

## **Notice to Membership on Deductibility of 2016 Dues**

Dear WSSCSW members,

Happy New Year! Hopefully, you enjoyed a peaceful holiday and found some time for rest and reflection. In preparation for tax season, we wish to share the following information.

This year we conducted an audit of our business practices with the accounting firm Clark Nuber. While we are generally managing our fiscal duties well, there were several areas needing attention. Of note, we were reminded that as a 501c6 corporation, lobbying expenses are not tax deductible and, unfortunately, we haven't accounted for this expense for several years.

There are two ways to account for these expenses. One is to inform the membership that the portion of their dues that went to lobbying is not tax deductible (this effects only those filers who itemize their deductions). Alternatively, the organization can pay a 35% proxy tax on the expense.

Historically we have provided notification on the renewal form about the portion of dues which is not tax deductible. This detail has been overlooked.

We need to account for three years of lobbying expenses totaling about \$42,000. The proxy tax on this amount is approximately \$14,700 and represents about 16% of our cash reserves.

Out of concern for our financial stability, the board has determined the most fiscally responsible action is to continue the practice of accounting for this expense against membership dues. Therefore, *no portion of your 2016 dues are tax deductible.*

Because 2016 dues are not enough to balance all three years of expenses, we will be in a similar situation in 2017. By 2018, we will back on track and the non deductible portion will be "typical".

Please accept our sincere apology for this oversight. Legislative advocacy is a key part of our mission and we trust you appreciate this and will continue to enjoy the many benefits of membership despite the inconvenience of not being able to deduct your dues this year.

If you have questions, please email our treasurer, Jenny Pearson Heutmaker, LICSW at omshalom1102@gmail.com