



## LIONS CLUBS INTERNATIONAL LEGAL RESPONSE TO NON-COMPLIANCE

From: "Quinn-Vasovic, Jennifer" <[Jennifer.Quinn-Vasovic@lionsclubs.org](mailto:Jennifer.Quinn-Vasovic@lionsclubs.org)>

Date: Fri, February 03, 2017 12:41 pm

To: "Deborah J Braun ([deb@exceptional-solutions.net](mailto:deb@exceptional-solutions.net))" <[deb@exceptional-solutions.net](mailto:deb@exceptional-solutions.net)>

Cc: "Hartje, Kyle" <[Kyle.Hartje@lionsclubs.org](mailto:Kyle.Hartje@lionsclubs.org)>, Legal <[legal@lionsclubs.org](mailto:legal@lionsclubs.org)>

Dear Lion Deb,

Thank you for your email below which was forwarded to the Legal Division for review and response.

In response to your first question below, any club that has not filed their tax return and has had their tax-exempt status revoked must complete the application to get reinstated or any money raised by the club could become taxable. If a club fails to do this, it may result in the club being placed in status quo and/or the cancellation of the club and loss of membership privileges for the Lions.

In response to your second question, please be advised that Lions Clubs International and its chartered clubs are established as 501(c)(4) organizations under the Internal Revenue Code. This status is specific for social welfare organizations and allows Lions clubs to be exempt from paying taxes on income received by the club. In addition to this, Lions Clubs International and all chartered Lions Clubs, are unable, under our corporate purposes to gain exemption under IRS Code Section 501(c)(3) as the purposes do not qualify for the 501(c)(3) exemption. These purposes may not be changed as they are consistent throughout our organization and part of the policy of the International Board of Directors and International Constitution. If it is discovered that a Lions club has changed their purposes and withdrawn from the group exemption to gain the 501(c)(3) exemption, they will be required to change back.

I trust this provides you with guidance in this matter. Should you have further inquiries, please do not hesitate to contact the Legal Division.

Very truly yours,

Jennifer Quinn-Vasovic  
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**From:** Deborah J Braun [<mailto:deb@exceptional-solutions.net>]  
**Sent:** Thursday, February 02, 2017 2:55 PM  
**To:** Hartje, Kyle  
**Subject:** RE: phone call follow-up

Good afternoon Kyle,

I have a couple of issues on hand that I'd like to see if you can help to clarify the answers for me.

1) If a club loses its 501(c)(4) Exempt Status due to REVOCATION by the IRS and/or SUSPENDED by the individual state entities, such as California's Franchise Tax Board, especially those for a lengthy period of time, 3 years +/-, how is their Club impacted as far as LCI is concerned? I know how to help them regain their status in most cases, but I'm trying to understand LCI's position.

2) If a club converts it's 501(c)(4) into a 501(c)(3), with or without permission from LCI, how is their Club impacted. I guess what I'm getting to, is, are their suspensions on their activities of any kind until the issues have been resolved?

Any assistance that you can give me in these areas would be GREATLY appreciated. The issues are arising in advance of our upcoming Multiple District Convention and I would like to be able to share the answers so that they can try to finally grasp the importance of complying with LCI, Federal and State Tax entities.

I tried to reach you by phone, but was unable to connect to your voicemail.

Your soonest reply would be of tremendous assistance.

**Deb**

**Deborah J. Braun, CEO/Nonprofit Specialist**  
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**San Diego Executive Lions Club, Centennial President 2017-2019, Melvin Jones Fellow**  
**Club de Leones Playas de Tijuana, Associate Member**  
**Lions District 4-L6, PR & Lions Information, International Relations/Twinning (Mexico), Veterans Outreach and District/Club Compliance 2017-2019, Certified Guiding Lion, Past Cabinet Secretary**  
**Lions Sight & Hearing Foundation of Southern California, Board of Directors 2017-2021**