

The SCCA Companies  
June 2004

Members ask me how the various companies within SCCA relate to one another. You all deserve to be informed about how your club is organized, why it is structured the way it is, and what the roles of the various elements of the Club are. This is not intended to be a legal treatise but simply a general discussion to help all members in their understanding of the workings of the institution which most of us count as an important part of our lives.

There are four separate companies in the SCCA group; SCCA, Inc. is the "parent" corporation and is exempt from taxation at the Federal and State levels. The law allows us this exemption because we create social, educational, and recreational activities for our members yet none of the profits of the corporation belong to any member. For more detail, see Article I, sections 2 and 5 of our Bylaws and section 501(c)(4) of the Internal Revenue Code.

SCCA, Inc. is what most of us think of as Our Club since this is the entity which provides regulation and services for all our amateur sporting events through the Regions and is the organization we belong to as members. The Regions, by the way, are "chartered", not "owned" by SCCA, Inc.; Regions work cooperatively with SCCA to provide the benefits of SCCA to members but SCCA, Inc. cannot control a Region's finances or property. This relationship is detailed in Article VII of our Bylaws.

The SCCA Foundation, Inc. not only qualifies for tax exemption on its income but meets the more restrictive requirements of IRC section 501(c)(3) which allow contributions, in most cases, to be tax deductible to the donor. This is the place to send contributions, some of which may be matched by your employer under programs maintained by many major corporations. Plan now for structured giving arrangements such as testamentary bequests!

SCCA Enterprises, Inc. and SCCA Pro Racing, Ltd. are, on the other hand, "wholly-owned" "for-profit" subsidiaries. "Enterprises" sells cars and parts and "Pro" organizes professional roadracing events and provides related services to other racing organizations. SCCA, Inc., the "parent", owns all the stock of each organization. But, while we do own these companies and their operational activities complement the activities of SCCA, Inc., we must be careful not run these businesses as if they are mere *alter egos* of our Club because that could lose us our tax-exempt status.

That's it in a nutshell.

See you at the track, the rally course, and the solo venue!

Gary Pitts