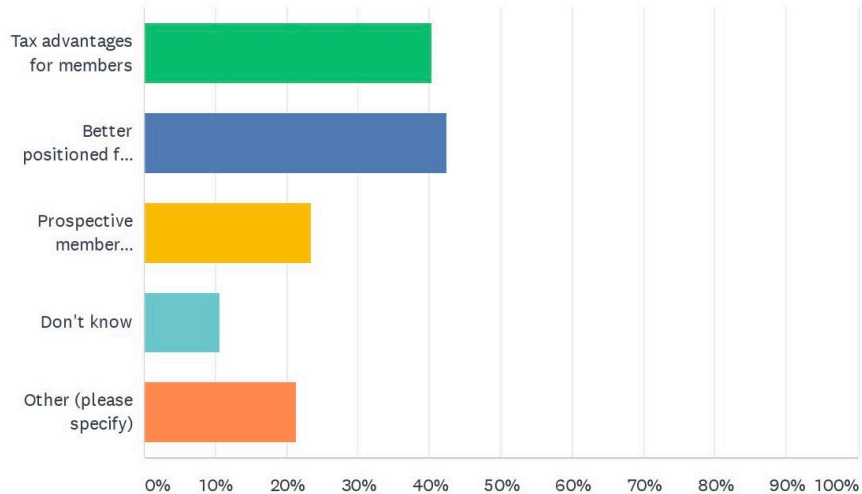


ANSWER CHOICES	RESPONSES	
Non-profit	70.15%	47
Unincorporated	26.87%	18
For profit	2.99%	2
Don't Know	0.00%	0
TOTAL		67

The vast majority of respondent CWRTs (70%) are registered not-for-profits, (27%) are unincorporated and another 3% are for-profit organizations.

Q2 What reasons are foremost in your CWRT decision to be a non-profit?

Answered: 47 Skipped: 20



ANSWER CHOICES	RESPONSES	
Tax advantages for members	40.43%	19
Better positioned for fundraising	42.55%	20
Prospective member perception	23.40%	11
Don't know	10.64%	5
Other (please specify)	21.28%	10
Total Respondents: 47		

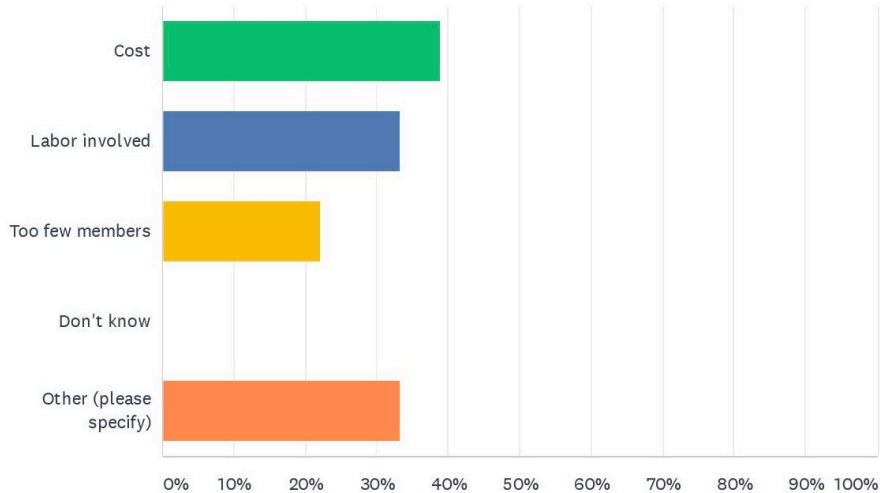
The reasons why CWRTs become registered nonprofit organizations are quite simple: tax advantages and being better positioned during fundraising activities. They also have concluded that there is a certain legitimacy that may be associated with the CWRT by prospective members. Alarming, 10 percent of respondents couldn't identify reasons for becoming a nonprofit.

Another 21% advised that there were other reasons to become a registered nonprofit that included the following:

- Legal protection for officers
- Credibility
- It best fits "our" role
- Avoid the obligation to pay federal and state income taxes
- Tax exemption on hotel room for speakers and organizational purchases
- Discounts
- Liability issues

Q3 What are the primary reason(s) your CWRT has remained unincorporated?

Answered: 18 Skipped: 49



ANSWER CHOICES	RESPONSES	
Cost	38.89%	7
Labor involved	33.33%	6
Too few members	22.22%	4
Don't know	0.00%	0
Other (please specify)	33.33%	6
Total Respondents: 18		

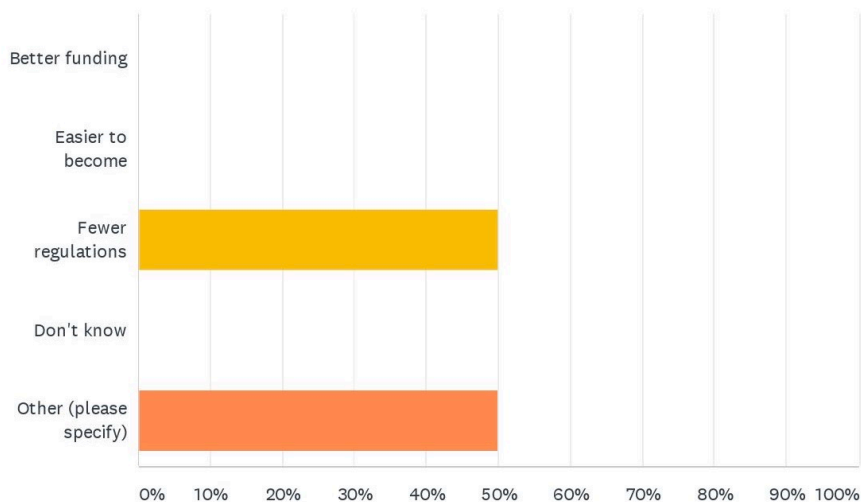
The reasons for not becoming incorporated as a nonprofit included cost (39%), the labor involved (33%) and too few members (22%).

Another 33% stated the following reasons for not becoming incorporated:

- We are simply a group of Civil War fans who meet once a month to further CW education and CW causes.
- All-volunteer group with the same leader since 1999. No dues or organizational structure. Hosted for free by the York County History Center.
- We do not make enough money and we do not want to file the tax returns.
- Complications related to incorporation (tax returns, audit)
- We are in the process of moving towards non-profit status.
- It was organized before appropriate laws were passed and no one has looked at the issue in years.

Q4 If your CWRT is a for-profit entity, it is indeed unique. What advantages are their to remain in that status?

Answered: 2 Skipped: 65

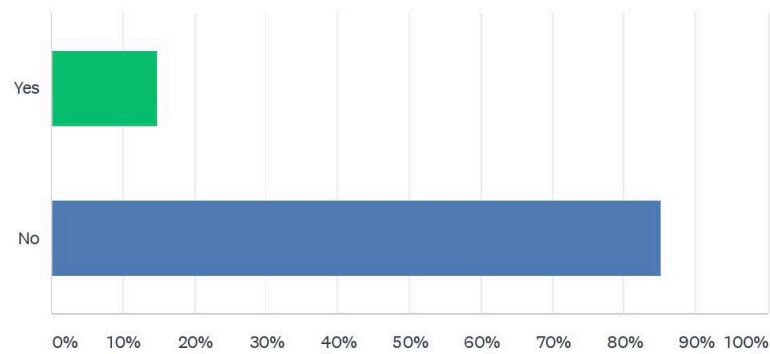


ANSWER CHOICES	RESPONSES	
Better funding	0.00%	0
Easier to become	0.00%	0
Fewer regulations	50.00%	1
Don't know	0.00%	0
Other (please specify)	50.00%	1
Total Respondents: 2		

Inasmuch as only 3% of respondents advised that their CWRT is in a For-profit status, there were two actual responses as to why they are business corporations. One stated there were fewer regulations for a for-profit organization. The other advised that the reason was unknown, but would recommend returning to a nonprofit status.

Q5 Is there anything you'd like to add?

Answered: 67 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	14.93%	10
No	85.07%	57
TOTAL		67

Although 85% of respondents advised that there was nothing more to add, another 15% stated they wished to add more.

Q6 Please tell us...

- We were interested in obtaining General Liability and D&O insurance to protect members from individual legal liability. Becoming incorporated was a pre-requisite.
- We have talked about incorporating as a non-profit but to date, there has been no compelling reason to do so over the past 20+ years since the CWRT's formation. With no fees for rental space, we do not charge membership fees. All expenses for speakers are covered via free-will offerings, book raffles, and private contributions. That enables us to be an adjunct of the local historical society, which hosts us in their main facility.
- Such laws are very different in Canada. We are in Ottawa Ontario.
- We filed for 501(c)(3) status, which we received from the IRS in 2017. It was a bit of work, but well worth the investment of time to achieve this status. Annual filing time for Federal and State forms is minimal. I'd highly recommend it for getting your CWRT structure (Articles of Incorporation, By-Laws) in order and having more professional operations.
- We are a 501(c)(3) organization which provides us with tax advantages and fundraising opportunities.
- Some states will grant sales and use tax exemptions to non-profits which reduces cost of field trips to these locales.
- We do consider it a plus when recruiting new members to be able to say we are a nonprofit organization whose goal is merely the study, commemoration, and preservation of our CW history.
- This particular CWRT has operated "on an informal basis" for over 20 years. Not interested in complicating our organization
- We don't see a need to incorporate. We considered nonprofit but instead keep our dues low (\$15 individuals, \$20 family).
- I met you at your recent presentation at the famous Chicago CWRT. I have been a member for over 30 years. I am also a retired investment lawyer (74 years old) with more than 40 years of experience working with non-profit entities since my wife ran a United Way agency for many years and I have served on many 501 (c) (3) boards. I am interested in your project and this is an area where I have the expertise to help and am interested in getting involved. By involved I mean if your end goal might be white paper about why local CWRT's should be non-profits and issues about by-laws, liabilities, state hold harmless statutes, etc. I would be able to write up something like that.