

# **STL Mutual Aid Fund: Tax status and deductibility**

The [STL Mutual Aid Fund](#) started as a person to person effort using direct payment platforms in March 2020. In April 2020, Solidarity Economy opened a bank account to accept gifts for the fund and has been distributing funds on a weekly basis.

Solidarity Economy is a single-member LLC where the sole member is the Ho Chou Family Foundation (which is a Private Foundation under the 501c3 tax code). This arrangement is known as “[model L” fiscal sponsorship](#). Solidarity Economy is a disregarded entity for tax purposes and all economic activities are attributed to the Foundation. As a result, donations made to Solidarity Economy **are** tax deductible as are donations made directly to the Ho Chou Family Foundation. (See [IRS Notice 2012-52](#) for details of this authority.)

[IRS publication 3833](#) explains that Private Foundations may make emergency and hardship grants in the form of direct cash support, provided that the foundation:

- Does not require the recipient to spend the grant funds in a particular way (the funding is “no strings attached,” with no purpose specified)
- Makes the grant on an objective and nondiscriminatory basis
- Complies with basic record-keeping requirements showing how and why a particular household or individual was selected for assistance

The group of individuals that may properly receive assistance is called a “charitable class.” The IRS requires that the charitable class be large or open-ended enough so that the total number of members comprising the class cannot be precisely quantified.

The STL Mutual Aid Fund is following the above guidelines. The Fund is intended to support individuals in the St. Louis Metropolitan Region who have been adversely affected by Covid-19 (this is the defined charitable class). Individuals who receive funds are identified through an intake form completed by the individual or by a hotline volunteer through which the individual's immediate financial needs are specified.

The coordinating committee of STL Mutual Aid established criteria for the distribution of funds:

The purpose of the mutual aid fund is to help people survive and meet basic needs, e.g. housing, food, prescriptions, etc. and to connect people and build community by building relationships that last beyond a simple transaction. The primary values guiding the distribution of funds are equity, trust, and urgency. All funds received are distributed out in full on a weekly basis, meeting people's minimum needs in the order in which requests were made. We disburse using cashapp, venmo, paypal, cash and check. We trust that people are saying what they need and that they need it now.