



“C” What?

Simple Info –

- 501(c)(3) is for a charitable organization (uses only a form 1023 application for exempt status) and contributions are tax-deductible by the donor.
- 501(c)(5) is for an agricultural organization (NO contributions are deductible by donor).
- 501(c)(8) is for a fraternal beneficiary society (offers insurance benefits to members).
- 501(c)(10) is for a domestic fraternal society (not providing life, sickness, or accident benefits).

Both (c)8 and (c)10 can accept donations for charitable causes or "general purposes of the Order" and give a tax-deductible receipt to the donor. Both are appropriate for "lodge" system type of organizations.

Facts -

- The California State Grange is a 501(c)(5) organization. This was a quick and easy way to establish our non-profit status to use with our holding company, The Grange of the State of California's Patrons of Husbandry, Chartered.
- The California State Grange on 10/3/15 filled for its 501(c)(10) status. We had always hoped that our 1946 corporation would be returned and are still seeking to recover it in the state court lawsuit, but at this point, McFarland has made clear that he will litigate to the bitter end, so it may be years before we recover it.

- Our expanded non-Profit status will be retroactive upon application (under our new group exemption).
- The McFarland Group improperly controls the California State Grange's 1946 corporation, and that entity's 501(c)(8) status is exposed. It is expected and we must anticipate that the 501(c)(8) status will be lost along with the Group 1160 exemption.
- The McFarland Group must change the corporate name per court orders.
- The Secretary of State (SOS) has been notified.
- The Internal Revenue Service (IRS) has been notified.
- The Franchise Tax Board (FTB) has been notified.
- The Employment Development Department (EDD) has been notified.

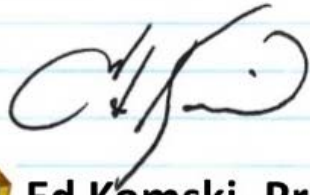
Regardless of how McFarland addresses his tax problem, our concern is that local Granges do not lose their tax status if they are listed under McFarland's old 501(c)(8) group.

Remedy –

- The California State Grange is applying for a group exemption under our 501(c)(10) exempt status, at a cost of \$3,000.
- If your local grange would like to be included under our 501(c)(10) group exemption, we need to have your Grange's appropriate information
- There will be no cost to the Subordinate Granges.
- The only requirement for participation is "Good Standing" status.
- The 501(c)(10) exemption is retroactive upon application.

There are ONLY 106 Granges in California recognized as exempt by the IRS. Most are on the 1160 Group list. About 2 dozen hold their own exemption letter.

If you would like further information, please contact me @ ekomski@CAStateGrange.org or 760-310-6500.



Ed Komski, President, Master and CEO

California State Grange

The Grange of the State of California's Order of Patrons of Husbandry, Chartered
a California non-profit Corporation

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