

<p><b>Sangre de Cristo Ranch Owners, Inc.</b>  <b>Board of Directors Meetings</b>  <a href="http://www.scrocommunity.org">www.scrocommunity.org</a></p>	<p><a href="#">Zoom link</a>  Zoom meeting ID: 834 9260 1289  Zoom passcode: 543203</p>
---	---

**SCRO BoD Regular Monthly Meeting: December 2025**  
**Thursday, December 4, 2025, 8:30-10:00am on Zoom**

**Draft Meeting Minutes**

*Bracketed numbers show the related time marks within the video recording of the meeting*

**Call to Order [0:48]**

The meeting was called to order at 8:39am by the meeting chairperson, Board Member Frase.

**Roll Call [2:23]**

President: Nancy Frase - PRESENT  
Vice-President: Jo Way – PRESENT (gave notice of tardiness at 8:27, arrived at 8:42am, left at 9:45am)  
Secretary: Mike Powell – ABSENT  
Treasurer: Mara Rodriguez-Walters – PRESENT  
At-Large Member: Steve Navratil – PRESENT  
At-Large Member: Scott Cessac – ABSENT  
At-Large Member: Margie Palmer - PRESENT

Four of six members were present at 8:41am; a quorum was established. Five of six members were present at 8:42am; a quorum continued to be present.

**Review of Agenda [3:26]**

The board considered requests for modifications to the agenda; no requests were heard.

**Community Input [3:45]**

No community members spoke.

**Review of meeting minutes [4:15]**

The draft meeting minutes for November 6, 2025, were not ready for review. They will be reviewed at the January board meeting.

**Review of outstanding action items [4:20]**

The board reviewed the status of outstanding action items. Updates of note include:

- AI #32: Board Member Rodriguez-Walters reported that she and her husband have brought all the paper files from the storage unit to their house, and she has started sorting the files to determine what quantity of the papers will need to be scanned.
- AI #315: Board Member Rodriguez-Walters confirmed that she emailed scans of historical newsletters to Board Member Palmer.

### **Ratification of actions taken outside of a properly noticed board meeting [6:40]**

None

### **Miscellaneous administrative matters [6:47]**

Board Member Rodriguez-Walters reported that she has been contacting former SCRO members, encouraging them to rejoin, and eight new members have joined recently.

### **Newsletter [7:25]**

In response to AI #314, Board Member Palmer prepared a proposed format for the to-be-launched Pinon newsletter (see agenda attachment titled, "The Pinon") and sent that proposal to all the board members for review a couple of weeks ago. Then, in response to AI #316, she presented and led a discussion during this board meeting on the same topic. Logistics were discussed, such as: Production schedule and lead time, logo, removal of "HOA" and "covenants" from the newsletter, digital vs printed versions, professional advice on how advertising could be incorporated without jeopardizing SCRO's nonprofit status, frequency of publication, budget, audience, etc.

Board Member Frase accepted two action items related to the types of information we want to disseminate, the audiences we want to disseminate to, and the mediums through which we can disseminate that information. AI #331 pertains to the creation of the related handout and AI #332 pertains to the related presentation/discussion.

Board Member Palmer accepted two action items related to the logistics specific to the newsletter (as listed in the first paragraph). AI #333 pertains to the creation of the related handout and AI #334 pertains to the related presentation/discussion.

### **Strategic plan for SCRO [42:15]**

In response to AI #309 (Lead the development of a strategic plan for SCRO), Board Member Frase requested feedback from the board on the best way to develop a strategic plan. The general consensus among the board members was that the topics listed on the "priorities" tab of the website would provide a solid framework for a strategic plan. Based on that feedback, Board Member Frase will bring each topic (or cluster of topics) to the board to determine how that topic/cluster might fit into a strategic plan.

### **Member welcome packet [45:32]**

In response to AI #298, Board Member Rodriguez-Walters gave a presentation and led a discussion pertaining to her draft template for a member welcome packet (see agenda attachment "Welcome Packet"). The discussion focused on who would be the intended audience, in what format would the packet be delivered, and the associated costs.

Board Member Rodriguez-Walters accepted two action items related to the creation of a proposal containing a final draft of the membership packet and the logistical details (audience, cost, etc.). AI #335 pertains to the creation of the proposal and AI #336 pertains to the related presentation/discussion.

### **Budget [53:43]**

In response to AI #33, Board Member Way gave a presentation and led a discussion on a draft budget (see agenda attachments “Financial Summary...” and “Budget Template...”). The board provided feedback on various line items that needed to be adjusted. Board Member Frase accepted an action item (#337) to Research what liability insurance and bonding is required by state law and/or SCRO's bylaws; research if there are less expensive options. Board Member Way agreed to continue working on AI #33 and to propose a longer-term budget strategy that demonstrates how SCRO might reach a balanced budget within a given number of years.

### **501(c)(3) non-profit status [1:03:37]**

In response to AI # 318, Board Member Navratil gave a presentation and led a discussion on the various options available for establishing or partnering with a 501(c)(3) nonprofit for fundraising and grant opportunities. His related handout was inadvertently excluded from the agenda packet, so it has been appended to these minutes (see attachment titled, “SCRO Reorganization Report...”).

Board Member Navratil recommendation is as follows:

Due to the complex and sometimes troubled history of this organization over many decades, this Report suggests the best likely choice is option one as follows:

- Continue operating as a 501(c)(4) while clearly communicating the community support intentions expressed in SCRO’s mission statement. The existing SCRO stays the same as it always has until the appropriate time to dissolve it.
- Minimize costs and dedicate expenses to resolving the legal and reorganizational issues of the organization.
- Create the charitable nonprofit as a separate and new organization, starting from scratch. In order to establish some distance from the “special relationship”, this Report suggests choosing a distinctly different name that captures the spirit but which can’t be mistaken for SCRO.
- Submit the application, and once the new 501(c)(3) is approved and operational, the assets of the existing SCRO can be transferred to the new non-profit. This meets IRS requirements for dissolution, with the original 501(c)(4) properly dissolved.
- It’s very important that no conflicts of interest are apparent or implied, so the language of the application must contain the appropriate IRS-acceptable language.

- Have a trusted, affordable attorney review before submission.

Board Member Navratil has acquired an offer from a local nonprofit consultant with an impressive track record, who is willing to walk SCRO through the process for a flat fee of \$5,000; there would be an additional fee of approximately \$500 for a review of the application by an attorney. Board Member Navratil accepted an action item (#338) to arrange for the consultant to prepare a formal written proposal for the board to review.

#### **Announcements [1:20:40]**

Board Member Frase called attention to the announcements contained in the agenda.

#### **Adjourn [1:21:00]**

The meeting was adjourned at 10:00am.



# **SCRO Reorganization Report For IRS 501(c)(3) Status**

Steve Navratil  
November 17, 2025

This is a preliminary release of a report to the Sangre de Cristo Ranch Owners, Inc. organization board of directors on reorganizing to meet IRS recognition of tax-exempt status under section 501(c)(3). It is not to be considered legal advise in any way and it is not intended or provided as such. The purpose of this report is to suggest, in brief general terms, potential options for achieving the goal of becoming a true charitable organization that can achieve more for the community on many fronts.

## **To Be an HOA or Not To Be an HOA, That is the Question**

Amended Articles of Incorporation filed with the State as an advocate for the subdivision landowners, SCRO is assumed recognized as a non-profit under IRS 501(c)(4) regulations. SCRO has a history of declaring it was an HOA as evidenced by the heading of its minutes of May 6, 2022, "May HOA minutes- 5/6/22 " and in previous minutes before that. However, in its next "2022-06-02 Membership Meeting Minutes" the record states "We aren't a real HOA- as individuals we can make complaints but not as an HOA. We don't have authority. We can do community events and help each other(.) We are not covenant controlled- the county won't honor or enforce them- keeping them is dishonest"

We aren't a real HOA? This is what the IRS says an HOA is:

"A membership organization formed by a real estate developer to own and maintain common green areas, streets, and sidewalks and to enforce covenants to preserve the appearance of the development may be exempt as a social welfare organization if it is operated for the benefit of all the residents of the community.

---

In our case the “real estate developer” for the Ranches, Malcolm Forbes, did not form the HOA. It was created by some residents as a voluntary organization. Much like a club it never had any regulatory teeth. The IRS’ definition about “owning and maintaining green areas, streets, and sidewalks, never applied, because Costilla County owns and maintains all the streets along with their rights of way. With voluntary participation the organization was never able to “operate for the benefit of all the residents of the community.” Nonetheless, due to public perceptions and dues-paying membership, the legal entity has always operated under Section 501(c)(4) of the IRS Code.

So, do we represent the community? The term **community** generally refers to a geographical unit recognizable as a governmental subdivision, unit, or district thereof. There is no precise definition of a **community**. Rather, whether an area is a **community** depends on the facts and circumstances of the particular situation. Even if an area represented by an association is not a community, the association can still qualify for the limited exemptions of Section 501(c)(4) if its activities benefit a community. The IRS instructions state that “The association should include with its [501(c)(4)] exemption application evidence that areas such as roadways and park land that it owns and maintains are open to the general public and not just its own members. It also must show that it does not engage in exterior maintenance of private homes.”

<https://www.irs.gov/charities-non-profits/other-non-profits/homeowners-associations>

Since SCRO has declared that it’s not an HOA, what kind of nonprofit is it? The the IRS defines other 501(c)(4) organizations falling under these definitions:

Internal Revenue Code section 501(c)(4) provides for the exemption of two very different types of organizations with their own distinct qualification requirements. They are:

Social welfare organizations: Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, and

Local associations of employees, the membership of which is limited to the employees of a designated person(s) in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational or recreational purposes.

Homeowners associations and volunteer fire companies may be recognized as exempt as social welfare organizations if they meet the requirements for exemption. Organizations that engage in substantial lobbying activities sometimes also are classified as social welfare organizations.

<https://www.irs.gov/charities-non-profits/other-non-profits/types-of-organizations-exempt-under-section-501c4>

The closest fit for the limited exemptions of this category seems to indicate that SCRO falls under the Social Welfare Organization, based on these IRS examples:

<https://www.irs.gov/charities-non-profits/other-non-profits/social-welfare-organizations-examples>

Some nonprofit organizations that qualify as social welfare organizations include:

1. An organization operating an airport that serves the general public in an area with no other airport and that is on land owned by a local government, which supervises the airport's operation,
2. A community association that works to improve public services, housing and residential parking; publishes a free community newspaper; sponsors a community sports league, holiday programs and meetings; and contracts with a private security service to patrol the community,
3. A community association devoted to preserving the community's traditions, architecture and appearance by representing it before the local legislature and administrative agencies in zoning, traffic and parking matters,
4. An organization that tries to encourage industrial development and relieve unemployment in an area by making loans to businesses so they will relocate to the area and
5. An organization that holds an annual festival of regional customs and traditions.

Given the mission statement on the main <https://www.scrocommunity.org/> page is:

“Our purpose is to foster a sense of community among neighbors, and a sense of predictability and stability within the community, on behalf of all landowners within the Sangre de Cristo Ranches subdivision. This is accomplished through timely communication, effective advocacy, inclusive community events, and cooperative endeavors.”

Item 2 in the list above fits very well, including the fact that at one point the Piñon newsletter was published by SCRO.

# Memberships

Research specific to 501(c)(4) memberships provided this result:

A 501(c)(4) organization is a type of nonprofit that focuses on promoting social welfare and can have members, typically limited to a specific group, such as employees of a particular employer or residents of a community.

Membership in these organizations often involves participation in activities that further their social welfare goals, **but contributions to them are not tax-deductible**. We simply do not have the privileges or the advantages of tax exemption or the ability to raise funds as a charitable organization.

## Overview of 501(c)(4) Membership

501(c)(4) organizations are classified as social welfare organizations under the Internal Revenue Code. They can have various types of membership, primarily focusing on promoting social welfare and community benefits.

### Types of Membership

Type of Membership	Description
General Public Membership	Open to anyone interested in the organization's mission.
Local Employee Associations	Limited to employees of a specific employer or organization in a locality.
Civic Leagues	Membership may include individuals from the community working towards social improvement.

## Membership Benefits

- **Tax-Exempt Status:** Members can participate in an organization that does not incur federal income tax. But this should not be confused with tax exempt donations or the tax free opportunities of a 501(c)(3).
- **Advocacy and Lobbying:** Members can engage in advocacy efforts, including lobbying for social issues.
- **Community Engagement:** Members often have opportunities to participate in community service and improvement projects.



## Membership Responsibilities

- **Compliance with IRS Regulations:** Organizations must ensure that political activities do not dominate their operations.
- **Reporting Requirements:** Members may need to be informed about the organization's lobbying expenditures and activities.

501(c)(4) organizations can be effective platforms for individuals to engage in social welfare activities while also having the ability to participate in political advocacy, provided that such activities do not become their primary focus.

The unanswered question is what, as a self declared non-HOA entity, do the dues paying members actually receive for their membership? The SCRO web site states "Membership does give you a voice in how SCRO operates and how it influences the community." but without a main revenue source other than dwindling membership dues how can SCRO actually fulfill promises it openly makes to the community in public? i.e. [Community-Focused Priorities](#)

In summary, this is the 501(c)(4) reality SCRO is tied to now:

## Overview of 501(c)(4) Nonprofits

501(c)(4) organizations are classified as social welfare organizations under the Internal Revenue Code. Unlike 501(c)(3) organizations, donations to 501(c)(4) groups are not tax-deductible, and they can engage in unlimited lobbying and some political activities.

### Key Characteristics

Feature	501(c)(4) Organizations
<b>Purpose</b>	Promote social welfare and civic betterment
<b>Tax Status</b>	Exempt from federal income tax
<b>Donations</b>	<b>Not tax-deductible for donors! Not tax-free to SCRO!</b>
<b>Political Activity</b>	Can engage in political lobbying and campaigns, but must not be their primary activity
<b>Disclosure Requirements</b>	Must file IRS Form 990, but donor identities are generally not disclosed

Most all grant and non-profit funding programs are simply not available to 501(c)(4) entities.

## Why Reorganize to a 501(c)(3)?

The main differences between a 501(c)(3) and a 501(c)(4) organization are their purposes and tax implications. A 501(c)(3) is a charitable organization that can receive tax-deductible donations but is limited in political activities, while a 501(c)(4) is typically a social welfare organization that can engage in lobbying and political activities, but donations & membership dues are not tax-deductible. These are not the only differences, as the privilege of charitable tax exemption creates and imposes some cautions and obligations about what can be done, how advertising and promotions must be conducted, how funds can be expended, and some strict regulations to prevent conflicts of interest. The IRS can deny or revoke an organization's nonprofit status if any of these guidelines are not observed.

### Key Differences

#### Purpose

Attribute	501(c)(3) Organization	501(c)(4) Organization
Primary Purpose	Charitable, religious, educational, scientific	Social welfare and advocacy
Examples	Charities, educational institutions	Civic leagues, advocacy groups

#### Tax Deductibility

Attribute	501(c)(3) Organization	501(c)(4) Organization
Donations Tax Deductible	Yes	No

#### Political Activity

Attribute	501(c)(3) Organization	501(c)(4) Organization
Political Endorsements	Not allowed	Allowed, but not the primary purpose
Lobbying	Limited	Unlimited

#### Funding Sources

Attribute	501(c)(3) Organization	501(c)(4) Organization
Public Support Requirement	Must meet public support test	No public support requirement
Funding Flexibility	Typically funded by many small donations	Can be funded by a single donor

Choosing to reorganize to a 501(c)(3) mostly benefits SCRO in its ability to raise funds through tax deductible donations & memberships, government and private grants. Since circumstances do not favor maintaining the previously adopted status as an HOA, and with a county designation as an economically underserved population, it becomes increasingly important to come together again as a community to see how to best solve some of our problems and create a healthy, enjoyable, and sustainable community. So what kind of 501(c)(3) should we become?

While there is a wide definition of qualifying missions, a 501(c)(3) is confined to the following overall purposes:

- Charitable
- Religious
- Educational
- Scientific
- Literary
- Public safety testing
- Fostering amateur sports competitions
- Preventing cruelty to animals or children

Obviously the best mission for SCRO would be educational as many programs and projects can be classified as that in nature. These can include:

### **General Educational Activities**

- **Public Education:** Programs that inform the community about various topics, such as health, environment, or history.
- **Workshops and Training:** Sessions aimed at skill development in areas like technology, arts, or vocational training.
- **Curriculum Development:** Creating educational materials or programs for schools or community organizations.

### **Specific Educational Projects**

- **After-School Programs:** Initiatives that provide tutoring and enrichment activities for students outside regular school hours.
- **Scholarship Programs:** Financial assistance for students to pursue higher education or vocational training.
- **Educational Camps:** Summer or holiday camps focused on specific subjects like science, arts, or sports.

## Community Engagement

- **Mentorship Programs:** Pairing students with mentors in various fields to provide guidance and support.
- **Community Workshops:** Offering classes or seminars to teach skills or knowledge to local residents.
- **Cultural Programs:** Projects that promote cultural awareness and education through events, performances, or exhibitions.

Additional Considerations that can be included:

- **Community Support:** Initiatives that address community needs, such as disaster relief or neighborhood improvement projects.
- **Environmental Conservation:** Efforts focused on preserving the environment, such as clean-up drives, conservation education and fire mitigation education.

All these activities must be organized and operated exclusively for these exempt purposes, ensuring that no part of the organization's earnings benefit private individuals or shareholders.

## Special Relationships Clause in Nonprofit Applications

Reorganizing the existing SCRO corporation from a 501(c)(4) to a 501(c)(3) might seem like a simple thing, but it is not.

The "special relationships" clause in the IRS nonprofit application addresses potential conflicts of interest and governance issues that may arise when a nonprofit organization has close ties to individuals or to other entities. Here are the key cautions it anticipates:

### Potential Conflicts of Interest

- **Board Composition:** The clause emphasizes the importance of having an independent board. If board members have personal or financial relationships with the organization, it could lead to biased decision-making.
- **Financial Transactions:** Any financial dealings between the nonprofit and its board members or related parties must be transparent and justifiable to avoid self-dealing.

### Governance and Oversight

- **Transparency Requirements:** Nonprofits must disclose any special relationships in their applications. This includes relationships with individuals who have significant influence over the organization or with other organizations (SDCR, etc.) with whom it has any conflicts of interest or previous history.

- **Accountability Measures:** The IRS expects nonprofits to have policies in place to manage conflicts of interest, ensuring that decisions are made in the best interest of the organization rather than personal gain. A properly done application uses specific IRS language to ensure that accountability measures are recognized and in place.

### **Compliance and Reporting**

- **Ongoing Monitoring:** Organizations are advised to regularly review their relationships and transactions to ensure compliance with IRS regulations and maintain public trust.
- **Documentation:** Proper documentation of all relationships and transactions is crucial for accountability and to demonstrate adherence to IRS guidelines. This requirement is frequently ignored or violated by nonprofits when they put out a flier, advertise an event or publish a story. Every public-facing outreach must acknowledge the special tax status of the organization, and every grantor must receive the IRS' Letter of Determination to prove its preferred status.

These cautions help maintain the integrity of nonprofit organizations and ensure they operate in a manner consistent with their charitable missions.

## **Options to becoming or obtaining a 501(c)(3)**

Two primary options SCRO can consider to get IRS approval as a 501(c)(3) entity:

1. Creating a completely new, clean organization with NO history that is a 501(c)(3).
2. Reorganizing the existing SCRO corporation from a 501(c)(4) to a 501(c)(3).

Due to the complex and sometimes troubled history of this organization over many decades, this Report suggests the best likely choice is option one as follows:

- Continue operating as a 501(c)(4) while clearly communicating the community support intentions expressed in SCRO's mission statement. The existing SCRO stays the same as it always has until the appropriate time to dissolve it.
- Minimize costs and dedicate expenses to resolving the legal and reorganizational issues of the organization.
- Create the charitable nonprofit as a separate and new organization, starting from scratch. In order to establish some distance from the "special relationship", this Report suggests choosing a distinctly different name that captures the spirit but which can't be mistaken for SCRO.

- Submit the application, and once the new 501(c)(3) is approved and operational, the assets of the existing SCRO can be transferred to the new non-profit. This meets IRS requirements for dissolution, with the original 501(c)(4) properly dissolved.
- It's very important that no conflicts of interest are apparent or implied, so the language of the application must contain the appropriate IRS-acceptable language.
- Have a trusted, affordable attorney review before submission.

The second option to reorganize the existing SCRO, with all of it's historical baggage, into a 501(c)(3) requires a restatement of the Articles of Incorporation with the State that must comply with 501(c)(3) requirements and a submittal of IRS form 1023 requesting determination. However, there may be complications to this process if SCRO's previous activities have not been consistent with the desired 501(c)(3) status. The "special relationship" provisions would be very hard to justify. This Report does not endorse this option.

## **Estimated cost and timeline**

Discussions have happened with a qualified non-profit professional who has indicated a new 501(c)(3) focused Colorado Corporation can be created for a fixed price of \$5,000.00.

Attorneys fees for review of the documentation would be additional but estimated at below \$500.00.

While no IRS approval can be guaranteed, there is a high probability of success. If the initial application is rejected, a follow up application would be filed correcting any IRS concerns.

The overall estimated timeline to completion is 60 to 90 days, after approval to proceed has been given by a vote of the SCRO board.

Attachment A	Consultant Grant History
Attachment B	IRS Form 1023 Instructions
Attachment C	IRS Form 1023 Example

Note: IRS form 1023 is electronically filled out and submitted through the Pay.gov web site. The IRS Form 1023 Example is based on a previous version and may not reflect the current version. It is only provided as an example but the instructions are current.

END OF DOCUMENT



## **ATTACHMENT A**

### **CONSULTANT GRANT HISTORY**

The professional grant consultant has agreed to provide services to SCRO under the following conditions:

The consultant name and business are to remain confidential with no references to them made in any form on SCRO publicly available electronic forums, media or documents. Every attempt will be made to submit a successful application, but due to the previous history of SCRO and the negative effects it has had on many, no association with the organization is to be made.

---

GRANTEE	PROJECT	NOTES	REFERENCE	AWARD
Gov. Luis Ferre - Puerto Rico	DC Commonwealth Office	Fed. Health & Education	Governor Ferre	\$ 1,840,000
Christian Community Services	Diocese of Pueblo, CO	San Luis Vally - Alamosa	Noel Dunne	\$ 80,000
EarthNest Institute	Meditate 08 - Peace Celebration	The Lenz Foundation	Nicole Langley - Nonprofit	\$ 10,000
Town of San Luis	Tech-Lab - Centennial Schools	Economic Recovery - Costilla Cty	Gov. Roy Romer	\$ 200,000
Town of San Luis	Gift of Property for Town Park	Centennial Schools	Supt. Robert Rael	\$ 300,000
Town of San Luis	Demolition & Asbestos Abatement	DOLA - Dept of Local Affairs	Deb Downs	\$ 60,000
Town of San Luis	Sheriff & Public Safety	3 separate grants + curb & gutter	Mayor Joe Espinoza	\$ 387,000
Town of San Luis	Town Park Design & Construct.	Great Outdoors Colorado	Mayor Joe Espinoza	\$ 150,000
Center Cons. Schools	Sports & Community Park	GOCO and CSU Extension	Supt. George Welsh	\$ 200,000
Fort Garland Museum	Fort Garland Revitalization Cmte	Colorado Historical Society	Helen Gonzales & R. Manzanare	\$ 75,000
Capulin Community	Valle del Sol Community Ctr	Domestic Violence Prevention	Colorado Trust	\$ 141,000
Community of Fort Garland	Fort Garland Revitalization Cmte	Fort Garland Community Park	Ken & Lisa Gonzales	\$ 35,000
Sierra Grande School Dist.	Tech-Lab - Centennial Schools	Economic Recovery - Costilla Cty	Gov. Roy Romer	\$ 200,000
Sierra Grande School Dist.	Established "Sierra Grande Tech	Collab w Trinidad State University	Dean Ruth A. Woods	\$ 87,000
Colo. Migrant Housing Assoc.	Established Language/Learning	Center Schools, Anschutz Fndtn	Supt. George Welsh	\$ 60,000
Rocky Mountain Timber Prods.	ARRA Woody Biomass Incentive	Econ. Dev. Rio Grande County	Cassandra Doyon	\$ 250,000
Conejos County Road & Bridge	Waste Tire Recycling Program	Co. Dept of Pub Health & Environ	Lawrence Gallegos	\$ 50,000
Costilla County Public Health	Technical Policy Proposal	Co. Dept. of Health Care	Vivian Gallegos - Tech. Writing	\$ -
Rocky Mountain Timber Prods.	Wood Innovations Funding	Econ. Dev. Rio Grande County	Cassandra Doyon	\$ 298,375
Monte Vista Cemetery	Colorado Historical Designation	Co. Historical Society	C.O. Spielman - Tech. Writing	\$ -
Sanford School District	Security System & Monitoring	School Violence Prevention	Jared Morgan	\$ 122,310
<b>TOTAL COMMUNITY-BASED PROJECTS &amp; FUNDING</b>				<b>\$ 4,545,685</b>
Alamosa River Instream Flow	Hydrology, Modeling, Mapping	Terrace Reservoir Repairs	Rod Reinhardt	\$ 64,500
Rio Grande Restoration Fndtn	Conservation Reserve - CREP	Following program	Mike Gibson	\$ 31,500
Conejos Water Cons. District	Platoro Reservoir Restoration	Optimization Plan	Bob Robins	\$ 250,000
Conejos Water Cons. District	Platoro Crest of Dam Repair	Platoro Reservoir	Nathan Coombs	\$ 150,000
El Codo Ditch Company	Conejos County W.C. Dist	San Antonio River Ditch Rehab	Lawrence Gallegos	\$ 65,000
Manassa Land & Irrigation Co.	Conejos N. Branch Diversion	River Stabilization Project	Jack Gilleland	\$ 383,700
Manassa Land & Irrigation Co.	Manassa Water Cons. Project	Water Conservation & Mgmt.	Jack Gilleland	\$ 75,000
R.G. Watershed Cons. & Educ.	Water Education for Tomorrow	RGWCEI	Judy Lopez	\$ 25,000
Romero Irrigation Company	Romero-Guadalupe Channel	Rectification Project	San Vance	\$ 83,700
Santa Maria Reservoir Comp.	Santa Maria & Continental Res	Rehab & Multi-Use Study	Keith Holland	\$ 191,700
Santa Maria Reservoir Comp.	Santa Maria & Continental Res	Supp. Engineering & Studies	Keith Holland	\$ 22,000
Colo Rio Grande Rest. Fndn.	Rio Grande Reservoir	Multi-Use Enlargement & Rehab	Travis Smith	\$ 285,000
Colo Rio Grande Rest. Fndn.	McDonald Ditch & Plaza Plan - I	Planning project	Mike Gibson	\$ 40,000
Trinchera Irrigation Company	Sangre de Cristo Diversion	Canal Restoration	Tracy Kester	\$ 250,000
Sanchez Ditch & Reservoir Co.	Reservoir Assessment & Rehab	Feasibility Study	Travis Robinson	\$ 95,000
Terrace Reservoir Company	Spillway Replacement	Construction	Rod Reinhardt	\$ 1,500,000
Rio Grande Headwaters Rest.	McDonald & Plaza Diversions	Implementation	Heather Dutton	\$ 260,000
Conejos Water Conservancy	Conejos River System	Gauging Stations	Nathan Coombs	\$ 407,280
Rio grande County	Rio Grande County	Hydrogeologic Study	Allen Davey	\$ 100,000
Sanchez Ditch & Reservoir Co.	Outlet Rehab & Tower Replace	Implementation	Travis Robinson	\$ 914,400
Sangre de Cristo Acequia Assoc	Culebra Watershed -	Vallejos Diversion Replacement	Andy Manzanares	\$ 100,000
Romero Irrig & Mogote N.E.	Quantifying M/R Flows and	effects upon Conejos River Syst.	Sam Vance	\$ 285,000
Santa Maria Reservoir Co	Syphon and Canal System	Rehabilitation	Keith Holland	\$ 463,750
Colorado Potato Admin. Commit	Drip Irrigation Trial for sustain	San Luis Valley Potato Crops	Jim Ehrlich	\$ 40,000
Conejos Water Conservancy Dis	Radar Monitoring & Hydrologic	Modeling Streamflow Forecasting	Nathan Coombs	\$ 237,000
Conejos Water Conservancy Dis	Conejos System Confluence	Mngmt - Ephraim Sanford E-Bend	Nathan Coombs	\$ 510,000
San Luis Valley Well Owners Inc	Hydrological Feasibility	Augmentation Study	Monty Smith	\$ 150,000
Trinchera Irrigation Company	Mountain Home Reservoir Dam	Outlet Works Study Phase I	Tracy Kester	\$ 25,000
Conejos System Water Users As	Groundwater Monitoring & Anal	Technical Analysis	Brock Canty	\$ 219,000
Crosho Lake Corporation	Replace Outlet Works	Recreation & Wildlife Preservation	Mark Rossi	\$ 200,000
Conejos Water Conservancy Dis	Conejos Diversions	Richfield to ConConCo	Nathan Coombs	\$ 387,280
Trinchera Irrigation Company	Mountain Home Reservoir	Dam Outletworks Upgrade	Tracy Kester	\$ 662,438
Trinchera Irrigation Company	Conservation Grant	Luis Bacon Moore Charitable Fdn	Tracy Kester	\$ 35,000
Sanchez Ditch & Reservoir Co.	Sanchez Dam Repair	Phase III Engineering Study	Mike Kester	\$ 513,588
<b>WATER &amp; NATURAL RESOURCES FUNDING TOTAL</b>				<b>\$ 9,021,836</b>
<b>SOUTHERN COLORADO COMMUNITY &amp; NATURAL RESOURCES FUNDING TOTAL</b>				<b>\$ 13,567,521</b>





**SCRO**  
**Sangre de Cristo**  
**Ranch Owners, Inc.**

P.O. Box 398 Ft. Garland, CO 81133  
[www.scrocommunity.org](http://www.scrocommunity.org)    [CommunitySCRO@gmail.com](mailto:CommunitySCRO@gmail.com)

---

## **ATTACHMENT B**

### **IRS Form 1023 Instructions**

# Instructions for Form 1023

(Rev. December 2024)



## Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

Section references are to the Internal Revenue Code unless otherwise noted.

Contents	Page
Future Developments	<a href="#">1</a>
Overview of Organizations Described in Section 501(c)(3)	<a href="#">1</a>
General Instructions	<a href="#">2</a>
Answers	<a href="#">3</a>
Purpose of Form	<a href="#">3</a>
What To File	<a href="#">3</a>
When To File	<a href="#">4</a>
Filing Assistance	<a href="#">4</a>
Signature Requirements	<a href="#">4</a>
Authorized Representative	<a href="#">4</a>
Public Inspection	<a href="#">5</a>
Foreign Organizations	<a href="#">5</a>
Specific Instructions	<a href="#">6</a>
Part I. Identification of Applicant	<a href="#">6</a>
Part II. Organizational Structure	<a href="#">6</a>
Part III. Required Provisions in Your Organizing Document	<a href="#">7</a>
Part IV. Your Activities	<a href="#">8</a>
Part V. Compensation and Other Financial Arrangements	<a href="#">10</a>
Part VI. Financial Data	<a href="#">11</a>
Part VII. Foundation Classification	<a href="#">14</a>
Part VIII. Effective Date	<a href="#">15</a>
Part IX. Annual Filing Requirement	<a href="#">15</a>
Part X. Signature	<a href="#">16</a>
Schedule A. Churches	<a href="#">16</a>
Schedule B. Schools, Colleges, and Universities	<a href="#">17</a>
Schedule C. Hospitals and Medical Research Organizations	<a href="#">18</a>
Schedule D. Section 509(a)(3) Supporting Organizations	<a href="#">20</a>
Schedule E. Effective Date	<a href="#">22</a>
Schedule F. Low-Income Housing	<a href="#">23</a>
Schedule G. Successors to Other Organizations	<a href="#">23</a>
Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures	<a href="#">23</a>
Appendix A: Sample Conflict of Interest Policy	<a href="#">26</a>
Appendix B: States With Statutory Provisions Satisfying the Requirements of Internal Revenue Code Section 508(e)	<a href="#">28</a>

Contents	Page
Appendix C: Glossary of Terms	<a href="#">30</a>
Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes	<a href="#">38</a>
Index	<a href="#">41</a>

**Note.** Keep a copy of the completed Form 1023 for your permanent records.

### Future Developments

For the latest information about developments related to Form 1023 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form1023](https://www.irs.gov/Form1023).

### What's New

Organizations requesting recognition of tax-exempt status under section 501(c)(3) must complete and submit their Form 1023 (or Form 1023-EZ, if eligible) applications electronically (including paying the correct user fee) using [Pay.gov](https://www.pay.gov).

**Continuous-use form and instructions.** Form 1023 and these instructions have been converted from an annual reversion to continuous use. Use these instructions for tax year 2024 and subsequent years until a superseding revision is issued.

### Reminder

**Don't include social security numbers on publicly disclosed forms.** Because the IRS is required to disclose approved exemption applications and information returns, don't include social security numbers on this form. Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS about the filing.

### Phone Help

If you have questions and/or need help completing Form 1023, please call 877-829-5500. This toll-free telephone service is available Monday through Friday.

### Email Subscription

The IRS provides a subscription-based email service for tax professionals and representatives of tax-exempt organizations. We send subscribers periodic updates regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit [IRS.gov/Charities](https://www.irs.gov/Charities).

## How To Get Forms and Publications

**Internet.** You can access the IRS website 24 hours a day, 7 days a week, at [IRS.gov](https://www.irs.gov) to do the following.

- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published since 1995.
- Sign up at [IRS.gov/Charities-Non-Profits](https://www.irs.gov/Charities-Non-Profits) to receive local and national tax news by email.

**Tax forms and publications.** You can download or print all of the forms and publications you may need at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have forms mailed to you. You should receive your order within 10 business days.

## Overview of Organizations Described in Section 501(c)(3)

### How To Request Recognition of Tax-Exempt Status Under Section 501(c)(3)

Section 501(c)(3) describes organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals. Unless an exception applies, an organization must file Form 1023 or Form 1023-EZ (if eligible) to obtain recognition of exemption from federal income tax under section 501(c)(3). You can find information about eligibility to file Form 1023-EZ at [IRS.gov/Charities](https://www.irs.gov/Charities).

**Organizations not required to obtain recognition of exemption.** The following types of organizations may be considered tax exempt under section 501(c)(3) without filing Form 1023 (or Form 1023-EZ).

- Churches, including synagogues, temples, and mosques.
- Integrated auxiliaries of churches and conventions or associations of churches.
- Any organization that has **gross receipts** in each tax year of normally not more than \$5,000. For more information on gross receipts exceptions, go to [IRS.gov/Charities](https://www.irs.gov/Charities).

Even though these organizations aren't required to seek recognition of exemption, they may choose to file Form 1023 (or Form 1023-EZ, if eligible) to receive a determination letter stating they are recognized as exempt under section 501(c)(3) status. The determination letter will also state whether an organization must file annual information returns or notices and will specify whether contributions to that organization are tax deductible.

## Requirements for Tax-Exempt Status Under Section 501(c)(3)

To qualify for exemption under section 501(c)(3), an organization must be organized and operated exclusively for one or more exempt purposes.

**Organized.** An organization must be organized as a **corporation**, a **limited liability company (LLC)**, an **unincorporated association**, or a **trust**. Its **organizing document** (corporate articles of incorporation, LLC articles of organization, articles of association or constitution of an unincorporated association, or trust agreement or declaration of trust) must limit the organization's purpose(s) and permanently dedicate its assets to exempt purposes.

**Operated.** An organization described in section 501(c)(3) must be operated to further one or more of the exempt purposes stated in its organizing document. Certain other activities are prohibited or restricted, including, but not limited to, the following activities. A section 501(c)(3) organization must:

- Absolutely refrain from participating in the political campaigns of candidates for local, state, or federal office;
- Ensure its assets and earnings don't unjustly enrich board members, officers, key management employees, or other insiders;
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially;
- Not operate for the primary purpose of conducting a trade or business that isn't related to its exempt purpose(s);
- Not engage in activities that are illegal or violate fundamental public policy; and
- Limit its legislative activities.

**Legislative and political campaign intervention.** Section 501(c)(3) denies exemption to an organization if a substantial part of its activities is attempting to influence legislation or if it directly or indirectly participates or intervenes in any political campaign on behalf of (or in opposition to) any candidate for elective public office. These issues are described in more detail in the instructions for Part IV, lines 5 and 6.

## Public Charities and Private Foundations

Every organization described in section 501(c)(3) is classified as a **private foundation** unless it qualifies for one of the **public charity** exceptions. For some organizations, the primary distinction between a public charity and a private foundation is its sources of financial support.

**Public charities.** The following section 501(c)(3) organizations are classified as public charities.

- Organizations that are public charities based upon their activities (without regard to their sources of support), such as churches, schools, hospitals, medical research organizations, and cooperative hospital service organizations and agricultural research organizations (sections 509(a)(1) and 170(b)(1)(A)(i), (ii), (iii), and (ix)).
- Organizations that normally receive substantial support from grants, governmental units, and/or contributions from the general public (sections 509(a)(1) and 170(b)(1)(A)(iv) and (vi)).
- Organizations that normally receive more than one-third of their support from contributions, membership fees, and gross receipts from activities related to their exempt functions, and not more than one-third of their support from gross investment income and net unrelated business income (section 509(a)(2)).
- Organizations that support other public charities (supporting organizations) (section 509(a)(3)).
- Organizations that test for public safety (section 509(a)(4)).

**Private foundations.** Section 501(c)(3) organizations that don't fit into any of the foundation classifications above are private foundations. Private foundations are further classified as nonoperating private foundations or private operating foundations (section 4942(j)(3)).

**Nonoperating private foundations.** Nonoperating private foundations generally accomplish their exempt purpose by making grants and don't otherwise engage directly in charitable activities.

**Private operating foundations.** A private operating foundation actively conducts exempt programs. Private operating foundations are subject to more favorable rules than other private foundations in terms of charitable contribution deductions and attracting grants from private foundations. In order to be classified as a private operating foundation, an organization must meet certain support tests. Search for "private operating foundations" at [IRS.gov](https://www.irs.gov) for more information.

## Key distinctions between public charities and private foundations.

Foundation classification is important because different tax rules apply to the operations of each entity. For more information on the different rules, see [IRS.gov/Charities-Non-Profits/EO-Operational-Requirements-Private-Foundations-and-Public-Charities](https://www.irs.gov/Charities-Non-Profits/EO-Operational-Requirements-Private-Foundations-and-Public-Charities).

**TIP** Foundation classification has nothing to do with the name of the organization. Many organizations that aren't private foundations include the word "foundation" in their names.

## State Registration Requirements

Tax exemption under section 501(c)(3) is a matter of federal law. After receiving federal tax exemption, an organization may also be required to register with one or more states where it holds assets or where it will solicit contributions. The organization may also need to seek exemption from state taxes. The National Association of State Charity Officials (NASCO) maintains a website that provides informational links to the various states for these purposes. It can be accessed at [nasconet.org](https://www.nasconet.org).

## General Instructions

**Social Security number.** Don't enter social security numbers on this form or any attachments because the IRS is required to disclose approved exemption applications and information returns. Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS related to the application.

**"You" and "us."** Throughout these instructions and Form 1023, the terms "you" and "your" refer to the organization that is applying for tax-exempt status. The terms "us" and "we" refer to the IRS.

**Definitions.** Terms in bold type in Form 1023 are defined throughout these instructions and in *Appendix C*.

## Answers

Form 1023 asks you to answer a series of questions and provide information to assist us in determining if you meet the requirements for tax exemption under section 501(c)(3). Answer questions completely. If you believe you previously answered the question, you may refer to your previous answer.



**CAUTION** Your answers must provide sufficient detail about your past, present, and planned activities to demonstrate that you're described in section 501(c)(3). We won't be able to recognize you as tax exempt based on a mission statement (such as providing assistance to the poor) unless you also describe the activities that further accomplish your mission. We need to understand the specific activities you will undertake to accomplish your section 501(c)(3) exempt purpose(s).

**Financial data.** Financial data, whether budgeted or actual, should be consistent with other information presented in your application.

For example, if you're requesting public charity classification under one of the public support tests, your financial data should show contributions from the public or receipts from providing exempt services. Budgeted financial data should be prepared based upon your current plans. We recognize that your actual financial results may vary from the budgeted amounts.

**Past, present, and planned activities.** Many items on Form 1023 are written in the present tense; however, base your answers on your past, present, and planned activities.

**Language and currency requirements.** Prepare Form 1023 and attachments in English. Provide an English translation if the articles of organization, bylaws, or any other attachments are in any other language.

Report financial information in U.S. dollars (specify the conversion rate used). Combine amounts from within and outside the United States and report the total for each on the financial statements.

## Purpose of Form

**Completed Form 1023 required to apply for recognition of section 501(c)(3) exemption.** Use Form 1023, including the appropriate user fee, to apply for recognition of exemption from federal income tax under section 501(c)(3). If approved, we will issue a determination letter that describes your tax-exempt status and your qualification to receive tax-deductible charitable contributions. The determination letter will also show

your specific foundation classification (described earlier) and annual filing requirements.



**Form 1023-EZ.** You may be eligible to file Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, which is a streamlined version of Form 1023. Complete the Form 1023-EZ Eligibility Worksheet in the Instructions for Form 1023-EZ to determine if you're eligible to file Form 1023-EZ. You can visit [IRS.gov/Charities](https://www.irs.gov/Charities) for more information on application requirements.

**Leaving a group exemption.** A subordinate organization under a group exemption can use Form 1023 to leave the group and obtain individual exemption. If you're a subordinate organization and wish to leave a group, you should notify your parent organization of your intention to leave the group ruling before filing Form 1023.

## Application for Reinstatement of Exempt Status and Retroactive Reinstatement

If your tax-exempt status was automatically revoked for failure to file a return or notice 3 consecutive years, you must apply to have your tax-exempt status reinstated. You must complete and submit Form 1023, including Schedule E (or, if eligible, Form 1023-EZ), and pay the appropriate user fee.

If your application is approved, your date of reinstatement will generally be the filing date of the application, unless you qualify for reinstatement of exemption retroactive to your date of automatic revocation. See [Rev. Proc. 2014-11, 2014-03 I.R.B. 411](https://www.irs.gov/revproc/2014-11) for details, including additional requirements for retroactive reinstatement.

## Requesting Expedited Review

We generally review applications for exemption in the order we receive them. We only expedite processing of an application where a written request presents a compelling reason for processing the application ahead of others. This does not mean your application will be immediately approved or denied. Circumstances generally warranting expedited processing include the following.

- A grant to the applicant is pending and the failure to secure the grant may have an adverse impact on the organization's ability to continue operations.
- The purpose of the newly created organization is to provide disaster relief to victims of emergencies such as floods and hurricanes.
- An IRS error has caused delays in review of the application.

## User Fee

The law requires payment of a user fee with each application. You must pay this fee through [Pay.gov](https://www.pay.gov) when you file Form 1023.

Payments can be made directly from your bank account or by credit or debit card. You won't be able to submit Form 1023 without paying the correct fee.

User fee amounts are listed in Rev. Proc. 2020-5, updated annually. For the current Form 1023 user fee, go to Rev. Proc. 2020-5, 2020-1 I.R.B. 241, at [IRS.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division](https://www.irs.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division). You can also call 877-829-5500.

## Group Exemption

Don't use Form 1023 to apply for a group exemption. We may issue to a central organization, a group exemption that recognizes, on a group basis, the exemption of subordinate organizations on whose behalf the central organization has applied. See Pub. 557 for information on how to apply for a group exemption.

## What To File

All applicants, unless otherwise noted, must complete Parts I through X of Form 1023, plus any required schedules and attachments.

The following organizations must complete additional schedules to Form 1023.



IF you're	THEN you must complete Schedule
A church . . . . .	A
A school, college, or university . . . . .	B
A hospital or medical research organization . . . . .	C
A section 509(a)(3) supporting organization . . . . .	D
Filing this application more than 27 months from your date of formation and/or applying for reinstatement of tax-exempt status after being automatically revoked . . . . .	E
A low-income housing organization . . . . .	F
A successor to other organizations . . . . .	G
An organization providing scholarships, fellowships, educational loans, or other educational grants to individuals and/or a private foundation requesting approval of individual grant procedures . . . . .	H

## Attachments To Form 1023

A complete application will include one or more documents in addition to Form 1023. [Pay.gov](https://www.pay.gov) can accommodate only one uploaded file. Before submitting Form 1023, consolidate your attachments into a single PDF file. Combine your attachments in the following order.

- **Organizing document** (required).
- Amendments to your organizing document in chronological order (required if applicable).
- **Bylaws** or other rules of operation and amendments (if adopted).
- Form 2848, Power of Attorney and Declaration of Representative (if applicable).
- Form 8821, Tax Information Authorization (if applicable).
- Supplemental responses (if your response won't fit in the provided text field) and any additional information you want to provide to support your request (optional).
- Expedite request (optional).

Put your name and EIN on each page of your supplemental response and identify the part and line number to which the information relates.

## When To File

Generally, if you file Form 1023 within 27 months after the end of the month in which you were legally formed, and we approve your application, the effective date of your exempt status will be your legal date of formation.

If you don't file Form 1023 within 27 months, the effective date of your exempt status will be the date you filed Form 1023. For exceptions and special rules, see Part VIII. Effective Date and Schedule E.

## How to File

As of January 31, 2020, the IRS requires that Form 1023 applications for recognition of exemption be submitted electronically online at [Pay.gov](https://www.pay.gov). The IRS will provide a 90-day grace period during which it will continue to accept paper versions of Form 1023. To submit Form 1023, you must:

1. Register for an account on Pay.gov.
2. Enter "1023" in the search box and select Form 1023.
3. Complete the form.

## Filing Assistance

For help in completing this form or general questions relating to an exempt organization, you may access information on our website at [IRS.gov/EO](https://www.irs.gov/EO).

You may find the following publications available on IRS.gov helpful.

- Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.
- Pub. 526, Charitable Contributions.
- Pub. 557, Tax-Exempt Status for Your Organization.
- Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.
- Pub. 1771, Charitable Contributions Substantiation and Disclosure Requirements.
- Pub. 1828, Tax Guide for Churches and Religious Organizations.
- Pub. 3079, Tax-Exempt Organizations and Gaming.
- Pub. 3833, Disaster Relief: Providing Assistance Through Charitable Organizations.
- Pub. 4220, Applying for 501(c)(3) Tax-Exempt Status.
- Pub. 4221-PC, Compliance Guide for 501(c)(3) Public Charities.
- Pub. 4221-PF, Compliance Guide for 501(c)(3) Private Foundations.

## Signature Requirements

An officer, director, trustee, or other official who is authorized to sign for the organization must digitally sign Form 1023 at the end of Part X. The signature must be accompanied by the title or authority of the signer and the date.

## Authorized Representative

**Form 2848.** Upload a completed Form 2848 if you want to authorize a representative to represent you regarding your application. An individual authorized by Form 2848 may not sign the application unless that person is also an officer, director, trustee, or other official who is authorized to sign the application.



*A Centralized Authorization File (CAF) number isn't required to be listed on Form 2848.*

**Form 8821.** Upload a completed Form 8821 if you want to authorize us to discuss your application with the person you have appointed on that form.

Form 8821 doesn't authorize your appointee to advocate your position with respect to the federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If you want to authorize an individual to represent you, use Form 2848.

## After You Submit Form 1023

Unless we approve a request for expedited processing, we will assign and work your application in the order we received it.

**No additional information needed.** If our review shows that you meet the requirements for tax-exempt status under section 501(c)(3), we will send you a determination letter stating that you're exempt under section 501(c)(3) and identifying your foundation classification.

**Additional information needed.** If we can't make a determination without more information, we will write or call you. Examples of the types of questions we may ask you are available at [IRS.gov/Charities-Non-Profits/Charitable-Organizations/Exempt-Organization-Sample-Questions](https://www.irs.gov/Charities-Non-Profits/Charitable-Organizations/Exempt-Organization-Sample-Questions). If the additional information you provide shows that you meet the requirements for exemption, we will send you a determination letter stating that you're exempt under section 501(c)(3). If we determine that you don't qualify for exemption, we will send you a letter that explains our position and your appeal rights.

## Annual Return or Notice While Your Application Is Pending


Unless you qualify for an exception from the requirement to file an annual return or notice, your filing obligations begin as soon as you were formed. If you have an information return or tax return due while your Form 1023 is pending, complete the return, mark the "Application Pending" box in the heading, Item B, and submit the return as indicated in those instructions.


If you're eligible to file a Form 990-N, e-Postcard, call 877-829-5500 and

request to be set up to allow filing of Form 990-N.

**Note.** It takes the IRS up to 6 weeks to update its records before you can file your Form 990-N.

You can find information on return filing requirements and exceptions in Pubs. 557 and 598 and in the instructions to the annual returns listed in Figure 1.

 *You may also be required to file other returns, such as employment tax returns or benefit plan returns, which aren't discussed here.*

 *If a Form 990-series return is due while your application is pending, complete and submit the return according to Form 990-series form's instructions.*

## Public Inspection

**Information available for public inspection.** If we approve exempt status under section 501(c)(3), the following information that will be open for public inspection includes the following.

- Your complete Form 1023 and any supporting documents.
- All correspondence between you and the IRS concerning Form 1023, including Form 2848.
- Your determination letter.
- Annual information returns (Forms 990, 990-EZ, or 990-PF).
- Schedule A, included with Forms 990 or 990-EZ.
- Schedule B, included with Forms 990 or 990-EZ, excluding the names and addresses of contributors and other identifying information about contributors.
- Schedule B, included with Form 990-PF, including names, addresses, and other identifying information about contributors.
- Exempt Organization Business Income Tax Return (Form 990-T).

**Information not available for public inspection.** The following items won't be open for public inspection.

- Any information relating to a trade secret, patent, style of work, or apparatus that, if released, would adversely affect you (we must approve withholding this information).
- Any other information that would adversely affect national defense (we must approve withholding this information).
- User fee payment information.
- Contributors' names and addresses and identifying information about contributors included with Forms 990 or 990-EZ and the Schedule B filed with these forms.

When applying for tax-exempt status, you must clearly identify any information that isn't open for public inspection by

**Figure 1. 990 Series Forms Filed by Exempt Organizations**

Type of Annual Return	Who Should File
Form 990, Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities
Form 990-EZ, Short Form Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities whose gross receipts during the year were less than \$200,000 and total assets at the end of the year were less than \$500,000
Form 990-PF, Return of Private Foundation	Private foundations, including private operating foundations, regardless of financial status
Form 990-T, Exempt Organization Business Income Tax Return	Public charities and private foundations that have gross unrelated business income of \$1,000 or more
Form 990-N Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ	Most small public charities with gross receipts of \$50,000 or less can file a Form 990-N, if they choose not to file a Form 990 or Form 990-EZ instead.

marking it as "NOT SUBJECT TO PUBLIC INSPECTION" and include an explanation of why you're asking for the information to be withheld. We will decide whether to withhold the identified information from public inspection.

**Making documents available for public inspection.** Both you and the IRS must make the information that is subject to disclosure available for public inspection. The public may request a copy of the information available for public inspection from us by submitting Form 4506-A. The public may also request inspection of the information or a copy of the information directly from you.

You may post the documents required to be available for public inspection on your own website. Information returns and your exemption application materials must be posted exactly as filed with the IRS. You may only delete the information that isn't open for public inspection.

If you post the documents on your website, you can give any person requesting copies the website where the documents may be found, but you don't need to provide copies of the information. However, even if these documents are posted on your website, you must still allow public inspection without charge at your main office during regular business hours.


Documents aren't considered available for public inspection on a website if the otherwise disclosable information is edited or subject to editing by a third party when posted. To date, the IRS hasn't approved any third-party websites for posting.

See Pub. 557 for additional information on public inspection requirements.

## Foreign Organizations

Foreign organizations are those that were created in countries other than the United States, its territories, or its possessions. Foreign organizations may apply for tax-exempt status on income earned in the United States in the same way that domestic organizations apply for exempt status. See *Language and currency requirements*, earlier.

If you're a foreign organization applying for exempt status, you must complete all required parts of Form 1023. However, see the special rules below for certain Canadian organizations.

 *Contributions by U.S. residents to foreign organizations generally aren't deductible. Tax treaties between the U.S. and certain foreign countries provide specific limited exceptions.*

**Annual returns for foreign organizations.** A foreign organization that obtains exemption as a public charity must file an information return annually (Form 990 or Form 990-EZ). A foreign organization that is a private foundation must file Form 990-PF annually. However, a foreign organization, other than a private foundation or a section 509(a)(3) supporting organization, may file Form 990-N (e-Postcard) instead of Form 990 or Form 990-EZ when its gross receipts from U.S. sources are normally \$50,000 or less and it hasn't conducted significant activity

in the United States. See the Instructions for Form 990 and Form 990-EZ, and the Instructions for Form 990-PF for further information. A foreign organization that is subject to unrelated business income tax must file Form 990-T.

## Canadian Organizations

Canadian organizations that have received a Notification of Registration from the Canada Revenue Agency (formerly Canada Customs and Revenue Agency), and whose registrations haven't been revoked ("Canadian registered charities"), are automatically recognized in the U.S. as section 501(c)(3) organizations and aren't required to file Form 1023. Canadian registered charities are also presumed to be private foundations. If you're a Canadian registered charity and want to be listed as a section 501(c)(3) organization on IRS.gov or request classification as a public charity rather than a private foundation, mail or fax the information below to:

Internal Revenue Service  
Exempt Organization Determinations  
Room 6403  
P.O. Box 2508  
Cincinnati, OH 45201  
(855) 204-6184

No user fee is required.

- A letter stating the organization's request (listing as a section 501(c)(3) organization on IRS.gov or classification as a public charity).
- The legal name and complete mailing address of the organization.
- The organization's EIN.
- The month its tax year ends.
- The organization's date of formation.
- A contact name and telephone number.
- The public charity status it is requesting (if applicable) and information demonstrating how it meets the requirements of that status (see Part VII, line 1, and related questions and schedules).
- This penalty of perjury statement: I declare under the penalties of perjury that I have examined this request, including the accompanying documents, and to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.
- The signature of an officer, director, trustee, or other authorized person.
- A copy of the organization's Notification of Registration.
- Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).

## Organizations Created in U.S. Territories and Possessions

Organizations created in possessions and territories of the U.S. are generally treated as domestic organizations. If you were created in a U.S. possession or territory, you must complete all required parts of Form 1023 to apply for exempt status under section 501(c)(3).

Charitable contributions to you are deductible by donors if you qualify for exempt status under section 501(c)(3).

Annual filing requirements for an organization created in a U.S. territory or possession are similar to those outlined above for foreign organizations (see Rev. Proc. 2011-15 at [IRS.gov/pub/irs-irb/irb11-03.pdf](https://www.irs.gov/pub/irs-irb/irb11-03.pdf)).

## Specific Instructions

### Part I. Identification of Applicant

**Line 1a.** Enter your complete name exactly as it appears in your **organizing document**, including amendments.

**Line 1b.** If you have an "in care of" name, enter it here; otherwise, leave this space blank.

**Line 1c-i.** Enter your complete address where all correspondence will be sent. If mail isn't delivered to your street address and you have a P.O. box, list your P.O. box information instead of your street address.

For a foreign address, enter your province or state and foreign postal code where indicated.

**Line 2. Employer Identification Number (EIN).** You must have your own EIN. Enter the 9-digit EIN the IRS assigned to you. If you don't have an EIN, you must apply for one before submitting your application. You can find out how to apply for an EIN by visiting IRS.gov and search for "apply for an EIN." You may apply for an EIN online or by fax or mail. International applicants may call 267-941-1099 (toll call).



*Don't apply for an EIN more than once. If you're unsure of your EIN or whether you have one, call 877-829-5500 for assistance.*



*Don't use the EIN of a related or other organization.*

**Line 3. Month tax year ends.** Select the month your tax year (annual accounting period) ends. Your tax year (annual accounting period) is the 12-month period

on which your annual financial records are based.



*Check your **bylaws** or other rules of operation for consistency with the tax year (annual accounting period) you enter here.*

**Line 4. Person to contact.** Enter the name and title of the person you want us to contact if we need more information. The person to contact may be an officer, director, trustee, or other individual who is permitted to speak with us according to your bylaws or other rules of operation. Your person to contact may also be an **authorized representative**, such as an attorney, certified public accountant, or enrolled agent, for whom you're submitting a completed Form 2848 with the Form 1023.

**Line 5.** Provide a daytime telephone number for the contact listed on line 4.

**Line 6.** You may provide a fax number for the contact listed on line 4.

**Line 7.** Pay.gov will populate this field with the current user fee for filing Form 1023.

**Line 8.** Enter your complete website address if you have one. Also, list any websites maintained on your behalf. The information on your website should be consistent with the information in your Form 1023.

**Line 9. Officers, directors, and trustees.** Enter the full names, titles, and mailing addresses of your officers, directors, and/or trustees. You may use the organization's address for mailing. If you have more than five officers, directors, or trustees, check the box provided to add more officer, director, and/or trustee information.

The person who is signing Form 1023 must be listed within the first five entries of line 9.

### Part II. Organizational Structure

You must be a corporation, limited liability company, unincorporated association, or trust to be tax exempt under section 501(c)(3). Sole proprietorships, partnerships, or loosely affiliated groups of individuals aren't eligible.

**Line 1. Type of organization and copy of organizing document.** Select your type of organization, and before submitting the form, upload a copy of your **organizing document** (including any amendments) as part of the required attachment.

**Corporation.** A **corporation** is an entity organized under a federal or state statute, or a statue of federally recognized Indian tribal or Alaskan native government.



**Copy of organizing document (articles of incorporation and any amendments).** A corporation's **organizing document** is its "articles of incorporation." If you formed under state statute, your articles of incorporation (and any amendments) must show **certification of filing**. This means your articles show evidence that on a specific date they were filed with and approved by an appropriate state authority. The document must be an exact copy of what is on file with your state.

If you don't have a copy of your articles of incorporation showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of incorporation. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of incorporation and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.

**Limited liability company.** A **limited liability company (LLC)** that files its own exemption application is treated as a corporation rather than a partnership.

**Copy of organizing document (articles of organization and operating agreement (if adopted) and any amendments).** Instead of articles of organization, an LLC's **organizing document** is its state-approved "articles of organization." If it has adopted an "operating agreement," then this document is also part of its organizing document. If you formed under state statute, your articles of organization (and any amendments) must show **certificate of filing**. This means your articles show evidence that on a specific date they were filed with and approved by an appropriate state authority. The document must be an exact copy of what is on file with your state. If you don't have a copy of your articles of organization showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of organization. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of organization and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.



*If you are an LLC and want to be treated as a disregarded entity by a tax-exempt member, don't file an exemption application.*

**Unincorporated association.** An **unincorporated association** formed under state law must have at least two members who have signed a written document that creates an entity with a specifically defined purpose.

**Copy of organizing document (articles of association or constitution and any amendments).** Your organizing document must include the name of the organization, its purpose, the date the document was adopted, and the signatures of at least two individuals. If your copy doesn't contain the proper signatures and date of adoption, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date of adoption.



*Bylaws may be considered an organizing document only if they include the required elements listed above.*

**Trust.** A **trust** may be formed by a trust agreement or declaration of trust. A trust may also be formed through a will. Generally, a trust must be funded with property, such as money, real estate, or personal property.

**Copy of organizing document (trust agreement/declaration of trust or will and any amendments).** Your trust agreement (and any amendments) must be signed by at least one trustee. If your trust agreement copy isn't signed, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date that it was signed. For trusts created by a will, include a copy of the death certificate or a statement indicating the date of death, and a copy of the relevant portions of the will.



*If your trust agreement continues to provide for distributions for non-charitable interests, you won't qualify for tax-exempt status.*

**Line 2. Formation date.** The date you enter should be consistent with your organizing document.

- If you're a corporation, enter the date that your articles of incorporation were filed and approved by the appropriate authority.
- If you're an LLC, enter the date that the appropriate authority filed your articles of organization or other organizing document.

- If you're an unincorporated association, enter the date that your organizing document was adopted by the signatures of at least two individuals.
- If you're a trust (other than a trust formed by a will), enter the date your trust was funded. If your trust agreement provided for any non-charitable interests, enter the date that non-charitable interests expired. If you were formed by a will, enter the date of death or the date any non-charitable interests expired.

**Line 3. State of formation.** Enter the jurisdiction (for instance, the state or the federally recognized tribal government) under the laws of which you were incorporated or otherwise formed. This may not be the place in which you're physically located. For example, if you're physically located in New York, but incorporated under Massachusetts law, enter Massachusetts.

For purposes of completing this application, you're formed under the laws of a **foreign country** if you're not formed under the laws of the United States, its territories and possessions, federally recognized Indian tribal or Alaska native governments, or the District of Columbia.

**Line 4. "Bylaws"** are generally the internal rules and regulations of an organization. If you have bylaws, upload a current copy (including any amendments). Bylaws don't need to be signed unless they are your **organizing document** as described in the instructions for line 1 above.

**Line 5. Successor organization.** You are a "successor" if you:

- Took over activities previously conducted by another organization,
- Took over 25% or more of the fair market value of the net assets of another organization, or
- Were established upon the conversion of an organization from for-profit to non-profit status.

If you're a successor organization, complete Schedule G, Successors to Other Organizations.



*Your predecessor organization may have been either a tax-exempt or non-exempt organization.*

## Part III. Required Provisions in Your Organizing Document

**Line 1. Purpose clause.** Your **organizing document** must limit your purposes to those described in section 501(c)(3). Those purposes are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports



competition, and preventing cruelty to children or animals.

The generally accepted legal definition of “charitable” includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. Therefore, the phrase “relief of the poor” in your organizing document properly limits your purposes.

Limiting your purposes by reference to section 501(c)(3) generally will be sufficient to meet the organizational test under section 501(c)(3). Your organizing document may also sufficiently limit your purpose by reference to a specific charitable purpose such as “relief of the elderly within the meaning of section 501(c)(3).”

However, purposes listed in your organizing document broader than those listed in section 501(c)(3) may cause you to fail the organizational test. In that case, you will need to amend your organizing document before applying. A reference to section 501(c)(3) won’t ensure that your purposes are limited to those described in section 501(c)(3) if other provisions describing your purposes include one or more non-exempt purposes. The following is an example of an acceptable purpose clause.

*The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding sections of any future federal tax code.*

See Pub. 557 for further information and examples of how to limit your purposes.

**Line 2. Dissolution clause.** Your **organizing document** must provide for the permanent dedication of your assets to a section 501(c)(3) purpose. This means that if you dissolve your organization in the future, your assets must be distributed for an exempt purpose described in section 501(c)(3), or to the federal government, or to a state or local government, for a public purpose. In certain states, you may rely on state law to establish the permanent dedication of assets for exempt purposes. This is based on Rev. Proc. 82-2, 1982-1 C.B. 367. For additional information, search “Operation of state law” at IRS.gov.

Foreign organizations may be able to rely upon the applicable laws of their jurisdiction in a similar manner. If relying on a foreign law, you must provide a copy of the applicable law with an English translation.

Naming a specific organization to receive your assets upon dissolution will be acceptable only if your organizing document requires that the specific organization to be exempt under section 501(c)(3) at the time your dissolution takes place and provides for a qualified alternative recipient if the named organization isn’t exempt under section 501(c)(3) at that time.

If your organizing document states that your assets would be distributed to members or private individuals or for any purpose other than those provided in section 501(c)(3), you must amend your organizing document to remove such statements.

The following is an example of an acceptable dissolution clause.

*Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.*

See Pub. 557 for further information and examples of acceptable language for dedication of assets in your organizing document.

## Part IV. Your Activities

### Reminder

Answer all questions in this part as they pertain to your past, present, and future activities.

**Line 1.** Describe completely and in detail your past, present, and planned activities. Don’t refer to or repeat the purposes in your organizing document or speculate about potential future programs. Your narrative description of activities should be thorough and accurate because we determine whether you qualify for section 501(c)(3) exempt status based on the information in your application. You should describe either actual or planned activities. For example, if you plan to further educational purposes by operating an afterschool homework club, you would describe that activity rather than cite that you will further educational purposes. If

you were also contemplating offering scholarships in the future, but currently have no plans to do so, then the scholarship activity would be speculative, and you should not describe it.

Some organizations (such as credit counseling organizations (see Part IV, line 8), childcare organizations (see Part IV, line 12), agricultural research organizations (see Part VII, line 1), or cooperative hospital service organizations (see Schedule C)) must meet specific operational requirements to qualify for exemption under section 501(c)(3). If you’re such an organization, be certain to include an explanation in your activity description of how activities you conduct (or don’t conduct, if the specific operational requirement limits permissible activities) satisfy those specific operational requirements.

For each past, present, or planned activity, include information that answers the following questions.

- What is the activity?
- Who conducts the activity?
- Where is the activity conducted?
- What percentage of your total time is allocated to the activity? (Combined time percentages should add up to 100%.)
- How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocable to this activity?
- How does the activity further your exempt purposes?

**Line 2. National Taxonomy of Exempt Entities (NTEE) code.** An NTEE code is a three-character series of letters and numbers that generally describes a type of organization. Enter the code that best describes your organization from the list of NTEE codes, located in Appendix D. For more information and more detailed definitions of these codes developed by the National Center for Charitable Statistics (NCCS), visit the Urban Institute NCCS website at [nccs.urban.org](https://nccs.urban.org).

**TIP** *NTEE codes are also used for purposes other than identification of organizations described in section 501(c)(3). Therefore, all codes in the list don’t necessarily correspond to a section 501(c)(3) purpose.*

**Line 3.** If programs are limited to specific individuals, describe how you select or identify those individuals. If programs are available only for members, describe membership criteria, any membership dues, any different membership levels, and the benefit each membership level receives.

**Line 4.** Describe any business or family relationship between individuals who receive goods, services, or funds through your programs and any officers, directors,

trustees, or highest compensated employees or **independent contractors**.

For purposes of this form, “highest compensated” employees or independent contractors are persons to whom you pay over \$100,000 of **compensation**, including compensation from related organizations.

**Line 5.** You participate in a **political campaign** if you promote or oppose the candidacy of an individual for public office. Candidate debates and nonpartisan voter education and registration may be permitted. See Rev. Rul. 2007-41, 2007-25 I.R.B. 1421 at [IRS.gov/irb/2007-25 I.R.B. 1421](https://www.irs.gov/irb/2007-25_IRB_1421) and Pub. 1828 for more information and examples.



*Organizations described in section 501(c)(3) are prohibited from supporting or opposing candidates for public office in any political campaign. If you answer “Yes,” you aren’t qualified for tax exemption under section 501(c)(3) and should reconsider whether the filing of application Form 1023 is appropriate for you. See Pub. 557 for a description of other code sections under which you may qualify.*

**Line 6.** You are attempting to **influence legislation** if you directly contact or urge the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. You are also attempting to influence legislation if you advocate the adoption or rejection of legislation. If you answer “Yes,” your explanation should include the percentage of your total time and total funds spent on such legislative activities.

Organizations described in section 501(c)(3) are prohibited from engaging in a substantial amount of legislative activities. Whether you’re engaged in substantial legislative activities depends on all of the facts and circumstances.

For this purpose, “legislation” includes action by Congress, a state legislature, a local council, or a similar governing body, with respect to acts, bills, resolutions or similar items (such as legislative confirmation of appointive offices). Legislation also includes action by the public in a referendum, ballot initiative, constitutional amendment, or similar procedure. Legislation generally doesn’t include actions by executive, judicial, or administrative bodies.

Organizations may involve themselves in issues of public policy without being engaged in legislative activity. For example, organizations may conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues. Similarly, an organization may appear before a governmental body at its request

to offer testimony about a decision that may affect the organization’s existence.



*A private foundation isn’t allowed to engage in any activities to influence legislation.*

**Line 6a. Form 5768.** Most public charities are eligible to elect to make expenditures to influence legislation by filing Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation. By filing Form 5768, your legislative activities will be measured solely by an expenditure limit under section 501(h) rather than by whether the legislative activity is considered substantial. Form 5768 describes the types of organizations that are eligible to make an election. You must file Form 5768 by mailing it to the address on the form. For a discussion of influencing legislation and the requirements of section 501(h), see Pub. 557.



*Churches and private foundations aren’t eligible to make this section 501(h) election.*

**Line 7. Intellectual property** includes the following:

- Patents (for inventions);
- Copyrights (for literary and artistic works such as novels, poems, plays, films, musical works, drawings, paintings, photographs, sculptures, architectural designs, performances, recordings, film, and radio or television programs);
- Trade names, trademarks, and service marks (for symbols, names, images, and designs); and
- Formulas, know-how, and trade secrets.

**Line 8.** These activities involve the education of the consumer on budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas. These activities may also involve assisting the consumer in consolidating debt and negotiating between debtors and creditors to lower interest rates and waive late and over-limit fees. If you answer “Yes,” you may be subject to the requirements of section 501(q). Search “501(q)” on IRS.gov for information on these requirements and whether they apply to you.

**Line 9.** A “**relationship**” between you and the recipient organization includes the following situations.

- You control the recipient organization, or it controls you through common officers, directors, or trustees, or through authority to approve budgets or expenditures.
- You and the recipient organization were created at approximately the same time and by the same persons.
- You and the recipient organization operated in a coordinated manner with

respect to facilities, programs, employees, or other activities.

- Persons who exercise substantial influence over you also exercise substantial influence over the recipient organization.

**Line 9b.** Answer “Yes,” if you make grants, loans, or other distributions (such as goods) to a foreign organization.

**Line 9g–i.** The Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against certain governments, entities, and individuals, as directed in Executive Orders. As part of the comprehensive and sustained campaign against terrorist financing, all U.S. persons, including U.S.–based charities, are prohibited from dealing with persons (individuals and entities) identified as being associated with terrorism on OFAC’s Specially Designed Nationals and Blocked Persons List (OFAC SDN List). Information about OFAC sanction programs and the OFAC SDN List are available at [www.treasury.gov/ofac](https://www.treasury.gov/ofac).

**Line 10.** A “**foreign country**” is a country other than the U.S., its territories and possessions, and the District of Columbia.

**Line 10a–c.** See instructions for lines 9g–i.

**Line 11.** You are a sponsoring organization of a donor-advised fund if you establish separate accounts that you own or control for a donor whereby the donor or donor-advisor may make recommendations about the investments of or distributions from the account. See Pub. 557 for more information on the definitions of sponsoring organizations and donor-advised funds.



*You can’t sponsor a donor-advised fund if you’re a private foundation.*

**Line 12.** A “**school**” is an educational organization whose primary function is the presentation of formal instruction and which normally maintains a regular faculty and curriculum and that normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A school may include the following.

- Primary, secondary, preparatory, or high school.
- College or university.
- Trade or technical school.
- Nursery or pre-school.
- School that you operate as an activity, such as a school that is operated as an

activity of a museum, historical society, or church.

**TIP** If you're a nursery or pre-school that doesn't meet the description of a school, answer "No," to line 12.

**TIP** If you're a nursery, pre-school, or child care organization that doesn't meet the description of a school, you may still further an educational purpose if substantially all the care you provide is for the purpose of enabling individuals to be gainfully employed and your services are available to the general public (section 501(k)).

If you're a school, or if you operate a school as an activity (even if it is a secondary activity), complete Schedule B. See Pub. 557 for additional information.

**Line 13. "Hospital" or "medical care"** includes the treatment of any physical or mental disability or condition, whether as an inpatient or outpatient. A **hospital** includes the following.

- Hospitals and rehabilitation institutions, outpatient clinics, or community mental health or drug treatment centers if the principal purpose or function is the providing of medical or hospital care or medical education or research.
- **Medical research organizations** if the principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.

If you provide "hospital or medical care," or you're a medical research organization, complete Schedule C.

See Pub. 557 for additional information.

**Line 14. "Low-income housing"** refers to rental or ownership housing provided to persons based on financial need. If you provide low-income housing, complete Schedule F.

**Line 15.** Answer "Yes," if you pay money to an individual as a scholarship, fellowship, or education loan; for travel, study, or other similar purposes. Also, answer "Yes," if you pay such amounts on behalf of an individual to a school or a tuition or educational savings program. Complete Schedule H—Section I.

Travel, study, or other similar purposes include payments made to enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill, or talent of the individual recipient. These payments include, for example, amounts paid to:

- Vocational high school students to be used to purchase basic tools;
- Teachers to induce them to teach in a public school system in an economically depressed area; and
- A scientific researcher to underwrite that individual's research project.

Educational grants don't include amounts you pay to an individual as compensation, such as payments made to a consultant for personal services or to produce a report for you.

Educational grants don't include amounts paid to another organization that distributes your funds as a scholarship to an individual if you have no role in the selection process.

**CAUTION** If you're a "private foundation" as described in Part VII, you must obtain advance approval of your grant-making procedures. You can use Schedule H—Section II, to request advance approval as part of this application process. You can complete Section II when you complete Part VII. Foundation Classification.

**Line 16. "Fundraising"** includes efforts to raise funds through appeals for financial support. Fundraising may be conducted by your employees or volunteers, through an agent, or through an independent contractor. Check all the boxes that apply.

For purposes of this application, "bingo" is a game of chance played with cards that generally are printed with five rows of five squares each on which participants place markers to form a pre-selected pattern to win the game. "Other (non-bingo) gaming activities" include pull-tabs, raffles, keno, split-the-pot, and other games of chance.

**TIP** Gaming doesn't further an exempt purpose under section 501(c)(3). Except to the extent that an exception may apply, your revenue from gaming activities will be subject to **unrelated business income tax**. See Pub. 3079 for further information about gaming.

## Part V. Compensation and Other Financial Arrangements

**Reminder.** Answer all questions in this part as they pertain to your past, present, and future activities.

For purposes of Part V, **compensation** includes:

- Salary or wages;
- Deferred compensation;
- Retirement benefits, whether in the form of a qualified or non-qualified employee plan (pensions or annuities);
- Fringe benefits (personal vehicle, meals, lodging, personal and family educational benefits, low-interest loans, payment of personal travel, entertainment, or other expense, athletic or country club membership, and personal use of your property); and
- Bonuses.

**Example.** An organization could compensate a director as follows:

Wages	
Director	\$2,500
Compensation . . .	
Salary as Chief Executive Officer . . . . .	40,000
Deferred retirement . . . . .	2,000
Health insurance policy . . .	5,000
Use of a vehicle . . . . .	5,000
Total Compensation	\$54,500

Make sure the information you provide in Part V is consistent with the information you enter in Part VI. Financial Data.

**Line 1. Compensation.** Check "Yes," if you do or you will compensate your officers, directors, or trustees. Also, check "Yes," if you will or you do have highest compensated employees or highest compensated independent contractors.

For purposes of this form, "highest compensated" employees or independent contractors are persons to whom you pay over \$100,000 of **compensation**, including compensation from related organizations.

For information on determining if an individual is an employee or an independent contractor, see Pub. 15-A, Employer's Supplemental Tax Guide.

**Line 1e. "Similarly situated organizations"** means tax-exempt or taxable organizations of comparable size, purpose, and resources. Adjustments due to geographic area and other specified conditions are appropriate, but you should document the adjustments. You should document the sources(s) of comparable compensation data, both taxable and non-taxable, and retain copies in your permanent records.

**Line 1g. "Reasonable compensation"** is the amount that would ordinarily be paid for like services by like organizations under like circumstance as of the date the compensation arrangement is made. Establishing and documenting your decisions about compensation is important because excess compensation (including cash and other benefits that aren't accounted for as reasonable compensation for services) may result in excise taxes on both the individual and you, and may jeopardize your tax exemption.

**Line 2.** A conflict of interest arises when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision they could make. A sample **Conflict of Interest Policy** is included as Appendix A. This sample conflict of



interest policy doesn't prescribe any specific requirements. Therefore, organizations should use a conflict of interest policy that best fits their organizations.

Adoption of a conflict of interest policy isn't required to obtain tax-exempt status. However, by adopting the sample policy or a similar policy, you will be choosing to put in place procedures that will help your officers, directors, and trustees recognize situations that could present potential or actual conflicts of interest so that you can take steps to reduce the risk that those in positions of authority over you may receive an inappropriate benefit.



*The sample conflict of interest policy in Appendix A includes items marked "Hospital insert—for hospitals that complete Schedule C" that are intended to be adopted by hospitals.*

**Line 3.** A fixed payment means a payment that is either a set dollar amount or fixed through a specific formula where the amount doesn't depend on discretion. For example, a salary of \$200,000 that is adjusted annually based on the increase in the Consumer Price Index is a fixed payment.

A **"non-fixed payment"** means a payment that depends on discretion. For example, a bonus of up to \$100,000 that is based on an evaluation of performance by the governing board is a non-fixed payment because the governing body has discretion over whether the bonus is paid and on the amount of the bonus.

**Line 4.** Don't include purchases or sales of goods and services in your normal course of operations that are available to the general public under similar terms and conditions.

Answer "Yes," if any of your officers, directors, or trustees:

- Is an officer, director, or trustee of another organization (other than a section 501(c)(3) organization) that you will purchase or sell goods, services, or assets from or to; or
- Possesses more than 35% ownership interest in any organization that you will purchase or sell goods, services, or assets from or to.

**Arm's length.** An arm's length standard exists where the parties have an adverse (or opposing) interest. For example, a seller wants to sell their goods at the highest possible price, while a buyer wants to buy at the lowest possible price. These are adverse interests.

In negotiating with a person, an adverse interest is assumed if that person is otherwise unrelated to you in the sense of not being in a position to exercise substantial influence over you or your affairs. If the person is in a position to

exercise substantial influence over your affairs, then an arm's length standard requires additional precautions to eliminate the effect of the relationship.

Using a **conflict of interest policy**, information about comparable transactions between unrelated parties, and reliable methods for evaluating the transaction, are examples of precautions that would help make the negotiation process equivalent to one between unrelated persons.

**Fair market value.** This is the price at which property or the right to use property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

**Line 5.** Answer "Yes," if any of your officers, directors, or trustees:

- Is an officer, director, or trustee in another organization (other than a section 501(c)(3) organization) that has a lease, contract, loan, or other agreement with you; or
- Possesses more than a 35% ownership interest in any organization that has a lease, contract, loan, or other agreement with you. For example, answer "Yes," if one of your directors is an officer for a section 501(c)(4) organization with whom you have a lease for office space, or if one of your directors owns more than 35% of the voting stock of a corporation to which you made a loan.

**Line 6.** **"Develop"** means the planning, financing, construction, or provision of similar services involved in the acquisition of real property, such as land or a building. For example, you should provide information regarding the services of a consultant who arranges your acquisition of a facility through the issuance of tax-exempt bonds.

**Line 7.** **"Manage"** means to direct or administer. For example, you would provide information about an organization hired to administer a museum gift shop.

**Line 8.** A **"joint venture"** is a legal agreement in which the persons jointly undertake a transaction for mutual profit. Generally, each person contributes assets and shares risks. Like a partnership, joint ventures can involve any type of business transaction and the persons involved can be individuals, groups of individuals, companies, or corporations.

## Part VI. Financial Data

**Line 1.** Select the option that best describes you to determine the years of revenues and expenses you need to provide.

**Completed less than 1 year.** If you've existed for less than 1 year, provide projections of your likely income and **expenses** for your current year and projections of your likely income and expenses for the next 2 years based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. Place financial information for the year you're filing this application in the column marked *Current tax year*.

**Completed more than 1 year, fewer than 5 years.** If you've existed for more than 1 year but fewer than 5 years, provide your actual income and expenses for each completed year you've existed and projections of your likely income and expenses based on a reasonable and good faith estimate of your future finances for your current year and each year you haven't existed, for a total of 4 years of financial information. Place financial information for the year you're filing this application in the column marked *Current tax year*.

**Completed 5 years or more.** If you've existed for 5 years or more, provide your actual income and expenses for your 5 most recently completed tax years. Place financial information for your most recently completed tax year in the column marked *Current tax year*.



*We may request financial information for more than 5 years.*

## A. Statement of Revenue and Expenses

**Preparing the statement.** Prepare the statement using the method of accounting you use in keeping your books and records.

Prepare the statement using the accounting period entered on Part I, line 3. Enter "0" if a particular **revenue** or **expense** doesn't apply to you.

Your financial information should reflect your activities described in this application.

**Line 1.** Enter the total gifts, grants, and contributions you receive (other than membership dues reported on line 2 and described below). Include items of value that you receive as gifts, grants, or contributions. For example, if one of your activities is a food drive, include the value of the donated food on this line. Also include on this line payments a governmental unit makes to enable you to both accomplish your exempt purpose(s) and to provide a service or facility directly to the general public.

See the instructions for line 9 if you're uncertain whether **revenue** should be included as a grant on line 1 or as **gross**

**Figure 2. Net Gain or Loss On Sales of Capital Assets**

	Categories		
	(A) Real Estate	(B) Securities	(C) Other
1. Gross sales price of assets (other than inventory) by category.			
2. <b>Less:</b> Cost or other basis and sales expenses.			
3. Gain or (loss). Subtract line 2 from line 1.			
4. Net gain or (loss) — Add line 3 of columns (A), (B), and (C). Enter here and on Form 1023, Part VI - A. Statement of Revenues and Expenses, line 11.			

**receipts** on line 9. Include **unusual grants** on line 12 and not on line 1.

**Examples.**

1. A city pays the symphony orchestra to provide free music programs in the public schools. The programs are open to the public. This income received from a governmental unit accomplishes the orchestra's exempt purpose and directly provides a service to the general public. This income is a grant to the symphony orchestra that should be listed on line 1.

2. The symphony orchestra sells tickets to the public for its fall season. Such income is gross receipts received from the general public in performance of the symphony orchestra's exempt function and should be listed on line 9.

3. The public school system pays the orchestra to create several musical pieces suitable for the school system's elementary music curriculum. This payment by a governmental unit for the music compositions is primarily for the school system's own use, not for the direct benefit of the public. Therefore, this income is gross receipts received from a governmental unit in performance of the orchestra's exempt function that should be listed on line 9.

**Line 2.** Enter the amount you receive from members to provide support to the organization. Don't include payments from members or on behalf of members to purchase admissions, merchandise, services, or use of facilities.

**Line 3.** Enter your gross income from dividends, interest, payments received on securities, loans, rents, and royalties you hold for investment purposes.

See Pub. 598 for additional information regarding royalties treated as unrelated business income.

**Line 4.** Enter your net income from unrelated business activities. "**Unrelated business income**" generally is income from any trade or business activity that is regularly carried on, and not related to

your exempt purpose. Certain exceptions and exclusions may apply.

Report on line 9 income from activities that aren't related to the accomplishment of your exempt purposes, but aren't considered unrelated business activities. For example, report income from the sale of merchandise by volunteers that isn't treated as an unrelated trade or business on line 9.

See Pub. 598 for additional information regarding unrelated business income.

**Line 5.** Enter amounts any local tax authority collects from the public on your behalf.

**Line 6.** Enter the value of services or facilities a governmental unit furnishes to you. Use the **fair market value** of the services or facilities. Don't include the value of services or facilities generally provided by the governmental unit to the public without charge.

**Line 7.** Enter your total income from all sources not reported on lines 1 through 6, or lines 9, 11, and 12. Provide an itemized list in line 25, showing each type and amount of income included, and a brief description of each type of income.

**Line 8.** Lines 1 through 7 will be added for you.

**Line 9.** Enter income from activities that you conduct to further your exempt purposes (excluding amounts listed on other lines). Also, include as **gross receipts** the income from activities conducted:

- Intermittently (not regularly carried on), such as an occasional auction;
- With substantially all (at least 85%) volunteer labor, such as a car wash;
- For the convenience of members, students, patients, officers, or employees, such as a parking lot for a school's students and employees; or
- With substantially all contributed merchandise, such as a thrift store.

See Pub. 598 for additional information regarding income that isn't from an unrelated trade or business.

"**Gross receipts**" also includes payment by a governmental unit that may be called a "grant" but is actually payment for a service or facility for the use of the government payer, rather than for the direct benefit of the public.

**Example.** The state government gives a conservation group a grant to study the effects of a new sewage treatment plant on an ecologically significant woodland area. Although the payment is called a grant, it is actually gross receipts that should be included on line 9. The payment is by a governmental unit (state) for a study for its own use, not for the direct benefit of the general public. A for-profit consulting company could've done the study rather than by the tax-exempt conservation group.

Provide an itemized list of your gross receipts in line 25, describing the sources and amounts of income. For payments by a governmental unit, list the payer, the purpose of the payment, and the payment amount.

**Line 10.** Lines 8 and 9 will be added for you.

**Line 11.** Enter any net gain or loss on the sale of capital assets. Provide an itemized list by asset category (for example, real estate or securities) showing gross sales, cost or other basis/sales expenses, and gain or loss by asset category in line 25. You may use the format in Figure 2.

**Line 12.** Enter any "**unusual grants**," which generally are any substantial contributions and bequests you received from disinterested persons that, by their size, adversely affect your classification as a **public charity**. "**Unusual grants**" are unusual, unexpected, and received from an unrelated party. Provide an itemized list of any unusual grants, including the amount in line 25, and explain how it was unusual, unexpected, and from an unrelated party.

For additional information about unusual grants and a description of **public charity** classifications, see Pub. 557.

**Line 13.** Lines 10 through 12 will be added for you.

**Lines 14.** Enter the total **expenses** you incur for soliciting gifts, grants, and contributions included on line 1. Include fees paid to professional fundraisers for soliciting gifts, grants, and contributions.

**Line 15.** Enter the total amount you pay out to both individuals and organizations. Provide an itemized list in line 25, identifying recipients (using letter designations such as A, B, C, etc.), a brief

description of the purposes or conditions of payments, and the amounts paid.

Colleges, universities, and other educational institutions and agencies subject to the Family Educational Rights and Privacy Act (20 U.S.C. 1232g) don't need to list the names of individuals to whom they provided scholarships or other financial assistance where such disclosure would violate the privacy provisions of the law. Instead, group each type of financial aid provided, indicate the number of individuals who received the aid, and specify the aggregate dollar amount.

Maintain (but don't submit) a list showing the names of recipients associated with each letter designation.

**Line 16.** Enter total payments you make to or for the benefit of your members (not including any amounts listed on line 15). Provide an itemized list in line 25, identifying recipients (using letter designations), a brief description of the purposes or condition of payments, and the amounts paid.

Maintain (but don't submit) a list showing the names of recipients associated with each letter designation.

**Line 17.** Enter the total amount of **compensation** you pay to your officers, directors, and trustees.

**Line 18.** Enter the total amount of salaries and wages you pay to employees (not reported on line 17).

**Line 19.** Enter your total interest expenses for the year. Don't include mortgage interest treated as an occupancy expense on line 20.

**Line 20.** Enter the amount you pay for the use of office space or other facilities, heat, light, power and other utilities, outside janitorial services, mortgage interest, real estate taxes, and similar expenses.

**Line 21.** Enter the total depreciation, depletion, and similar expenses you incur.

**Line 22.** Enter the total professional fees you pay. Professional fees are amounts charged by individuals and entities that aren't your employees. They include fees for professional fundraisers (other than fees listed on line 14, earlier), accounting services, legal counsel, consulting services, contract management, or any **independent contractors**.

**Line 23.** Enter any **expenses** you didn't include in the lines above, such as for program services. Provide an itemized list in line 25, showing the type and amount of each significant expense.

**Line 24.** Lines 14 through 23 will be added for you.

## B. Balance Sheet

Complete the balance sheet for your most recently completed tax year. If you haven't completed a full tax year, use the most current information available. Be sure to enter the year-end date for the information provided and not the date you prepare this application. Enter "0" if a particular asset or liability doesn't apply to you.

**Line 1.** Enter your total cash in checking and savings accounts, temporary cash investments (money market funds, CDs, treasury bills, or other obligations that mature in less than 1 year), and petty cash funds.

**Line 2.** Enter your total accounts receivable that arose from the sale of goods and/or performance of services, less any reserve for bad debt.

**Line 3.** Enter the amount of materials, goods, and supplies you purchased or manufactured and held to be sold or used in some future period.

**Line 4.** Enter the total amount of bonds or notes you issued that will be repaid to you. Provide an itemized list in line 19, that shows the name of each borrower (using a letter designation), the borrower's relationship to you, a brief description of the obligation, the rate of return, the due date, and the amount due.

Maintain (but don't submit) a list showing the names of borrowers associated with each letter designation.

**Line 5.** Enter the total **fair market value** of corporate stocks you hold. Provide an itemized list of your corporate stock holdings in line 19.

For stock of closely held corporations, list the name or the corporation, a brief summary of the corporation's capital structure, the number of shares held, and their value as carried on your books. If valuation doesn't reflect current fair market value, also include fair market value.

For stock traded on an organized exchange or in substantial quantities over the counter, list the name of the corporation, a description of the stock, and the principal exchange on which it is traded, the number of shares held, their value as carried on your books, and their fair market value.

**Line 6.** Enter your total amount of loans (personal and mortgage loans) receivable. Provide an itemized list in line 19 that identifies each borrower (using a letter designation), the borrower's relationship to you, purpose of loan, repayment terms, interest rate, and original amount of loan. Report each loan separately, even if more than one loan was made to the same person.

Maintain (but don't submit) a list showing the names of borrowers associated with each letter designation.

**Line 7.** Enter the total book value of your other investments. Include the total book value of government securities (federal, state, and municipal), and buildings and equipment held for investment purposes. Provide an itemized list in line 19 identifying and reporting the book value of each building/item of equipment held for investment purposes.

**Line 8.** Enter the total book value of buildings and equipment not held for investment purposes. This includes facilities you own and equipment you use in conducting your exempt activities. Provide an itemized list in line 19 of these assets held at the end of the current tax year/period, including the cost or other basis.

**Line 9.** Enter the total book value of land not held for investment purposes.

**Line 10.** Enter the total book value of any other category of your assets not reported on lines 1 through 9, for example, patents, copyrights, or other intangible assets. Provide an itemized list of each asset in line 19.

**Line 11.** Lines 1 through 10 will be added for you.

**Line 12.** Enter the total amount of your accounts payable to suppliers and others, such as salaries payable, accrued payroll taxes, and interest payable.

**Line 13.** Enter the total unpaid portion of grants and contributions you committed to pay to other organizations or individuals.

**Line 14.** Enter the total of your mortgages and other notes payable outstanding at the end of the current tax year/period. Provide an itemized list in line 19 showing each note separately, including the lender's name, purpose of loan, repayment terms, interest rate, and original amount.

**Line 15.** Enter the total amount of any other liabilities not reported on lines 12 through 14. Provide an itemized list in line 19 of these liabilities, including the amounts you owe.

**Line 16.** Lines 12 through 15 will be added for you.

**Line 17.** Under fund accounting, an organization segregates its assets, liabilities, and net assets into separate funds according to restrictions on the use of certain assets. Each fund is like a separate entity in that it has a self-balancing set of accounts showing assets, liabilities, equity (fund balance), income, and expenses. If you don't use fund accounting, report only the "net assets" account balances, which include capital stock, paid-in capital, retained



earnings or accumulated income, and endowment funds.

**Line 18.** Lines 16 and 17 will be added for you.

## Part VII. Foundation Classification

Organizations that are exempt under section 501(c)(3) are **private foundations** unless they are:

- Churches, schools, hospitals, governmental units, entities that undertake testing for public safety, organizations that have broad financial support from the general public; or
- Organizations that support one or more organization(s) that are themselves classified as public charities.

Section 501(c)(3) organizations excepted from private foundation classification are **public charities**. Unless you meet one of the exceptions above, you're a private foundation.



*You can only select one foundation classification.*

**Line 1.** Select the foundation classification you're requesting from the list below. The form will then take you to additional lines or parts of the application that you must complete based on your response.

**509(a)(1) and 170(b)(1)(A)(vi).** Select this classification if you normally receive a substantial part of your support from grants from governmental units or from contributions from the general public, or a combination of these sources. Typically, you would show a substantial part of your income on Part VI-A. Statement of Revenue and Expenses, lines 1 and 2.

Under this **public charity** classification, you must meet the one-third public support test or 10% facts and circumstances test. See Pub. 557 for more information.

**Public support test.** An organization must receive either:

1. At least one-third of its total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or
2. At least 10% of its total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; and also satisfy a facts and circumstances test.

**Facts and circumstances test.** Facts and circumstances include:

1. The amount of support you received from the general public, governmental units, or public charities;

2. Whether you have a continuous and bona fide program for solicitation of funds from the general public, governmental units, or public charities, or carry on activities designed to attract support from organizations or other governmental units, and

3. All other facts and circumstances, including the public nature of your governing board, the extent to which your facilities or programs are publicly available, the extent to which nature your dues encourage membership, and whether your activities are likely to appeal to persons having a broad common interest or purpose. For additional information about the 10% facts and circumstances test, see Pub. 557 and Reg. 1.170A-9(f)(3).

**509(a)(2).** Select this classification if you normally receive more than one-third of your support from contributions, membership fees, and **gross receipts** from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from **gross investment income** and net **unrelated business income**. Typically, you would show a substantial part of your income on Part VI-A. Statement of Revenues and Expenses, lines 1, 2, and 9.

Under this **public charity** classification, you must meet both the "one-third public support test" and the "not-more-than-one-third investment income and net unrelated business income test," lines 1 through 13. See Pub. 557 for additional information about these tests.

**509(a)(1) and 170(b)(1)(A)(i).** Select this classification if your primary purpose is operating a church or convention or association of churches. The term "church" includes mosques, temples, synagogues, etc. If you select this box, complete Schedule A.

**509(a)(1) and 170(b)(1)(A)(ii).** Select this classification if your primary purpose is operating a **school**. If you select this box, complete Schedule B.

If you operate a school but it isn't your primary purpose, don't select this classification. However, you must still complete Schedule B. See Part IV, line 12.

**509(a)(1) and 170(b)(1)(A)(iii).** Select this classification if your primary purpose is providing medical or **hospital** care or medical education or research (performed in association with a hospital). If you select this box, complete Schedule C.

A hospital includes a rehabilitation institute, outpatient clinic, community mental health clinic, drug treatment center, or skilled nursing facility. A hospital doesn't include convalescent homes, homes for

children or the aged, or institutions whose principal purpose or function is to train handicapped individuals to pursue some vocation.

**Cooperative hospital service organizations** described in section 501(e) should also check this box and complete Schedule C.

**509(a)(1) and 170(b)(1)(A)(iv).** Select this classification if you're organized and operated exclusively to benefit a college or university owned or operated by a governmental unit. You must also normally receive a substantial part of your support from a governmental unit or from contributions from the general public.

**509(a)(1) and 170(b)(1)(A)(ix).** Select this classification if you're an agricultural research organization described in section 170(b)(1)(A)(ix) operated in conjunction with a land grant college or university or a non-land grant college of agriculture.

In Part IV, line 1, include information detailing your agricultural research program and how you will spend contributions to your program, including a description of how you're engaged in the continuous active conduct of agricultural research (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977), information showing that you're operated in conjunction with a land grant college or university or a non-land grant college of agriculture (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977), and information discussing the timing of when you will spend contributions for research.

**509(a)(3).** Select this classification if you're organized and operated to support one or more public charities described in section 509(a)(1) or 509(a)(2) or an organization that is tax exempt under section 501(c)(4), (5), or (6) and meets the public support test of section 509(a)(2). See the instructions for Schedule D for more information about the requirements for this classification, including the required relationship you must have with your supported organization(s). Complete Schedule D.

**509(a)(4).** Select this classification if your primary purpose is to test products to determine their acceptability for use by the general public.

Contributions to organizations of this type aren't deductible under section 170(c). Also, organizations that primarily test for specific manufacturers don't qualify for exemption under section 501(c)(3).

**Select my classification for me.** Select this option if you believe you're a **public charity** but would like the IRS to select the correct public charity classification (509(a)

(1) and 170(b)(1)(A)(vi) or 509(a)(2)) for you.

**Private foundation.** Select this classification if you don't meet one of the exceptions listed above.

**Line 1a.** Section 508(e) provides that a private foundation isn't tax exempt unless its **organizing document** contains specific provisions. These specific provisions require that you operate to avoid liability for excise taxes under sections 4941(d), 4942, 4943(c), 4944, and 4945(d). You can also meet these provisions by reliance on state law.

See Pub. 557 for samples of provisions that will meet section 508(e). Also, see Appendix B for a list of states that have enacted statutory provisions that satisfy the requirement of section 508(e), subject to notations. Appendix B is based on Rev. Rul. 75-38, 1975-1 C.B. 161.

**Line 1c.** Some private foundations are **private operating foundations**. Private operating foundations make qualifying distributions directly for the active conduct of their educational, charitable, and religious purposes. "Directly for the active conduct" means that you use the distributions yourself to carry out the programs for which you're organized and operated. Grants made to assist other organizations or individuals are normally considered indirect.

**Line 1d.** If you have existed for 1 year or more, you must provide information that demonstrates you meet the requirements to be classified as a private operating foundation, including the income test and either the endowment test, the assets test, or the support test. If you have existed for less than 1 year, you must sufficiently describe how you're likely to meet these requirements and tests. You may also submit an affidavit or opinion of counsel giving enough facts about your operations and support to enable us to determine that you're likely to meet these requirements.

See Pub. 557 for additional information about private operating foundations.

**Line 2. Confirmation of public support status.** If you have been in existence for more than 5 years, and you requested classification as a public charity described in sections 509(a)(1) and 170(b)(1)(A)(vi), you must confirm that you meet the public support test.

To show that you meet the required public charity support test, complete lines 2(i) and 2(ii). Calculate your public support based on the accounting method you used to complete Part VI-A, Statement of Revenues and Expenses.

**Line 2(i). 509(a)(1) and 170(b)(1)(A)(vi).** Check "Yes," if you received contributions from any person, company, or organization (other than a governmental

unit described in section 170(c)(1) or a publicly supported organization under section 170(b)(1)(A)(vi)), whose gifts totaled more than 2% of the amount on the total of amounts entered on line 8 of Part VI-A, Statement of Revenue and Expenses, and identify those contributors by letter (A, B, C, etc.) and list the amount(s) contributed by each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.

**Line 2(ii).** Use Schedule A (Form 990 or 990-EZ) Public Charity Status and Public Support, Part II, Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi), and its instructions to determine if you met the public support test for your most recent 5-year period.

**Line 2a(i). 509(a)(2).** Check "Yes," if you received amounts listed on lines 1, 2, and 9 of Part VI-A, Statement of Revenue and Expenses, from any **disqualified persons** and identify those disqualified persons by letter (A, B, C, etc.) and list the amounts contributed by each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.

**Line 2a(ii).** Check "Yes," if you received amounts paid by an individual or organization greater than the larger of 1% of line 10, of Part VI-A, Statement of Revenues and Expenses, or \$5,000 for any completed tax year, and identify those individuals or organizations by letter and list the amount(s) received from each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.



*Don't include disqualified persons in this list. Disqualified persons should be listed in line 2(a)(i). For purposes of this application, a "disqualified person" is any individual or organization that is any of the following.*

1. A "**substantial contributor**" to you (defined below).
2. An officer, director, trustee, or any other individual who has similar powers or responsibilities.
3. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor.
4. An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor.
5. An individual who owns more than 20% of the beneficiary interest of a trust or estate that is a substantial contributor.
6. A member of the **family** of any individual described in 1, 2, 3, 4, or 5 above.

7. A corporation in which any individuals described 1, 2, 3, 4, 5, or 6 above hold more than 35% of the total combined voting power.

8. A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the beneficial interests.

9. A partnership in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the profits interest.

**Substantial contributor.** A **substantial contributor** is any individual or organization that gave more than \$5,000 to you from the date you were formed or other date that your exemption would be effective, to the end of the year in which the contributions were received. This total amount contributed must also be more than 2% of all the contributions you received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed. For more information regarding substantial contributors, go to [IRS.gov/Charities-Non-Profits/Private-Foundations/Substantial-Contributor-Private-Foundation](https://www.irs.gov/Charities-Non-Profits/Private-Foundations/Substantial-Contributor-Private-Foundation).

**Family members.** A "member of the family" includes the spouse, ancestors, children, grandchildren, great-grandchildren, and their spouses.

For additional information concerning members of the family, go to [IRS.gov/Charities-Non-Profits/Charitable-Organizations/Member-of-the-Family](https://www.irs.gov/Charities-Non-Profits/Charitable-Organizations/Member-of-the-Family).

Further information about disqualified persons, can be obtained at [IRS.gov/Charities-Non-Profits/IRC-Section-4946-Definition-of-Disqualified-Person](https://www.irs.gov/Charities-Non-Profits/IRC-Section-4946-Definition-of-Disqualified-Person).

**Line 2a(iii).** Use Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support, Part III, Support Schedule for Organizations Described in Section 509(a)(2), and its instructions to determine if you meet the public support test for your most recent 5-year period.

## Part VIII. Effective Date

**Line 1.** Use the formation date you listed in Part II, line 2, and the date you will submit this electronic form and required user fee payment to determine whether you're submitting this application within 27 months from the month in which you were formed. If you're not submitting this application within 27 months from your formation, complete Schedule E.

## Part IX. Annual Filing Requirement

Most organizations must file an annual return (Form 990, 990-EZ, or Form 990-PF) or notice (Form 990-N, Electronic



Notice (e-Postcard)). Exceptions to this rule include churches, certain church affiliated organizations, and certain affiliates of a governmental unit. You can find more detailed information about filing requirements and exceptions from the requirement to file in the Instructions for Form 990.

The following are some general rules.

- A private foundation must file Form 990-PF annually, regardless of its gross receipts.
- Unless specifically required to file Form 990 or Form 990-EZ (see the Instructions for Form 990), most public charities that normally have gross receipts of \$50,000 or less may satisfy their filing obligation with Form 990-N, Electronic Notice (e-Postcard).



*If you fail to file a required information return or notice for 3 consecutive years, your exempt status will be automatically revoked.*

**Line 1.** Check “Yes,” if you’re claiming you are excepted from filing a Form 990-series return or notice and indicate the reason you believe you’re excepted from filing. See Pub. 557 and the Instructions for Form 990, Request for Miscellaneous Determination, for more information on the requirements for the various filing exceptions. Provide information regarding how you meet your requested exception in your narrative description of activities or as part of an uploaded supplemental response.

## Part X. Signature

**Signature requirements.** An officer, director, trustee, or other official who is authorized to sign for the organization must sign Form 1023. The signature must be accompanied by the title or authority of the signer and the date.



*The person signing Form 1023 must be listed as an officer, director, or trustee within the first five entries of Part I, line 9.*

## Upload Checklist

**Documents to upload.** Check the boxes to indicate which documents are included in the file you upload with your application.

You **must** upload a copy of your organizing document and any amendments to it along with a copy of your bylaws, if adopted. The other listed documents are not required.

Put your name and EIN on each page of your supplemental response and identify the part and line number to which the information relates.

Pay.gov can accommodate only one uploaded file. Consolidate your

attachments into a single PDF file, which cannot exceed 15MB.

If your PDF file exceeds the 15MB limit, remove any items over the limit and contact IRS Customer Accounts Services at 877-829-5500 for assistance on how to submit the removed items.

## Schedule A. Churches

There is no single definition of the word “church” for tax purposes. When determining whether a section 501(c)(3) religious organization is described as a church (described in section 509(a)(1) and 170(b)(1)(A)(i)), we will consider characteristics generally attributed to churches and the facts and circumstances of each organization applying for public charity classification as a “church.”

The characteristics generally attributed to churches are:

- A distinct legal existence,
- A recognized creed and form of worship,
- A definite and distinct ecclesiastical government,
- A formal code of doctrine and discipline,
- A distinct religious history,
- A membership not associated with any other church or denomination,
- Ordained ministers ministering to the congregation,
- Ordained ministers selected after completing prescribed courses of study,
- A literature of its own,
- Established places of worship,
- Regular congregations,
- Regular religious services,
- Sunday schools for the religious instruction of the young, and
- Schools for the preparation of ministers.

Although you don’t need to meet each of the above criteria to be classified as a church, you’re generally required to have a congregation or other religious membership group. For purposes of foundation classification under section 509(a)(1) and 170(b)(1)(A)(i), the term “church” includes, without limitation, mosques, temples, and synagogues, and certain other forms of religious organizations. For more information, see Pub. 1828.

The practices and rituals associated with your religious beliefs or creed must not be illegal or contrary to public policy.

### Specific Line Items

**Line 1.** Describe your written creed, statement of faith, or summary of beliefs.

**Line 2.** Your literature includes any writings about your beliefs, rules, or history.

**Line 3.** A “code of doctrine and discipline” refers to a body of laws or rules that govern behavior.

**Line 4.** A “religious hierarchy or ecclesiastical government” refers to people or institutions that exercise significant influence or authority over your church.

**Line 5.** Answer “Yes,” if you’re part of a group of churches with similar beliefs and structures, such as a convention, association, or union of churches.

**Line 6.** A “form of worship” refers to religious practices that express your devotion to your creed, faith, or beliefs.

**Line 7.** Indicate the regular days and times of your religious services. Describe the order of events during your regular worship service and explain how the activities conducted as part of your services further your religious purposes.

**Line 7a.** Enter the average number of members and non-members who attend your regularly scheduled religious services.

**Line 8.** An “established place of worship” is a place where you hold regularly scheduled religious services. It may be a place that you own, rent, or that is provided free for your use.

**Line 9.** An “established congregation” or “other religious membership group” includes individuals who regularly attend and take part in the religious services of your organization at an established location. An established congregation generally doesn’t include members of only one family. If you answer “No,” because you don’t have an established congregation or other religious membership, you may be a religious organization that doesn’t qualify as a church. If you don’t qualify as a church, you will need to go back to Part VII, line 1, to reconsider your public charity classification.



*You may request classification as a church at a later date after you establish a congregation or other religious membership group. For information about this option, see Form 990, Request for Miscellaneous Determination Under Section 507, 509(a), 4940, 4942, 4945, and 6033 of the Internal Revenue Code, or contact our customer account service representatives at 877-829-5500 (toll-free).*

**Line 9a.** Enter the total number of your current members. If you have no members, enter zero (0).

**Line 9b.** Answer “Yes,” if you have a prescribed way to become a member. Answer “Yes,” even if you just keep records of who is currently a member. Describe

any actions required for individuals to become members.

**Line 9c.** Describe any rights and benefits of members. You should include details of any levels of membership and the rights and/or benefits associated with each level.

**Line 9d.** If your members may be associated with another denomination or church, describe the circumstances in which your members would be members of your church and another church.

**Line 9e.** See Appendix C for a description of the word “family.”

**Line 10.** Answer “Yes,” if you conduct baptisms, weddings, funerals, or other religious rites.

**Line 11.** A school for the religious instruction of the young refers to any regularly scheduled religious, educational activities for youth.

**Line 12.** A “prescribed course of study” refers to formal or informal training. It doesn’t include self-ordination or paying a fee for an ordination certificate without completing a course of study. Describe the course of study completed by your religious leaders.

**Line 15.** Provide any additional information you would like us to consider that would help us classify you as a church.

## Schedule B. Schools, Colleges, and Universities

An organization qualifies as a school (for purposes of classification under sections 509(a)(1) and 170(b)(1)(A)(ii)) if all the following applies. It:

- Presents formal instruction as its primary function,
- Has a regularly scheduled curriculum,
- Has a regular faculty of qualified teachers,
- Has a regularly enrolled student body, and
- Has a place where educational activities are regularly carried on.

The term “**school**” includes primary, secondary, preparatory, high schools, colleges, and universities. An organization won’t be described as a school under sections 509(a)(1) and 170(b)(1)(A)(ii) if it engages in both educational and non-educational activities, unless the latter are merely incidental to the educational activities. Non-traditional schools such as an outdoor survival school or a yoga school may qualify. However, an organization may further an educational purpose without satisfying all the conditions listed above that describe a school. Such organizations may qualify as public charities based upon their sources

of support as organizations described in sections 509(a)(1) and 170(B)(1)(A)(vi) or section 509(a)(2).

### Specific Line Items

**Line 1.** Answer “Yes,” if you have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on.



*If you answer “Yes,” you should maintain in your records evidence that you meet these factors, such as:*

- A list of required courses of study, dates and times courses are offered, and other information about how to complete required courses;
- Certification by the appropriate state authority or successful completion of required training for qualified teachers;
- Records of regular attendance by students at your facility; and
- A lease agreement or deed for your facility.

If you answer “No,” you may not meet the requirements of a school and you may need to go back to Part VII, line 1, to reconsider your foundation classification if you requested classification as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

**Line 2.** Answer “Yes,” if your primary function of the school is the presentation of formal instruction. If you answer “No,” you may not meet the requirements for classification as a school and may want to go back to Part VII, line 1, to reconsider your foundation classification if you requested classification as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

**Line 3.** Answer “Yes,” if you’re a public school and explain how you’re operated by the state or a subdivision of a state, including if you have a signed contract or agreement with a state or local government under which you operate and receive funding. If you answer “Yes,” don’t complete the remainder of Schedule B.

**Line 4.** Answer “Yes,” if you were formed or substantially expanded when public schools in your district or county were desegregated by court order.



*If you’re unsure whether to answer “Yes,” contact an appropriate school official.*

**Line 5.** Answer “Yes,” if a state or federal administrative agency or judicial body ever determined your organization to be racially discriminatory. Identify the parties involved and the forum in which the case was presented. Explain the reason for the

action, the decision reached, and provide legal citations (if any) for the decision. Also, explain in detail any changes made in response to the action against your organization or the decision reached.

### Establishment of Racially Nondiscriminatory Policy

Every private school is subject to the provisions of Revenue Procedure 75-50, 1975-2 C.B. 587, modified by Rev. Proc. 2019-22, 2019-22 I.R.B. 1260. See Pub. 557, which sets forth the requirements of Rev. Proc. 75-50 under the section for *Private Schools*.

**Publication of racially nondiscriminatory policy.** A section 501(c)(3) organization that is a private school must publish a notice of its racially nondiscriminatory policy as to students as follows.

*The M school admits students of any race, color, national origin, and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It doesn’t discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, admission policies, scholarship and loan programs, and athletic and other school-administered programs.*

**Annual certification.** A private school must certify annually that it meets the requirements of Rev. Proc. 75-50, as modified by Rev. Proc. 2019-22, by filing Schedule A (Form 990, or Form 990-EZ) Organization Exempt Under Section 501(c)(3).

Schools that don’t file Form 990 or 990-EZ must make the certification by filing Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax.

**Line 7.** Answer “Yes,” if your **organizing document** or bylaws contain a nondiscriminatory statement as to students similar to the one shown above or if you adopted such a policy by resolution of your governing body. State where your policy is located in your organizing document, bylaws, or if it is in an adopted resolution. If you answered “No,” you must adopt a nondiscriminatory policy before submitting this application.

**Line 8.** Answer “Yes,” if your brochures, application forms, advertisements, and catalogues dealing with student

admissions, programs, and scholarships contain a statement similar to the following:

*The M school admits students of any race, color, and national or ethnic origin.*

**Line 8a.** If you answered “No” to Line 8, check the box on line 8a if you agree that all future printed materials, including website content, will contain a statement of nondiscriminatory policy as to students similar to the one provided above.

**Line 9.** You must make your nondiscriminatory policy known to all segments of the general **community** served by the school. One way to meet this requirement is to publish your nondiscriminatory policy annually in a newspaper or over broadcast media. Rev. Proc. 2019-22 now allows this publication requirement to be satisfied by continuously displaying your nondiscrimination statement on your Internet site, as described below.

Check “Yes,” if you make your racially nondiscriminatory policy known to all segments of the general community you serve by:

- Publishing a notice of your policy in a newspaper of general circulation that serves all racial segments of the community;
- publicizing your policy over broadcast media in a way that is reasonably expected to be effective; or
- display a notice of your policy at all times on your primary, publicly accessible Internet home page in a manner reasonably expected to be noticed by visitors to the home page.

See Rev. Proc. 75-50, as modified by Rev. Proc. 2019-22, for guidance on the format and content of the required notice and whether any exceptions may apply to you.



*A notice published in the legal notices section or classified advertisements of your local newspaper generally is not acceptable.*

**Line 9a.** If you answered “No,” to line 9, check the box on line 9a if you agree that you will publicize your nondiscriminatory policy in a way that meets the requirements of Revenue Procedure 75-50, as modified by Revenue Procedure 2019-22.

**Line 11.** Enter the racial composition of your student body, faculty, and administrative staff in the spaces provided. Enter actual numbers, rather than percentages, for the current year and projected numbers for the next academic year. If the number is zero, then enter “0.”

If you're not operational, submit an estimate based on the best information available (such as the racial composition of the **community** you serve).



*Don't identify students, faculty, and staff by name.*

**Line 12.** Enter the racial composition of students to whom you award loans and scholarships in the spaces provided. Enter actual numbers, rather than percentages, for the current year and projected numbers for the next academic year. If the number is zero, then enter “0.” If you won't provide any loans or scholarships, check the box provided.



*Don't identify students by name.*



*If you complete line 12 indicating you do or will provide loans or scholarships, be sure your response to Part IV, line 15 is consistent with your response here.*

**Line 13.** Identify each of your incorporators, founders, board members, donors of land, and donors of buildings by name (whether individuals or organizations).

**Line 14.** Answer “Yes,” if any individuals or organizations on your list have an objective to keep public or private school education segregated by race and explain how these individuals or organizations promote segregation in public or private schools.

**Line 15.** Answer “Yes,” if on a continuing basis, you will maintain for a minimum period of 3 years the following records.

- Your racial composition (similar to the information requested on Schedule B, line 11).
- Evidence that your scholarships and loans are awarded on a racially nondiscriminatory basis (similar to the information requested on Schedule B, line 12).
- Copies of all materials used by you or on your behalf to solicit contributions.
- Copies of brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and financial aid.

Answer “No,” if you don't maintain records and explain how you meet the recordkeeping requirements under Rev. Proc. 75-50.



*Failure to maintain these records or produce them upon the proper request will create a presumption that you haven't complied with the requirements of Rev. Proc. 75-50.*

## Schedule C. Hospitals and Medical Research Organizations

An organization qualifies as a hospital for purposes of classification under sections 509(a)(1) and 170(b)(1)(iii) if it is a:

- **Hospital,**
- **Medical research organization** operated in conjunction with a hospital, or
- Cooperative hospital service organization.

**Hospital.** An organization is a “hospital” if its principal purpose or function is providing medical or hospital care or medical education or research. **Medical care** includes treatment of any physical or mental disability or condition, on an inpatient or outpatient basis. Thus, if an organization is a rehabilitation institution, outpatient clinic, or community mental health or drug treatment center, it is a hospital if its principal function is providing treatment services, as described above.

A hospital doesn't include convalescent homes, homes for children or the aged, or institutions whose principal purposes or function is to train handicapped individuals to pursue a vocation.

**Medical research organization.** An organization is a “medical research organization” if its principal purpose or function is the direct, continuous, and active conduct of medical research in conjunction with a hospital. The hospital with which the organization is affiliated must be described in section 501(c)(3), a federal hospital, or an instrumentality of a governmental unit, such as a municipal hospital.

“Medical research” means investigations, experiments, and studies to discover, develop, or verify knowledge relating to the causes, diagnosis, treatment, prevention, or control of human physical or mental diseases and impairments. For more information, see Regulations section 1.170A-9(c)(2).

**Cooperative hospital service organization.** A cooperative hospital service organization performs one or more of the specific services listed below for one or more exempt hospitals on a cooperative basis. The services listed below are exclusive. A cooperative service organization that provides services other than those listed below, or that provides services to an organization other than an exempt hospital, doesn't qualify for exemption under section 501(c)(3). The list of services includes:

1. Data processing;
2. Purchasing (including the purchasing of insurance on a group basis);



3. Warehousing;
4. Billing and collection (including the purchasing of patron accounts receivable on a recourse basis);
5. Food;
6. Clinical;
7. Industrial engineering;
8. Laboratory;
9. Printing;
10. Communications;
11. Record center; and
12. Personnel services (including selection testing, training, and education of personnel).

### Specific Line Items

**Line 1.** Answer “Yes,” if your organization is a medical research organization, as described above.

**Line 1a.** As a medical research organization, you must be associated with a hospital described in section 501(c)(3), a federal hospital, or an instrumentality of a government. Provide the name of the hospital(s) you’re associated with and describe the relationship(s).

**Line 1b.** List your assets and their **fair market value** and the portion of your assets directly devoted to medical research. Don’t complete the remainder of Schedule C.

**Line 2.** Answer “Yes,” if you’re a cooperative hospital service organization and describe the services you provide to your member hospitals and the exempt status of your membership. Don’t complete the remainder of Schedule C.

**Line 3.** Answer “Yes,” if all the doctors in your **community** are eligible for staff privileges at your facility. You must answer “Yes,” even if staff privileges at your facilities are limited by capacity, provided that all qualified medical professionals in your community may seek and would be considered for eligibility.

Answer “No,” if all doctors in your community aren’t eligible for staff privileges at your facility.

If you answer “No,” describe in detail how you limit eligibility for staff privileges at your facility. Include details of your eligibility criteria and selection procedures for your courtesy staff of doctors.

**Line 4.** Answer “Yes,” if you admit all patients in your community who can pay for themselves or through some form of third-party reimbursement (for example, private health insurance, Medicare, or Medicaid).

Answer “No,” if you limit admission for these individuals in any way and describe your admission policy in detail, including

how and why you restrict patient admission.

**Line 5.** Answer “Yes,” if you offer emergency medical or hospital care at your facility on a 24-hour basis, seven days a week.

**Line 5a.** Answer “Yes,” if the reason you don’t maintain a full-time emergency room is either because you’re a specialty hospital where emergency care would be inappropriate for the services you provide or another emergency medical care facility that provides such services is located so near to you as to make such services as you might provide duplicative.

**Line 6.** Answer “Yes,” if you provide free or low-cost medical or hospital care services. If you answer “Yes,” describe your policy and to whom you provide these services. Include details on how these services promote benefits to the **community**. For example, you may want to indicate how you determine who is eligible for the services, how you inform the general public about your policy, any requirements you require of patients to receive reduced cost or free care, and any agreements you might have with municipalities or government agencies to subsidize the cost of admitting or treating patients through this policy.

**Line 7.** Answer “Yes,” if you have a formal program of medical training and research. If you answer “Yes,” describe your program, including the programs you offer, the scope of such programs, and affiliation with other hospitals or medical care providers with which you carry on the medical training or research programs.

**Line 8.** Answer “Yes,” if you have a formal program of community educational programs and describe your programs, including the types of programs offered, the scope of the programs, and affiliation with other hospitals or medical care providers with whom you offer community educational programs.

**Line 9.** Answer “Yes,” if you have a board of directors that is representative of the **community** you serve or if an organization described under section 501(c)(3) with a community board exercises rights or powers over you.

Answer “Yes,” if you’re subject to a state corporate practice of medicine law that requires your governing board to be composed solely of physicians licensed to practice medicine in the state.

**Line 9a.** List each board member by name and describe that person’s relationship to you. Also, for each board member, describe if and how that individual represents the community. Generally, hospital employees and staff physicians aren’t individuals considered to be community representatives. If you

operate under a parent organization whose board of directors isn’t comprised of a majority of individuals who are representative of the community you serve, provide the requested information for your parent organization’s board of directors as well.

**Line 10. Section 501(r).** Answer “Yes,” if you operate a facility that is required by a state to be licensed, registered, or similarly recognized as a hospital. Organizations that respond “Yes,” to this question are required to meet additional requirements described in section 501(r) to be considered a hospital exempt from taxation by section 501(c).

**Line 10a.** A community health needs assessment (CHNA) is an assessment of the significant health needs of the community. To meet the requirements of section 501(r)(3), a CHNA must take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge or expertise in public health, and must be made widely available to the public. Each hospital facility must conduct a CHNA at least once every 3 years and adopt an implementation strategy to meet the community health need identified through such CHNA.

Answer “Yes,” if the hospital facility conducted a complying CHNA in the current tax year or in either of the 2 immediately preceding tax years or if the hospital facility intends to conduct a CHNA before the end of its first 3-year period.

**Line 10b.** A financial assistance policy (FAP), sometimes referred to as a charity care policy, is a policy describing how an organization will provide financial assistance at its hospital(s) and other facilities, if any. Financial assistance includes free or discounted health services provided to persons who meet the organization’s criteria for financial assistance and are unable to pay for all or a portion of the services. Financial assistance doesn’t include:

- Bad debt or uncollectible charges that the organization recorded as revenue but wrote off due to a patient’s failure to pay or the cost of providing such care to such patients;
- The difference between the cost of care provided under Medicaid or other means-tested government programs or under Medicare and the revenue derived therefrom;
- Self-pay or prompt pay discounts; or
- Contractual adjustments with any third-party payors.

Answer “Yes,” if the hospital facility has adopted a written financial assistance policy and a written policy relating to emergency medical care as required by section 501(r)(4).

**Line 10c.** Under section 501(r)(5), the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care are the amounts generally billed to individuals who have insurance covering such care.

Answer “Yes,” if the hospital facility:

1. Limits or will limit any charges to FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services to not more than the amounts generally billed to individuals who had insurance covering such care; and

2. Prohibits, or upon beginning operations will prohibit, the use of gross charges as described in section 501(r)(5).

The hospital facility may check “Yes,” if it charged more than the amounts generally billed to individuals who had insurance covering such care to an individual if:

- The charge in excess of the amounts generally billed (AGB) wasn’t made or requested as a pre-condition of providing medically necessary care to the FAP-eligible individual;
- As of the time of the charge, the FAP-eligible individual hadn’t submitted a complete FAP application and hadn’t otherwise been determined by the hospital facility to be FAP eligible for the care; and,
- If the individual subsequently submits a complete FAP application and is determined to be FAP-eligible for care, the hospital facility refunds any amount that exceeds the amount they are determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than \$5.

**Line 10d.** Answer “Yes,” if the hospital facility has, or will have at the beginning of operation, either a separate written billing and collections policy, or include in a written FAP:

- A description of any actions that the hospital facility (or other authorized party) may take related to obtaining payment of a bill for medical care, including, but not limited to, any extraordinary collection actions (ECAs);
- The process and time frames the hospital facility (or other authorized party) uses in taking those actions (including, but not limited to, the reasonable efforts it will make to determine whether an individual is FAP-eligible before engaging in ECAs); and
- The office, department, committee, or other body with the final authority or responsibility for determining that the hospital facility has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual.

## Schedule D. Section 509(a)(3) Supporting Organizations

Supporting organizations are described in section 509(a)(3). The term “supported organization” refers to an organization that a supporting organization may support more than one supported organization.

An organization qualifies as a supporting organization (for purposes of classification under section 509(a)(3)) if:

- It is organized and at all times thereafter is operated exclusively for the benefit of, to perform the function of, or to carry out the purposes of one or more public charities described in section 509(a)(1) or 509(a)(2);
- It meets one of three required relationship tests (Type I, Type II, or Type III) with the supported organization(s); and
- It isn’t **controlled by “disqualified persons,”** directly or indirectly. See Appendix C for a definition of a “disqualified person.”

A supporting organization can also support the charitable purposes of organizations that are exempt under sections 501(c)(4), (5), or (6).

### Specific Line Items

**Line 1.** List the name, address, and EIN of each organization you support.

**Line 2.** Answer “Yes,” if each supported organization has a letter from the IRS recognizing it as a public charity under section 509(a)(1) or 509(a)(2).



*Before you file your application, use Tax Exempt Organization Search on IRS.gov to confirm whether each of your supported organizations is currently recognized as exempt and is classified as a public charity.*

**Line 2a.** Answer “Yes,” if any supported organization you listed on line 1 received a letter from the IRS stating that it’s exempt under sections 501(c)(4), (5), or (6) and meets the public support test under section 509(a)(2). See Pub. 557 for information on the public support test for section 509(a)(2).

If you answer “No,” describe how each organization you support is a public charity under section 509(a)(1) or 509(a)(2). For example, if you support a church or foreign organization that hasn’t received a determination letter recognizing it as a public charity, you should describe how this organization qualifies as a public charity under section 509(a)(1) or 509(a)(2). See Pub. 557 for information on public charities under sections 509(a)(1) and 509(a)(2).

**Line 3. Relationship test.** To qualify under section 509(a)(3), you must show that you meet one of three relationship tests with your supported organization(s). Select the option that best describes your relationship with your supported organization(s).

- **Type I (“operated, supervised, or controlled by” relationship;** comparable to a parent–subsidiary relationship): A majority of your governing board or officers are elected or appointed by the governing body, members of the governing body, officers acting in their official capacity, or the membership of your supported organization(s).

- **Type II (“supervised or controlled in connection with” relationship;** comparable to a brother–sister relationship): Your control or management is vested in the same persons who control or manage your supported \_\_\_\_\_ organization(s).

- **Type III (“operated in connection with” relationship;** responsive to the needs or demands of, and having significant involvement in the affairs of, the supported organization(s)):

(a) One or more of your officers, directors, or trustees are elected or appointed by the officers, directors, trustees, or membership of your supported organization(s);

(b) One or more of your officers, directors, trustees, or other important office holders are also members of the governing body of your supported organization(s); or

(c) Your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of your supported organization(s).



*If you don’t meet one of these three relationship tests, you aren’t described in section 509(a)(3) and should review the other foundation classification options in Part VII, line 1.*

**Line 4.** Describe how your governing board and officers are selected, including where (if applicable) this information is in your governing document, bylaws, or other internal rules and regulations.

If applicable, for Type III organizations describe how your officers, directors, or trustees maintain a close and continuing relationship with the officers, directors, or trustees of your supported organization(s).

**Line 5. Prohibited control by disqualified person.** You can’t be described in section 509(a)(3) if you’re directly or indirectly **controlled by disqualified persons.** You are controlled if disqualified persons:

- Can exercise 50% or more of the total voting power of your governing body;
- Have authority to affect significant decisions, such as power over your

investment decisions, or power over your charitable disbursement decisions; or

- Can exercise veto power over your actions.

Although control is generally demonstrated where disqualified persons have the authority over your governing body to require you to take an action or refrain from taking an action, indirect control by disqualified persons will also disqualify you as a supporting organization.

See Appendix C for a description of the terms “**disqualified person**,” “**family**,” “**foundation manager**,” and “**business relationship**.”



*Public charities and foundation managers who otherwise are disqualified persons only because they are foundation managers aren't disqualified persons for this purpose.*

**Line 7. Organizational test.** If you answered “No,” and you are a Type III supporting organization, you must amend your **organizing document** to specify your supported organization(s) by name; or you won't meet the organizational test under section 509(a)(3) and need to reconsider your requested public charity classification in Part VII, line 1.

**Line 7a.** If you answered “No,” you won't meet the organizational test under section 509(a)(3) unless you amend your organizing document to specify your supported organization(s) by name, class, or purpose and need to reconsider your requested public charity classification in Part VII, line 1.

**Line 8.** When responding to this question, don't include donors that are section 509(a)(1), (2), or (4) organizations.



*This prohibition on contributions from controlling donors only applies to Type I and Type III supporting organizations.*

**Line 9. Type III responsiveness test.** Answer “Yes,” if, because of your relationship described in line 3, each of your supported organizations has a significant voice in your investment policies, making and timing of grants, and directing the use of your income and assets, and explain how each of your supported organizations is involved in these matters.

**Line 10. Type III notification requirement.** A Type III supporting organization must provide the notice described in this question. If you're a Type III supporting organization, you'll be required to answer this question annually on your annual information return (Schedule A of Form 990 or 990-EZ).

A Type III supporting organization must annually provide the following to each of its supported organizations:

- (a) a written notice addressed to a principal officer of the supported organization describing the type and amount of all of the support, including any amounts counting toward the distribution requirement you provided to the supported organization during the immediately preceding tax year and including a brief narrative description of the support provided and sufficient financial detail to identify the types and amounts of support being reported,
- (b) a copy of your most recently filed Form 990-series return or notice, and
- (c) a copy of your governing documents and any amendments, if not previously provided.

**Lines 11–13. Type III integral part test.**

An organization seeking classification as a Type III supporting organization must meet an integral part test, which is satisfied by maintaining significant involvement in the operations of one or more supported organizations and providing support on which the supported organization(s) are dependent. A Type III supporting organization may be functionally integrated (lines 11–12) or non-functionally integrated (lines 13 and 13a-c) depending on the manner in which it meets the integral part test. Functionally integrated Type III supporting organizations are subject to fewer restrictions and requirements than nonfunctionally integrated Type III supporting organizations.

**Lines 11–12. Integral part test – Functionally integrated.** To be a functionally integrated supporting organization you must meet one of the following:

- You are the parent of each of your supported organization(s) (Line 11);
- You support only governmental supported organizations (Line 11); or
- Substantially all your activities directly further the exempt purposes of your supported organization(s) (Line 12).

**Line 11.** Answer “Yes” and explain if you're the parent of each of your supported organizations because:

1. You and your supported organizations are part of an integrated system (for example, a hospital system);
2. You direct the overall policies, programs, and activities of each of your supported organizations (for example, coordinating the activities of the supported organizations and engaging in overall planning, policy development, budgeting, and resource allocation); and
3. Your governing body, members of your governing body or your officers (acting in their official capacities) appoint or elect directly or indirectly, a majority of

the officers, directors, or trustees of each of your supported organizations and have the power to remove and replace such directors, officers, or trustees, or otherwise have an ongoing power to appoint or elect such director, officers or trustees with reasonable frequency.

For example, N, an organization described in section 501(c)(3), is the parent organization of a healthcare system consisting of two hospitals (Q and R) and an outpatient clinic (S), each of which is described in section 509(a)(1), and a taxable subsidiary (T). N is the sole member of each of Q, R, and S. Under the charter and bylaws of each of Q, R, and S, N appoints all members of the board of directors of each corporation. N engages in the overall coordination and supervision of the healthcare system's exempt subsidiary corporations Q, R, and S in approval of their budgets, strategic planning, marketing, resource allocation, securing tax-exempt bond financing, and community education. N also manages and invests assets that serve as endowments of Q, R, and S.

Also answer “Yes” and explain if you qualify as a functionally integrated supporting organization because you support a governmental supported and;

1. You only support one or more governmental supported organizations;
2. A substantial part of your activities directly further the exempt purposes of at least one governmental supported organization; and
3. If you support more than one governmental supported organization, all of the governmental supported organizations either operate in the same city, country, or metropolitan area, or they work in close coordination or collaboration together to conduct a service, program, or activity you support.


**Line 12.** Answer “Yes,” if substantially all of your activities directly further the exempt purpose of one or more supported organizations by performing the functions of, or carrying out the purposes of, such supported organization(s), and but for your involvement, your supported organization(s) would normally engage in such activities. Describe the activities that you conduct.

Holding title to and managing assets that are used (or held for use) directly in carrying out the exempt purposes of your supported organization (exempt-use assets) are activities that directly further the exempt purposes of your supported organization. Conversely, with certain exceptions, fundraising, making grants (whether to the supported organization or to third parties), and investing and managing non-exempt-use assets aren't activities that directly further the exempt



purposes of the supported organization. See Regulations section 1.509(a)-4(i)(4) (ii) for more information.

**Line 13. Integral part test non-functionally integrated.** To satisfy the integral part test as a nonfunctionally integrated supporting organization, you must distribute at least 85% of your annual **net income** or 3.5% of the aggregate **fair market value** of all of your non-exempt-use assets (whichever is greater) to your supported organization(s). You can use Part V of Schedule A (Form 990 or 990-EZ) to help determine your answer to this question.

 *The distributable amount for the first tax year an organization is treated as a nonfunctionally integrated Type III supporting organization is zero.*

For purposes of this line, “net income” has the same meaning as the term “**adjusted net income**.” In general, “adjusted net income” is the excess of gross income, including gross income from any unrelated trade or business, determined with certain modifications, reduced by total deductions. Gross income doesn’t include gifts, grants, or contributions. See Appendix C.

For purposes of this line, “non-exempt-use assets” are all assets of the supporting organization other than:

1. Assets described in Regulations section 53.4942(a)(2)(c)(2)(i) through (iv), and
2. Exempt-use assets, which are assets that are used (or held for use) directly in carrying out the exempt purposes of your supported organization. See Regulations section 1.509(a)-4(i)(8) for more information.

**Line 13a.** List the total amount you distribute(d) annually to each supported organization. Also, indicate how each amount will vary from year to year.

**Line 13b.** List the total annual income for each supported organization. If you distribute your income to, or for the use of, a particular department or program of an organization, list the annual revenue of the supported department or program.

**Line 13c.** Answer “Yes,” if your funds are “**earmarked**” for a particular program or activity conducted by your supported organization.

## Schedule E. Effective Date

The questions in this schedule will help us determine the effective date of exemption if you’re either seeking reinstatement after automatic revocation or you’re filing this application more than 27 months after the

end of the month in which you were legally formed.

### Specific Line Items

**Line 1.** Answer “Yes,” if your exempt status was automatically revoked under section 6033(j)(1) for failure to file required annual returns or notices for 3 consecutive years and you’re applying for reinstatement.


Rev. Proc. 2014-11, 2014-3 I.R.B. 411, at [IRS.gov/irb/2014-03\\_IRB](https://www.irs.gov/irb/2014-03_IRB) establishes several different procedures for reinstating an organization’s exempt status depending upon its size, the number of times it’s been automatically revoked, and the timeliness of filing for reinstatement. Review the revenue procedure to determine which section applies to you.


**Line 1a.** Select the section of Rev. Proc. 2014-11 under which you’re applying for reinstatement.

**Section 4.** Select this section if:

- You were eligible to file either Form 990-EZ or Form 990-N for each of the 3 consecutive years that you failed to file;
- This is the first time you’ve been automatically revoked pursuant to section 6033(j)(1); and
- You’re submitting this application no later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at [apps.irs.gov/app/eos/](https://apps.irs.gov/app/eos/).

By selecting this item, you’re also attesting that your failure to file wasn’t intentional and you’ve put in place procedures to file required returns or notices in the future.

 *If you were classified as a **private foundation** prior to your automatic revocation, you weren’t eligible to file either Form 990-EZ or Form 990-N and, therefore, aren’t eligible to request reinstatement under Section 4.*

 *If your exempt status was automatically revoked more than once, you’re not eligible for reinstatement under Section 4; however, you may apply for reinstatement under Section 5, Section 6, or Section 7.*

**Section 5.** Select this section if:

- You’re ineligible to file for reinstatement under Section 4, and
- You’re submitting this application not later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at [apps.irs.gov/app/eos/](https://apps.irs.gov/app/eos/).

By selecting this item, you’re also attesting that you filed the required annual returns, your failure to file was not intentional, and you have put in place

procedures to file required returns or notices in the future.

Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in at least 1 of the 3 years of revocation. Include a detailed explanation of all the facts and circumstances that led to the failure, the discovery of the failure, and the steps you have taken or will take to avoid or to mitigate future failures to file timely returns or notices.

**Section 6.** Select this section if you are applying for reinstatement of your tax-exempt status more than 15 months from the later of the date of the Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at [apps.irs.gov/app/eos/](https://apps.irs.gov/app/eos/).

By selecting this item, you’re also attesting that you filed the required annual returns, your failure to file wasn’t intentional, and you have put in place procedures to file required returns or notices in the future.

Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in each of the 3 years of revocation. Include a detailed explanation of all the facts and circumstances that led to the failure, the discovery of the failure, and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices.

**Section 7.** Select this section if you’re seeking reinstatement with an effective date of reinstatement of the date of submission of this application.

**Line 2.** Generally, if you didn’t file Form 1023 within 27 months of formation, the effective date of your exempt status will be the date you filed Form 1023 (submission date). We may grant requests for an earlier effective date when there’s evidence to establish you acted reasonably and in good faith, and the grant of relief won’t prejudice the interests of the government.

Select the appropriate box to indicate whether you accept the submission date as the effective date of your exempt status or whether you are requesting an earlier effective date.

**Line 2a.** You may be eligible for consideration for relief from the requirement that you file Form 1023 within 27 months of formation if you can establish that you acted reasonably and in good faith, and that granting an extension won’t prejudice the interests of the government.

Describe in detail your reasons for filing late, how you discovered your failure to file, any reliance on professional advice or

advice from the IRS, and any other information you believe will support your request for relief. Also, you may want to provide a comparison of (1) what your aggregate tax liability would be if you had filed this application within the 27-month period with (2) what your aggregate liability would be if you were exempt as of your formation date.

We may consider the following factors.

- You filed Form 1023 before we discovered your failure to file.
- You failed to file because of intervening events beyond your control.
- You exercised reasonable diligence, but you weren't aware of the filing requirements. (The complexity of your filing and experience in these matters may be taken into consideration.)
- You reasonably relied on written advice from us.
- You reasonably relied on the advice of a qualified tax professional who failed to file or advise you to file Form 1023.

## Schedule F. Low-Income Housing

To qualify for tax exemption, **low-income housing** must provide affordable housing for a significant segment of individuals in your **community** with low incomes. Your low-income housing may serve a combination of purposes, such as for poor, frail, and elderly persons.

### Specific Line Items

**Line 1.** The "type" of facility may be an apartment complex, condominium, cooperative, or private residence, etc.

**Line 6.** Answer "Yes," if you charge daily, weekly, monthly, or annual fees or maintenance charges.

**Line 8.** Government programs include federal, state, or local government programs.

## Schedule G. Successors to Other Organizations

You should consider this schedule as a **successor** organization if any of the following situations pertain to you.

- You took or will take over activities previously conducted by another organization.
- You took or will take over 25% or more of the **fair market value** of the net assets of another organization.
- You were established upon the conversion of an organization from **for-profit** to non-profit status.

The other organization is the **predecessor** organization. You should complete this schedule regardless of whether the predecessor (other organization) was exempt or not exempt from federal income tax.

For purposes of this schedule, a **"for-profit"** organization is one in which persons are permitted to have an ownership or partnership interest, such as corporate stock. It includes sole proprietorships, corporations, and other entities that provide for ownership interests.

## Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

Complete this schedule if you provide scholarships, fellowships, grants, loans, or other distributions to individuals for educational purposes. When answering the questions on this schedule, you should demonstrate how these distributions further your exempt purposes.



*If you're a private foundation, you're subject to the rules under section 4945 and may incur an excise tax if you make grants for the purpose described above without seeking advance approval of your grant-making procedures (see Schedule H–Section II).*

Generally, distributions made to individuals may advance educational purposes if selection is made:

- In a non-discriminatory fashion in terms of racial preference;
- Based on need and/or merit; and
- To a charitable class in terms of being available to an open-ended group, rather than to pre-selected individuals.

A scholarship or fellowship is tax free to the recipient only if they are candidate for a degree at an eligible educational institution and uses the scholarship or fellowship to pay qualified education expenses.

Qualified education expenses include tuition and fees; and course-related expenses such as books, supplies, and equipment. Room and board, travel, research, clerical help, and non-required equipment aren't qualified education expenses. See Pub. 970, Tax Benefits for Education, for additional information.

Selection of individuals using a lottery system generally hasn't been approved by the IRS.

Specific Line Items

## Section I

**Line 1.** If you conduct more than one grant program, describe each program separately.

If you make educational loans, describe the terms of the loan (for example, the factors you consider in selecting or approving loan recipients, interest rate, duration, forgiveness provision, etc.). Also, describe whether any financial institutions or other lenders are involved in your program.

Explain how you will publicize your program and whether you publicize to the general public or to another group of possible recipients. Include specific information about the geographic area in which your program will be publicized and the means you will use, such as through newspaper advertisements, school district announcements, or community groups.

**Line 2.** Organizations that make grants to individuals must maintain adequate records and case histories showing the name and address of each recipient, pursuant Rev. Rul. 56-304, 1956-2 C.B. 306 but don't provide this information as part of your application.

## Section II

If you requested public charity classification in Part VII, line 1, don't complete Schedule H – Section II.

**Line 1.** Answer "Yes," if you're a **private foundation** and you're requesting advance approval of your grant-making procedures under section 4945(g). Answer "No," if you're a private foundation but don't wish to request advance approval of your grant-making procedures under section 4945(g). If you answer "No," the amounts you distribute as educational grants provided to individuals may be considered taxable expenditures under section 4945.

For more information about advance approval of grant-making procedures of a private foundation, go to [IRS.gov/charities-non-profit/private-foundations/advance-approval-of-grant-making-procedures](https://www.irs.gov/charities-non-profit/private-foundations/advance-approval-of-grant-making-procedures).

**Line 1a.** Check the box for section "4945(g)(1)" if your award qualifies as a scholarship or fellowship grant that's awarded on an objective and nondiscriminatory basis and is used for study at a school (see Schedule B for what is considered a school).

Check the box for "4945(g)(3)" if the purpose of your award is to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the recipient.



Include your educational loan program under this section.

You may check more than one box.



*If your award qualifies as a prize or award that is subject to the provisions of section 74(b) and your recipient is selected from the general public, you don't have to request advance approval of your grant-making procedures*

*since a prize or award isn't subject to the advance approval procedure requirements because it isn't a grant for travel, study, or other similar purposes. See Rev. Ruls. 77-380, 1977-2 C.B. 419; 76-460, 1976-2 C.B. 371; and 75-393, 1975-2 C.B. 451.*

**Line 4.** Answer "Yes," if you award scholarships on a preferential basis

because you require, as an initial qualification, that the individual be an employee or be **related** to an employee of a particular employer.

**Line 7.** For purposes of this schedule, a program for children of employees of a particular employer includes children and **family** members of employees.

---

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for tax exempt organizations filing this form is approved under OMB control number 1545-0047 and is included in the estimates shown in the instructions for their information return.

**Comments and suggestions.** If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can write to:

Internal Revenue Service  
Tax Forms and Publications Division  
1111 Constitution Ave. NW, IR-6526  
Washington, DC 20224

---

## Appendix A: Sample Conflict of Interest Policy

**Note.** This Sample Conflict of Interest Policy is intended to provide an example of a conflict of interest policy for organizations. The sample conflict of interest policy does not prescribe any specific requirements. Therefore, organizations should use a conflict of interest policy that best fits their organization.

**Note.** Items marked *Hospital insert — for hospitals that complete Schedule C* are intended to be adopted by hospitals.

### Article I

#### Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

### Article II

#### Definitions

**1. Interested Person** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

[Hospital insert – for hospitals that complete Schedule C. If a person is an interested person with respect to any entity in the health care system of which the organization is a part, they are interested persons with respect to all entities in the health care system.]

**2. Financial Interest** A person has a financial interest if the person has, directly or

indirectly, through business, investment, or family:

- a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
- d. Compensation includes direct and indirect remuneration as well as gifts or favors that aren't insubstantial. A financial interest isn't necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

### Article III

#### Procedures

**1. Duty to Disclose** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

**2. Determining Whether a Conflict of Interest Exists** After disclosure of the financial interest and all material facts, and after any discussion with them, the interested persons shall leave the governing board or committee meeting while the determination of a conflict

of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### 3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement isn't reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

#### 4. Violations of the Conflict of Interest Policy

- a. If the governing board or committee has reasonable

cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

### Article IV

#### Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

### Article V

#### Compensation

- a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on

matters pertaining to that member's compensation.

**b.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

**c.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**[Hospital insert-for hospitals that complete Schedule C]** Physicians who receive compensation from the

Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.]

## **Article VI**

### **Annual Statements**

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- a.** Has received a copy of the conflict of interest policy,
- b.** Has read and understands the policy,

- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

### **Periodic Reviews**

To ensure the Organization operates in a manner consistent with charitable purposes, and doesn't engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a.** Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

- b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

## **Article VIII**

### **Use of Outside Experts**

When conducting the periodic reviews, as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

## **Appendix B: States With Statutory Provisions Satisfying the Requirements of Internal Revenue Code Section 508(e)**

The following states have adopted legislation satisfying the requirements of Section 508(e) relating to private foundation governing instruments. Information derived from Revenue Ruling 75-38, 1975-1 C.B. 161.

**ALABAMA** — except where otherwise provided by a decree of a court of competent jurisdiction or by a provision in the private foundation's governing instrument, which in either case has been entered or made after October 1, 1971, and expressly limits the applicability of state law.

**ALASKA** — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Alaska law don't apply to them.

**ARKANSAS** — except for such private foundations which expressly provide in their governing instruments that the applicable sections of Arkansas law don't apply to them and except in the case of trusts where otherwise provided by decree of a court of competent jurisdiction.

**CALIFORNIA** — except where otherwise provided by a court of competent jurisdiction.

**COLORADO** — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

**CONNECTICUT** — except where otherwise provided by a court of competent jurisdiction.

**DELAWARE** — except for such private foundations, which expressly provide in their governing instruments that the applicable sections of Delaware law don't apply to them.

**DISTRICT OF COLUMBIA** — except for such corporations, which expressly provide in their governing instruments that the applicable sections of District of Columbia law don't apply to them and except in the case of trusts where otherwise provided by a court of competent jurisdiction. (For purposes of this statute, corporations include corporations organized under any Act of Congress applicable to the District of Columbia as well as corporations organized under the laws of the District of Columbia.)

**FLORIDA** — except for such trusts that file a proper election not to be subject to the applicable provisions of Florida law and for such corporations as to which a court of competent jurisdiction has otherwise determined.

**GEORGIA** — except for such private foundations that file a proper election not to be subject to such law.

**HAWAII** — no exceptions.

**IDAHO** — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Idaho law don't apply to them.

**ILLINOIS** — except for such corporations that have express provisions to the contrary in their articles of incorporation and except for trusts where it is otherwise provided by a court of competent jurisdiction.

**INDIANA** — except where otherwise determined by a court of competent jurisdiction with respect to private foundations organized before January 1, 1970.

**IOWA** — except for such private foundations which expressly provide in their governing instruments that the applicable sections of Iowa law don't apply to them.

**KANSAS** — except where otherwise provided by a court of competent jurisdiction.

**KENTUCKY** — except, with respect to corporations in existence on July 1, 1972, to the extent that such a corporation provides to the contrary by amendment to its articles of incorporation adopted after July 1, 1972, and, with respect to trusts in existence on July 1, 1972, where action is properly commenced on or before December 31, 1972, in a court of competent jurisdiction to excuse the trust from compliance with the requirements of section 508(e) of the Code.

**LOUISIANA** — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Louisiana law don't apply to them.

**MAINE** — except where otherwise provided by a court of competent jurisdiction.

**MARYLAND** — except where otherwise provided by a court of competent jurisdiction.

**MASSACHUSETTS** — except where otherwise provided by a court of competent jurisdiction.

**MICHIGAN** — with respect to trusts that are private foundations except for such private foundations which file a notice of inconsistency under Michigan law.

MINNESOTA — except for private foundations that have been held by a court of competent jurisdiction not to be affected by such state statute.

MISSISSIPPI — except where otherwise provided by a court of competent jurisdiction.

MISSOURI — except for private foundations that have been held by a court of competent jurisdiction not to be affected by such state statute.

MONTANA — except in the case of trusts where otherwise provided by court decree entered after March 28, 1974, and except in the case of a corporation that has an express provision to the contrary in its articles of incorporation.

NEBRASKA — except for such trusts that effectively elect to be excluded from the applicable sections of Nebraska law, for such corporations which have governing instruments expressly providing to the contrary, and except as a court of competent jurisdiction has otherwise determined in any given case.

NEVADA — no exceptions.

NEW HAMPSHIRE — except where it is otherwise provided by a court of competent jurisdiction.

NEW JERSEY — except for such private foundations that expressly provide in their governing instruments that the applicable sections of New Jersey law don't apply to them.

NEW YORK — except where such law conflicts with any mandatory direction of an instrument by which assets were transferred prior to June 1, 1971, and such conflicting direction hasn't been removed legally.

NORTH CAROLINA — except for such private foundations which expressly provide in their governing instruments that the applicable sections of North Carolina law don't apply to them and except for trusts that have their governing instruments reformed by a decree of the Superior Court of North Carolina.

NORTH DAKOTA — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

OHIO — except in the case of trusts where it is provided otherwise by a court of competent jurisdiction and except in the case of corporations in existence on September 17, 1971, which expressly adopt contrary provisions in their governing instruments after September 17, 1971.

OKLAHOMA — except for such private foundations that file a proper election not to be subject to such law.

OREGON — no exceptions.

PENNSYLVANIA — except where otherwise provided by a court of competent jurisdiction.

RHODE ISLAND — except where otherwise provided by a court of competent jurisdiction.

SOUTH CAROLINA — except for private foundations that expressly provide in their governing instruments that the applicable sections of South Carolina law don't apply to them.

SOUTH DAKOTA — except where otherwise provided by a court of competent jurisdiction.

TENNESSEE — except where otherwise provided by a court of competent jurisdiction.

TEXAS — except for such private foundations that a proper election not to be subject to such law.

UTAH — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

VERMONT — except where otherwise provided by a court of competent jurisdiction.

VIRGINIA — except for private foundations whose governing instruments contain express provisions to the contrary or that have filed a proper election not to be subject to such law.

WASHINGTON — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Washington law don't apply to them.

WEST VIRGINIA — with respect to trusts that are private foundations except for such trusts which provide in their governing instruments that the applicable sections of West Virginia law don't apply to them.

WISCONSIN — except as may otherwise be provided by decree of a court of competent jurisdiction.

WYOMING — except where otherwise provided by a court of competent jurisdiction.

## Appendix C: Glossary of Terms

<b>Adjusted net income (for Schedule D)</b>	<p>Adjusted net income includes: gross income from any unrelated trade or business; gross income from functionally related businesses; interest payments received on loans; amounts received or accrued as repayments of amounts taken as qualifying distributions for any tax year; amounts received or accrued from the sale or other disposition of property to the extent acquisition of the property was treated as a qualifying distribution for any tax year; any amounts set aside for a specific project to the extent the full set-aside was not necessary for the project; interest on government obligations normally excluded under section 103; net short-term capital gains on sale or other disposition of property; and income received from an estate if the estate is considered terminated for income tax purposes because of a prolonged administration period.</p> <p>It doesn't include: gifts, grants, and contributions received; long-term capital gains or losses; net section 1231 gains; capital gain dividends; the excess of fair market value over adjusted basis of property distributed to the U.S. or a possession or political subdivision, a state or its political subdivision, a charitable trust, or corporation for public purposes; or income received from an estate during the administration period.</p> <p>In computing adjusted net income, deduct the following: ordinary and necessary expenses paid or incurred for the production or collection of gross income, or for the management, conservation, or collection of gross income (includes operating expenses such as compensation of officers, employee wages and salaries, interest, rent, and taxes); straight-line depreciation and depletion (not percentage depletion); and expenses and interest paid or incurred to carry tax-exempt obligations. Don't deduct net short-term capital losses for the year in which they occur (these losses cannot be carried back or carried over to earlier or later tax years); the excess of expenses for property used for exempt purposes over the income received from the property; charitable contributions made by you; net operating losses; and special deductions for corporations.</p>
<b>Arm's length</b>	<p>A transaction between parties having adverse (or opposing) interests where none of the participants are in a position to exercise substantial influence over the transaction because of business or family relationship(s) with more than one of the parties.</p>
<b>Authorized representative</b>	<p>An individual eligible to practice before the IRS who holds a power of attorney (Form 2848 or other similar documents) that authorizes him or her to represent the organizations in tax matters, including the application for tax-exempt status.</p>
<b>Bingo</b>	<p>A game of chance played with cards that are generally printed with 5 rows of 5 squares each, on which participants place markers to form a pre-selected pattern to win the game. Bingo is gambling.</p>
<b>Business relationship</b>	<p>Employment and contractual relationships, and common ownership of a business where any officers, directors, or trustees, individually or together, possess more than a 35% ownership interest in common. Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.</p>
<b>Bylaws</b>	<p>The internal rules and regulations of an organization.</p>



<b>Certification of filing</b>	Evidence that, on a specific date, articles of incorporation (for a corporation) or articles of organization (for a limited liability company) were accepted for filing by appropriate state authority resulting in the creation of a state-law entity.
<b>Community</b>	The local or regional geographic area to be served by an organization.
<b>Compensation</b>	All forms of income from working, including salary or wages; deferred compensation; retirement benefits, whether in the form of a qualified or non-qualified employee plan (for example, pensions or annuities); fringe benefits (for example, personal vehicle, meals, lodging, personal and family educational benefits, low interest-loans, payment of personal travel, entertainment, or other expenses, athletic or country club membership, and personal use of your property); and bonuses.
<b>Conflict of interest policy</b>	A set of procedures to identify potential conflicts of interest and to reduce the likelihood that persons in a position of authority over an organization may use that authority to receive an inappropriate benefit. A conflict of interest may arise when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision they could make.
<b>Controlled by disqualified persons</b>	See the definition of a <b>disqualified person</b> below. A section 509(a)(3) supporting organization, may not be controlled directly or indirectly by disqualified persons (other than the organization's officers, directors or trustees). An organization is controlled by disqualified persons if disqualified persons can exercise 50% or more of the total voting power held by the organization's governing body. For this purpose, controlled includes the authority to affect significant decisions, such as power over investment decisions, or charitable disbursement decisions, as well as the power to veto such decision. Control may be direct or indirect.
<b>Corporation</b>	An entity organized under a federal or state corporation law (including the statutes of a federally recognized Indian tribal or Alaskan native government).
<b>Develop</b>	The planning, financing, construction, or provision of similar services involved in the acquisition of real property, such as land or a building.



**Disqualified person**

Any individual or organization that is any of the following relationships.

- a. A substantial contributor to you (see *Substantial contributor*).
- b. An officer, director, trustee, or any other individual who has similar powers or responsibilities.
- c. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor to you.
- d. An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor to you.
- e. An individual who owns more than 20% of the beneficial interest of a trust or estate that is a substantial contributor to you.
- f. A member of the family of any individual described in a, b, c, d, or e above.
- g. A corporation in which any individuals described in a, b, c, d, e, or f above hold more than 35% of the total combined voting power.
- h. A trust or estate in which any individuals described in a, b, c, d, e, or f above hold more than 35% of the beneficial interests.
- i. A partnership in which any individuals described a, b, c, d, e, or f above hold more than 35% of the profits interest.

**Earmark**

Donations or other contributions given to an organization on the condition or understanding that they will be used to assist particular individuals or specific identified groups.

**Expenses**

Financial burdens or outlays, costs (of doing business), and business outlays chargeable against revenues. For purposes of this form, expenses mean direct and indirect expenses.

**Fair market value**

The price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

**Family**

Includes an individual's spouse, ancestors, children, grandchildren, great-grandchildren, siblings (whether by whole or half-blood), and the spouses of children, grandchildren, great-grandchildren, and siblings.

**Foreign country**

A country other than the United States, its territories and possessions, and the District of Columbia.

**For-profit**

A business entity whose activities are conducted or maintained to make a profit (for example, revenues greater than expenses) for its private shareholders or owners.

**Foundation manager**

Officers, directors, or trustees, or an individual having powers or responsibilities similar to those of a foundation's officers, directors, or trustees.

<b>Fundraising</b>	The organized activity of raising funds, whether by volunteers, employees, or paid independent contractors.
<b>Gaming</b>	The term gaming includes activities such as Bingo, Beano, lotteries, pull-tabs, pari-mutuel betting, Calcutta wagering, pickle jars, punch boards, tip boards, tip jars, certain video games, 21, raffles, keno, split-the-pot, and other games of chance.
<b>Gross investment income</b>	As defined in section 509, gross investment income means the gross amount of income from interest, dividends, payments with respect to securities loans, rents, and royalties; but not including any such income to the extent included in computing the tax imposed by section 511.
<b>Gross receipts</b>	For purposes of <i>Part VI-A. Statement of Revenues and Expenses</i> , gross receipts include monies earned from activities related to an organization's charitable or other section 501(c)(3) activities, such as selling admissions or merchandise, performing services, or furnishing facilities.
<b>Hospital</b>	<p>Hospital or medical care includes the treatment of any physical or mental disability or condition, whether on an inpatient or outpatient basis. A hospital includes the following.</p> <ul style="list-style-type: none"> <li><b>a.</b> Hospitals and rehabilitation institutions, outpatient clinics, or community mental health or drug treatment centers if the principal purpose or function is the providing of medical or hospital care or medical education or research.</li> <li><b>b.</b> Medical research organizations, if the principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.</li> </ul>
<b>Influence legislation</b>	The act of directly contacting or urging the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. Attempting to influence legislation includes advocating the adoption or rejection of legislation.
<b>Intellectual property</b>	<p>A type of property (distinct from real or personal property) including the following.</p> <ul style="list-style-type: none"> <li><b>a.</b> Patents (for inventions).</li> <li><b>b.</b> Copyrights (for literary and artistic works such as novels, poems, plays, films, musical works, drawings, paintings, photographs, sculptures, architectural designs, performances, recordings, film, and radio or television programs).</li> <li><b>c.</b> Trade names, trademarks, and service marks (for symbols, names, images, and designs).</li> <li><b>d.</b> Formulas, know-how, and trade secrets.</li> </ul>
<b>Joint venture</b>	A legal agreement in which the parties jointly undertake a transaction for mutual profit. Generally, each person contributes assets and shares risks. Like a partnership, joint ventures can involve any type of business transaction and the "persons" involved can be individuals, groups of individuals, companies, or corporations.

<b>Limited liability company</b>	A limited liability company (LLC) is a business entity organized in the United States under state law. Generally, an LLC may be classified for federal income tax purposes as a partnership, corporation, or an entity disregarded as separate from its owner by applying the rules in Regulation section 301.7701-3. However, an LLC that has been determined to be, or claims to be, exempt from taxation under section 501(a) is treated as having made an election to be classified as a corporation under Regulation section 301.7701-3(c)(1)(v).
<b>Low-income housing</b>	Rental or ownership housing provided to persons based on financial need.
<b>Mailing address</b>	Address where correspondence is received.
<b>Manage</b>	Manage means to direct or administer.
<b>Medical care</b>	The treatment of any physical or mental disability or condition, whether on an inpatient or outpatient basis.
<b>Medical research organization</b>	An organization whose principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.
<b>Net income (for Schedule D)</b>	See <i>Adjusted net income</i> .
<b>Non-fixed payment</b>	A non-fixed payment means a payment that depends on discretion. For example, a bonus of up to \$100,000 that is based on an evaluation of performance by the governing board is a non-fixed payment because the governing body has discretion over whether the bonus is paid and the amount of the bonus.
<b>Organizing document</b>	The organizing document depends on the form of the organization. For a corporation, the document is the articles of incorporation. For an LLC, the document is the articles of organization. For an unincorporated association, the document is the articles of association or constitution. The organizing document of a trust is the trust agreement.
<b>Political campaign intervention</b>	An organization participates in a political campaign, if it promotes or opposes, through political literature, brochures, pamphlets, hosting or participating in events, etc., the candidacy of an individual for public office. Debates and nonpartisan voter education aren't considered political.
<b>Predecessor</b>	An organization whose activities or assets were taken over by another organization.
<b>Private foundation</b>	An organization that is exempt under section 501(c)(3) is a private foundation unless it is a church, school, hospital, governmental unit, entity that undertakes testing for public safety, organization that has broad financial support from the general public, or organization that supports one or more other organizations that are themselves classified as public charities.
<b>Private operating foundation</b>	A type of private foundation that makes qualifying distributions directly for the active conduct of its educational, charitable, and religious purposes. "Directly for the active conduct" means that the distributions are used by the foundation itself to carry out the programs for which it is organized and operated. Grants made to assist other organizations or individuals are normally considered indirect.

<b>Public charity</b>	An organization that is exempt under section 501(c)(3) is excepted from private foundation status because it is described in section 509(a)(1) (which cross references sections 170(b)(1)(i) through (vi), and (ix)), 509(a)(2), 509(a)(3), or 509(a)(4).
<b>Reasonable compensation</b>	Reasonable compensation is the amount that would ordinarily be paid for like services by like organizations under like circumstances as of the date the compensation arrangement is made. Reasonable compensation is important because excessive benefits in the form of compensation to disqualified persons may result in the imposition of excise taxes and jeopardize the organization's tax-exempt status.
<b>Related</b>	The family or business relationships between persons.
<b>Relationship</b>	<p>A relationship may exist between one organization and another in the following situations.</p> <ul style="list-style-type: none"> <li><b>a.</b> One organization controls the other through common officers, directors, or trustees, or through authority to approve budgets or expenditures.</li> <li><b>b.</b> Both organizations were created at approximately the same time and by the same persons.</li> <li><b>c.</b> The organizations operate in a coordinated manner with respect to facilities, programs, employees, or other activities.</li> <li><b>d.</b> The same persons exercise substantial influence over both organizations.</li> </ul>
<b>Revenue</b>	Revenue means gross revenue amounts.
<b>Revenue Procedure</b>	An official statement of a procedure published in the IRS Internal Revenue Bulletin (previously the Cumulative Bulletin) that either affects the rights or duties of taxpayers or other members of the public under the Internal Revenue Code and related statutes, treaties, and regulations or, although not necessarily affecting the rights and duties of the public, should be a matter of public knowledge.
<b>Revenue Ruling</b>	<p>An official interpretation by the IRS of the Internal Revenue laws and related statutes, treaties, and regulations, that has been published in the IRS Internal Revenue Bulletin (previously the Cumulative Bulletin).</p> <p>Revenue Rulings are issued only by the Office of Associate Chief Counsel and are published for the information and guidance of taxpayers, IRS officials, and others concerned.</p>

**School**

A school is an educational organization whose primary function is the presentation of formal instruction and that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A school may include the following.

- a. Primary, secondary, preparatory, or high school.
- b. College or university.
- c. Trade or technical school.
- d. Nursery or preschool.
- e. School that you operate as an activity, such as school that is operated as an activity of a museum, historical society, or church.

**Similarly situated**

Similarly situated organizations means tax-exempt or taxable organizations of a comparable size, purpose, and resources.

**Substantial contributor**

An individual or organization that contributed more than \$5,000 to an organization from the date it was formed or other date that its exemption would be effective, to the end of the year in which the contributions were received. This total amount contributed must also be more than 2% of all the contributions the organization received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed.

**Successor**

An organization that took over:

- a. More than a negligible amount of the activities that were previously conducted by another organization,
- b. 25% or more of the fair market value of the net assets of another organization, or
- c. Was established upon the conversion of an organization from for-profit to non-profit status.

**Trust**

A trust is an entity that may be formed by a trust agreement or declaration of trust. A trust may also be formed through a will.

**Unincorporated association**

An unincorporated association formed under state law must have at least two members who have signed a written document for a specifically defined purpose.

**Unrelated business income**

Income from a trade or business regularly conducted by an exempt organization and not substantially related to the performance by the organization of its exempt purpose or function. See Pub. 598.

**Unusual grant**

Substantial contribution or bequest from a disinterested person that, by its size, adversely affects classification as a public charity. It is:

- a. Unusual,
- b. Unexpected, and
- c. Received from an unrelated party.



## Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes

<b>Arts, Culture &amp; Humanities</b>		B92 Remedial Reading & Encouragement	E65 Organ & Tissue Banks	G99 Voluntary Health Associations, Medical Disciplines N.E.C.		
<b>Code</b>		B94 Parent & Teacher Groups	E6A Pharmacies & Drugstores	G9B Surgical Specialties		
A01 Alliances & Advocacy		B99 Education N.E.C.	E70 Public Health	<b>Medical Research</b>		
A02 Management & Technical Assistance		<b>Environment</b>	E80 Health (General & Financing)			
A03 Professional Societies & Associations			<b>Code</b>		E86 Patient & Family Support	
A05 Research Institutes & Public Policy Analysis			C01 Alliances & Advocacy		E90 Nursing	
A11 Single Organization Support			C02 Management & Technical Assistance		E91 Nursing Facilities	
A12 Fund Raising & Fund Distribution			C03 Professional Societies & Associations		E92 Home Health Care	
A19 Support N.E.C.			C05 Research Institutes & Public Policy Analysis		E99 Health Care N.E.C.	
A20 Arts & Culture			C11 Single Organization Support		<b>Mental Health &amp; Crisis Intervention</b>	
A23 Cultural & Ethnic Awareness			C12 Fundraising & Fund Distribution			<b>Code</b>
A24 Folk Arts			C19 Support N.E.C.			F01 Alliances & Advocacy
A25 Art Education			C20 Pollution Abatement & Control			F02 Management & Technical Assistance
A26 Arts & Humanities Councils & Agencies			C27 Recycling			F03 Professional Societies & Associations
A27 Community Celebrations			C30 Natural Resources Conservation & Protection			F05 Research Institutes & Public Policy Analysis
A30 Media & Communications			C32 Water Resources, Wetland Conservation & Management			F11 Single Organization Support
A31 Film & Video			C34 Land Resources Conservation			F12 Fundraising & Fund Distribution
A32 Television			C35 Energy Resources Conservation & Development			F19 Support N.E.C.
A33 Printing & Publishing			C36 Forest Conservation			F20 Substance Abuse Dependency, Prevention & Treatment
A34 Radio			C40 Botanical, Horticultural & Landscape Services			F21 Substance Abuse Prevention
A40 Visual Arts		C41 Botanical Gardens & Arboreta	F22 Substance Abuse Treatment			
A50 Museums		C42 Garden Clubs	F30 Mental Health Treatment			
A51 Art Museums		C50 Environmental Beautification	F31 Psychiatric Hospitals			
A52 Children's Museums		C60 Environmental Education	F32 Community Mental Health Centers			
A54 History Museums		C99 Environmental N.E.C.	F33 Residential Mental Health Treatment			
A56 Natural History & Natural Science Museums		<b>Animal-Related</b>	F40 Hot Line & Crisis Intervention			
A57 Science & Technology Museums			<b>Code</b>	F42 Sexual Assault Services		
A60 Performing Art			D01 Alliance & Advocacy	F50 Addictive Disorders N.E.C.		
A61 Performing Arts Centers			D02 Management & Technical Assistance	F52 Smoking Addiction		
A62 Dance			D03 Professional Societies & Associations	F53 Eating Disorders & Addictions		
A63 Ballet			D05 Research Institutes & Public Policy Analysis	F54 Gambling Addiction		
A65 Theater			D11 Single Organization Support	F60 Counseling		
A68 Music			D12 Fundraising & Fund Distribution	F70 Mental Health Disorders		
A69 Symphony Orchestras			D19 Support N.E.C.	F80 Mental Health Associations		
A6A Opera			D20 Animal Protection & Welfare	F99 Mental Health & Crisis Intervention N.E.C.		
A6B Singing & Choral Groups			D30 Wildlife Preservation & Protection	<b>Voluntary Health Associations &amp; Medical Disciplines</b>		
A6C Bands & Ensembles			D31 Protection of Endangered Species		<b>Code</b>	
A6E Performing Arts Schools			D32 Bird Sanctuaries		G01 Alliances & Advocacy	
A70 Humanities Organizations			D33 Fisheries Resources		G02 Management & Technical Assistance	
A80 Historical Organizations			D34 Wildlife Sanctuaries		G03 Professional Societies & Associations	
A82 Historical Societies & Historic Preservation			D40 Veterinary Services		G05 Research Institute & Public Policy Analysis	
A84 Commemorative Events			D50 Zoos & Aquariums		G11 Single Organization Support	
A90 Arts Service		D60 Animal Services N.E.C.	G12 Fundraising & Fund Distribution			
A99 Arts, Culture & Humanities N.E.C.		D61 Animal Training	G19 Support N.E.C.			
		D99 Animal Related N.E.C.	G20 Birth Defects & Genetic Diseases			
<b>Education</b>	<b>Code</b>	<b>Health Care</b>	G25 Down Syndrome		<b>Crime &amp; Legal-Related</b>	
			G30 Cancer	<b>Code</b>		
			G32 Breast Cancer	I01 Alliances & Advocacy		
			G40 Diseases of Specific Organs	I02 Management & Technical Assistance		
			G41 Eye Diseases, Blindness & Vision Impairments	I03 Professional Societies & Associations		
			G42 Ear & Throat Diseases	I05 Research Institutes & Public Policy Analysis		
			G43 Heart & Circulator System Diseases & Disorders	I11 Single Organization Support		
			G44 Kidney Diseases	I12 Fundraising & Fund Distribution		
			G45 Lung Diseases	I19 Support N.E.C.		
			G48 Brain Disorder	I20 Crime Prevention		
			G50 Nerve, Muscle, & Bone Diseases	I21 Youth Violence Prevention		
			G51 Arthritis	I23 Drunk Driving-Related		
			G54 Epilepsy	I30 Correctional Facilities		
			G60 Allergy Related Diseases	I31 Half-Way Houses for Offenders & Ex-Offenders		
			G61 Asthma	I40 Rehabilitation Services for Offenders		
			G70 Digestive Diseases & Disorders	I43 Inmate Support		
			G80 Specific Named Disorders	I44 Prison Alternatives		
		G81 AIDS	I50 Administration of Justice			
		G83 Alzheimer's Diseases	I51 Dispute Resolution & Mediation			
		G84 Autism	I60 Law Enforcement			
		G90 Medical Disciplines	I70 Protection Against Abuse			
		G92 Biomedicine & Bioengineering	I71 Spouse Abuse Prevention			
		G94 Geriatrics	I72 Child Abuse Prevention			
		G96 Neurology & Neuroscience	I73 Sexual Abuse Prevention			
		G98 Pediatrics	I80 Legal Services			
			I83 Public Interest Law			
	I99 Crime & Legal-Related N.E.C.					

**Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes** *(Continued)*

<b>Employment</b>		L25	Housing Rehabilitation	O12	Fundraising & Fund Distribution	<b>International, Foreign Affairs &amp; National Security</b>	
<b>Code</b>		L30	Housing Search Assistance	O19	Support N.E.C.	<b>Code</b>	
J01	Alliances & Advocacy	L40	Temporary Housing	O20	Youth Centers & Clubs	Q01	Alliances & Advocacy
J02	Management & Technical Assistance	L41	Homeless Shelters	O21	Boys Clubs	Q02	Management & Technical Assistance
J03	Professional Societies & Associations	L4A	Hotels (except Casino Hotels) & Motels	O22	Girls Clubs	Q03	Professional Societies & Associations
J05	Single Organization Support	L4B	Bed and Breakfast Inns	O23	Boys & Girls Clubs	Q05	Research Institutes & Public Policy Analysis
J11	Consumer Lending	L50	Homeowners & Tenants Associations	O30	Adult & Child - Matching Programs	Q11	Single Organization Support
J12	Fundraising & Fund Distribution	L80	Housing Support	O31	Big Brothers & Big Sisters	Q12	Fundraising & Fund Distribution
J19	Support N.E.C.	L81	Home Improvement & Repairs	O40	Scouting	Q19	Support N.E.C.
J20	Employment Preparation & Procurement	L82	Housing Expense Reduction Support	O41	Boy Scouts of America	Q20	Promotion of International Understanding
J21	Vocational Counseling	L99	Housing & Shelter N.E.C.	O42	Girl Scouts of the U.S.A.	Q21	International Cultural Exchange
J22	Job Training	<b>Public Safety, Disaster Preparedness &amp; Relief</b>		O43	Camp Fire	Q22	International Academic Exchange
J30	Vocational Rehabilitation	<b>Code</b>		O50	Youth Development Programs	Q23	International Exchange N.E.C.
J32	Goodwill Industries	M01	Alliances & Advocacy	O51	Youth Community Service Clubs	Q30	International Development
J33	Sheltered Employment	M02	Management & Technical Assistance	O52	Youth Development - Agricultural	Q31	International Agricultural Development
J40	Labor Unions	M03	Professional Societies & Associations	O53	Youth Development - Business	Q32	International Economic Development
J99	Employment N.E.C.	M05	Research Institutes & Public Policy Analysis	O54	Youth Development - Citizenship	Q33	International Relief
<b>Food, Agriculture &amp; Nutrition</b>		M11	Single Organization Support	O55	Youth Development - Religious Leadership	Q35	International Democracy & Civil Society Development
<b>Code</b>		M12	Fundraising & Fund Distribution	O99	Youth Development N.E.C.	Q40	International Peace & Security
K01	Alliances & Advocacy	M19	Support N.E.C.	<b>Human Services</b>		Q41	Arms Control & Peace
K02	Management & Technical Assistance	M20	Disaster Preparedness & Relief Services	<b>Code</b>		Q42	United Nations Associations
K03	Professional Societies & Associations	M23	Search & Rescue Squads	P01	Alliances & Advocacy	Q43	National Security
K05	Research Institutes & Public Policy Analysis	M24	Fire Prevention	P02	Management & Technical Assistance	Q50	International Affairs, Foreign Policy & Globalization
K11	Single Organization Support	M40	Safety Education	P03	Professional Societies & Associations	Q51	International Economic & Trade Policy
K12	Fundraising & Fund Distribution	M41	First Aid	P05	Research Institutes & Public Policy Analysis	Q70	International Human Rights
K19	Support N.E.C.	M42	Automotive Safety	P11	Single Organization Support	Q71	International Migration & Refugee Issues
K20	Agricultural Programs	M60	Public Safety Benevolent Associations	P12	Fundraising & Fund Distribution	Q99	International, Foreign Affairs & National Security N.E.C.
K25	Farmland Preservation	M99	Public Safety, Disaster Preparedness & Relief N.E.C.	P19	Support N.E.C.	<b>Civil Rights, Social Action &amp; Advocacy</b>	
K26	Animal Husbandry	<b>Recreation &amp; Sports</b>		P20	Human Service Organizations	<b>code</b>	
K28	Farm Bureaus & Granges	<b>Code</b>		P21	American Red Cross	R01	Alliances & Advocacy Organizations
K2A	Other Vegetable (except Potato) & Melon Farming	N01	Alliances & Advocacy	P22	Urban League	R02	Management & Technical Assistance
K2B	Soil Preparation, Planting, & Cultivating	N02	Employment Services	P24	Salvation Army	R03	Professional Societies & Associations
K2C	Wineries	N03	Professional Societies & Associations	P26	Volunteers of America	R05	Research Institutes & Public Policy Analysis
K30	Food Programs	N05	Research Institutes & Public Policy Analysis	P27	Young Men's or Women Associations	R11	Single Organization Support
K31	Food Banks & Pantries	N11	Single Organization Support	P28	Neighborhood Centers	R12	Fundraising & Fund Distribution
K34	Congregate Meals	N12	Fundraising & Fund Distribution	P29	Thrift Shops	R19	Support N.E.C.
K35	Soup Kitchens	N19	Support N.E.C.	P30	Children & Youth Services	R20	Civil Rights
K36	Meals on Wheels	N20	Camps	P31	Adoption	R22	Minority Rights
K40	Nutrition	N2A	RV (Recreational Vehicle) Parks & Campgrounds	P32	Foster Care	R23	Disabled Persons' Rights
K50	Home Economics	N2B	Recreational and Vacation Camps (Except Campgrounds)	P33	Child Day Care	R24	Womens' Rights
K6A	Meat Markets	N30	Physical Fitness & Community Recreational Facilities	P40	Family Services	R25	Seniors' Rights
K6B	Confectionery & Nut Stores	N31	Community Recreational Centers	P42	Single Parent Agencies	R26	Lesbian & Gay Rights
K6C	Caterers	N32	Parks & Playgrounds	P43	Family Violence Shelters, Services	R28	Childrens' Rights
K6D	Mobile Food Services	N40	Sports Training Facilities, Agencies	P44	In-Home Assistance	R30	Intergroup & Race Relations
K6E	Drinking Places	N50	Recreational Clubs	P45	Family Services for Adolescent Parents	R40	Voter Education & Registration
K6F	Snack Nonalcoholic Beverage Bars	N52	Fairs	P46	Family Counseling	R60	Civil Liberties
K90	Limited-Service Restaurants	N60	Amateur Sports	P47	Pregnancy Centers	R61	Reproductive Rights
K91	Supermarkets & Other Grocery (except Convenience) Stores	N61	Fishing & Hunting	P50	Personal Social Services	R62	Right to Life
K92	Convenience Stores	N62	Basketball	P51	Financial Counseling	R63	Censorship, Freedom of Speech & Press
K93	Fruit & Vegetable Markets	N63	Baseball & Softball	P52	Transportation Assistance	R67	Right to Die & Euthanasia
K94	All Other Specialty Food Stores	N64	Soccer	P58	Gift Distribution	R99	Civil Rights, Social Action & Advocacy N.E.C.
K95	Food (Health) Supplement Stores	N65	Football	P60	Emergency Assistance	<b>Community Improvement &amp; Capacity Building</b>	
K96	Warehouse Clubs & Supercenters	N66	Racquet Sports	P61	Travelers' Aid	<b>Code</b>	
K97	Food Service Contractors	N67	Swimming & Other Water Recreation	P62	Victims' Services	S01	Alliances & Advocacy
K98	Full-Service Restaurants	N68	Winter Sports	P66	Residential Care & Adult Day Programs	S02	Management & Technical Assistance
K99	Food, Agriculture & Nutrition N.E.C.	N69	Equestrian	P70	Residential Care & Adult Day Programs	S03	Professional Societies & Associations
<b>Housing &amp; Shelter</b>		N6A	Golf	P71	Adult Day Care	S05	Research Institutes & Public Policy Analysis
<b>Code</b>		N70	Amateur Sports Competitions	P73	Group Homes	S11	Single Organization Support
L01	Alliances & Advocacy	N71	Olympics	P74	Hospices	S12	Fund Raising & Fund Distribution
L02	Management & Technical Assistance	N72	Special Olympics	P75	Supportive Housing for Older Adults	S19	Support N.E.C.
L03	Professional Societies & Associations	N80	Professional Athletic Leagues	P76	Homes for Children & Adolescents	S20	Community & Neighborhood Development
L05	Research Institutes & Public Policy Analysis	N99	Recreation & Sports N.E.C.	P77A	Residential Intellectual & Developmental Disability Facilities (Group Homes, Intermediate Care Facilities & Hospitals)	S21	Community Coalitions
L11	Single Organization Support	<b>Youth Development</b>		P80	Centers to Support the Independence of Specific Populations	S22	Neighborhood & Block Associations
L12	Fundraising & Fund Distribution	<b>Code</b>		P81	Senior Centers		
L19	Support N.E.C.	O01	Alliances & Advocacy	P82	Developmentally Disabled Centers		
L20	Housing Development, Construction & Management	O02	Management & Technical Assistance	P83	Womens' Centers		
L21	Low-Income & Subsidized Rental Housing	O03	Professional Societies & Associations	P84	Ethnic & Immigrant Centers		
L22	Senior Citizens' Housing & Retirement Communities	O05	Research Institutes & Public Policy Analysis	P85	Homeless Centers		
L24	Independent Housing for People with Disabilities	O11	Single Organization Support	P86	Blind & Visually Impaired Centers		
				P87	Deaf & Hearing Impaired Centers		
				P88	LGBT Centers		
				P99	Human Services N.E.C.		

## Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes (Continued)

S30	Economic Development	U03	Professional Societies & Associations	V37	Labor Studies	X70	Hinduism
S31	Urban & Community Economic Development	U05	Research Institutes & Public Policy Analysis	V99	Social Science N.E.C.	X80	Religious Media & Communications
S32	Rural Economic Development	U11	Single Organization Support	<b>Public &amp; Societal Benefit</b>		X81	Religious Film & Video
S40	Business & Industry	U12	Fundraising & Fund Distribution	<b>Code</b>		X82	Religious Television
S41	Chambers of Commerce & Business Leagues	U19	Support N.E.C.	W01	Alliances & Advocacy	X83	Religious Printing & Publishing
S43	Small Business Development	U20	General Science	W02	Management & Technical Assistance	X84	Religious Radio
S46	Boards of Trade	U21	Marine Science & Oceanography	W03	Professional Societies & Associations	X90	Interfaith Coalitions
S47	Real Estate Associations	U30	Physical & Earth Sciences	W05	Research Institutes & Public Policy Analysis	X99	Religion Related, N.E.C.
S50	Nonprofit Management	U31	Astronomy	W11	Single Organization Support	<b>Mutual &amp; Membership Benefit</b>	
S80	Community Service Clubs	U33	Chemistry & Chemical Engineering	W12	Fundraising & Fund Distribution	<b>Code</b>	
S81	Womens' Service Clubs	U34	Mathematics	W19	Support N.E.C.	Y01	Alliances & Advocacy
S82	Mens' Service Clubs	U36	Geology	W20	Government & Public Administration	Y02	Management & Technical Assistance
S99	Community Improvement & Capacity Building N.E.C.	U40	Engineering & Technology	W22	Public Finance, Taxation & Monetary Policy	Y03	Professional Societies & Associations
<b>Philanthropy, Volunteerism &amp; Grantmaking Foundations</b>		U41	Computer Science	W24	Citizen Participation	Y05	Research Institutes & Public Policy Analysis
<b>Code</b>		U42	Engineering	W30	Military & Veterans' Organizations	Y11	Single Organization Support
T01	Alliances & Advocacy	U45	Biological & Life Sciences Research	W40	Public Transportation Systems	Y12	Fundraising & Fund Distribution
T02	Management & Technical Assistance	U99	Science & Technology N.E.C.	W50	Telecommunications	Y19	Support N.E.C.
T03	Professional Societies & Associations	<b>Social Science</b>		W60	Financial Institutions	Y20	Insurance Providers
T05	Research Institutes & Public Policy Analysis	<b>Code</b>		W61	Credit Unions	Y22	Local Benevolent Life Insurance Associations
T11	Single Organization Support	V01	Alliances & Advocacy	W70	Leadership Development	Y23	Mutual Insurance Companies & Associations
T12	Fundraising & Fund Distribution	V02	Management & Technical Assistance	W80	Public Utilities	Y24	Supplemental Unemployment Compensation
T19	Support N.E.C.	V03	Professional Societies & Associations	W90	Consumer Protection	Y25	State-Sponsored Workers' Compensation Reinsurance Organizations
T20	Private Grantmaking Foundations	V05	Research Institutes & Public Policy Analysis	W99	Public & Societal Benefit N.E.C.	Y30	Pension & Retirement Funds
T21	Corporate Foundations	V11	Single Organization Support	<b>Religion-Related</b>		Y33	Teachers' Retirement Fund Associations
T22	Private Independent Foundations	V12	Fund Raising & Fund Distribution	<b>Code</b>		Y34	Employee-Funded Pension Trusts
T23	Private Operating Foundations	V19	Support N.E.C.	X01	Alliances & Advocacy	Y35	Multi-Employer Pension Plans
T30	Public Foundations	V20	Social Science	X02	Management & Technical Assistance	Y40	Fraternal Societies
T31	Community Foundations	V21	Anthropology & Sociology	X03	Professional Societies & Associations	Y41	Fraternal Beneficiary Societies
T40	Volunteerism Promotion	V22	Economics	X05	Research Institutes & Public Policy Analysis	Y42	Domestic Fraternal Societies
T50	Philanthropy, Charity & Volunteerism Promotion	V23	Behavioral Science	X11	Single Organization Support	Y43	Voluntary Employees Beneficiary Associations (Non-Government)
T70	Federated Giving Programs	V24	Political Science	X12	Fundraising & Fund Distribution	Y44	Voluntary Employees Beneficiary Associations (Government)
T90	Named Trusts N.E.C.	V25	Population Studies	X19	Support N.E.C.	Y50	Cemeteries
T99	Philanthropy, Voluntarism & Grantmaking Foundations N.E.C.	V26	Law & Jurisprudence	X20	Christianity	Y99	Mutual & Membership Benefit N.E.C.
<b>Science &amp; Technology</b>		V30	Interdisciplinary Research	X21	Protestant		
<b>Code</b>		V31	Black Studies	X22	Roman Catholic		
U01	Alliances & Advocacy	V32	Women's Study	X30	Judaism		
U02	Management & Technical Assistance	V33	Ethnic Studies	X40	Islam		
		V34	Urban Studies	X50	Buddhism		
		V35	International Studies				
		V36	Gerontology				

---

## Index

---

---

### A

**Annual filing requirements** [4](#)

**Annual returns for foreign organizations** [5](#)

**Answers** [3](#)

**Appendix:**

Glossary of terms [30](#)

Sample conflict of interest policy [26](#)

States with statutory provisions satisfying the requirements of section 508(e) [28](#)

**Application for exemption:**

Group exemption [3](#)

Language and currency requirements [3](#)

Past, present and planned activities [3](#)

Purpose [3](#)

User fee [3](#)

**Application package assembly** [4](#)

**Articles of incorporation** [6](#)

**Assistance** [4](#)

**Authorized representative** [6](#)

---

### C

**Canadian organizations** [6](#)

**Church** [16](#)

Prescribed course of study [17](#)

**Compensation:**

Definition [10](#)

**Corporation:**

Articles of incorporation [6](#)

---

### D

**Definitions:**

Authorized representative [6](#)

Charitable [8](#)

Church [16](#)

Compensation [10](#)

Corporation [6](#)

For-profit organization [23](#)

Hospital [18](#)

Medical research [18](#)

Medical research organization [18](#)

**Distribution of assets at dissolution** [8](#)

---

### E

**EIN** (See Employer identification number)

**Employer identification number** [6](#)

**Expedite requests** [3](#)

---

### F

**Filing assistance** [4](#)

**For-profit organization** [23](#)

**Foreign organizations** [5](#)

Annual returns [5](#)

Canadian organizations [6](#)

General [5](#)

United States territories and possessions organizations [6](#)

**Form 2848** [4](#)

**Form 8821** [4](#)

---

### G

**Glossary of terms** [30](#)

**Group exemption** [3](#)

---

### H

**Homes for the elderly or handicapped** [23](#)

**Hospital** [18](#)

**How to answer** [3](#)

---

### L

**Language and currency requirements** [3](#)

**LLC** (See Limited liability company)

**Low-income housing** [23](#)

---

### M

**Mailing address** [6](#)

**Medical research** [18](#)

**Medical research organization** [18](#)

**Month and annual accounting period** [6](#)

---

### N

**NASCO** [2](#)

**NTEE** [38](#)

---

### O

**Operated** [2](#)

Qualification [2](#)

**Organizational structure** [6](#)

**Organized** [2](#)

Qualification [2](#)

**Organizing document** [2](#)

Dissolution clause [8](#)

Purpose clause [7](#)

Required provisions [7](#)

Unincorporated association [7](#)

---

### P

**Past, present and planned activities** [3](#)

**Pay.gov** [6](#)

**Person to contact** [6](#)

**Political campaign intervention** [2](#)

**Predecessor** [23](#)

**Private foundations** [2](#)

**processing the application:**  
Expedite requests [3](#)

**Public charities** [2](#)

**Public charities and private foundations** [2](#)

**Public inspection** [5](#)

**Purpose clause:**  
Charitable [8](#)

---

### Q

**Qualification:**

Operated [2](#)

Organized [2](#)

Political campaign intervention [2](#)

**Qualifications** [2](#)

---

### R

**Representation** [4](#)

**Form 2848** [4](#)

**Form 8821** [4](#)

---

### S

**Sample conflict of interest policy** [26](#)

**Scholarships, fellowships, grants, loans** [23](#)

**School:**

Racially nondiscriminatory policy [17](#)

School [17](#)

**Section 501(c)(3) organization:**

Eligibility [1](#)

Private foundations [2](#)

Public charities [2](#)

Public charities and private foundations [2](#)

Qualifications [2](#)

Recognition [1](#)

**Signature** [4](#)

**State registration:**

NASCO [2](#)

**States with section 508(e) provisions** [28](#)

**States with statutory provisions satisfying the requirements of section 508(e)** [28](#)

**Successor** [23](#)

**Supporting organization** [20](#)

---

### T

**Trust** [7](#)

---

### U

**Unincorporated association** [7](#)

**United States territories and possessions** [6](#)

**User fee** [3](#)

---

### W

**What to file:**

Required schedules [3](#)

**When to file** [4](#)





**SCRO**  
**Sangre de Cristo**  
**Ranch Owners, Inc.**

P.O. Box 398 Ft. Garland, CO 81133  
[www.scrocommunity.org](http://www.scrocommunity.org) [CommunitySCRO@gmail.com](mailto:CommunitySCRO@gmail.com)

---

## **ATTACHMENT C**

### **IRS Form 1023 Example**

**Application for Recognition of Exemption  
Under Section 501(c)(3) of the Internal Revenue Code**Do not enter social security numbers on this form as it may be made public.  
Go to [www.irs.gov/Form1023](http://www.irs.gov/Form1023) for instructions and the latest information.**Note:** If exempt status is approved, this application will be open for public inspection.**Form 1023 must be filled and submitted online, this PDF copy is for reference only! Please go to <https://form1023.org> for complete instructions, tips and help to complete the form 1023.****Part I Identification of Applicant**

<b>1a</b> Full Name of Organization (exactly as it appears in your organizing document)				<b>b</b> Care of Name (if applicable)	
<b>c</b> Mailing Address (Number, street and room/suite)			<b>d</b> City		<b>e</b> Country UNITED STATES
<b>f</b> State		<b>g</b> Zip Code + 4	<b>h</b> Foreign Province (or State)		<b>i</b> Foreign Postal Code
<b>2</b> Employer Identification Number		<b>3</b> Month Tax Year Ends		<b>4</b> Person to Contact if More Information is Needed (officer, director, trustee, or authorized representative)	
<b>5</b> Contact Telephone Number			<b>6</b> Fax Number (optional)		<b>7</b> User Fee Submitted \$600.00
<b>8</b> Organization's Website (if available):					
<b>9</b> List the names, titles, and mailing addresses of your officers, directors, and/or trustees.					
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):			Zip Code (or Foreign Postal Code):		
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):			Zip Code (or Foreign Postal Code):		
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):			Zip Code (or Foreign Postal Code):		
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):			Zip Code (or Foreign Postal Code):		
First Name:		Last Name:		Title:	
Mailing Address:			City:		
State (or Province):			Zip Code (or Foreign Postal Code):		

☐ Check here to add more officers, directors, and/or trustees.

**Part II Organizational Structure**

- 1** You must be a corporation, limited liability company (LLC), unincorporated association, or trust to be tax exempt.

Select your type of organization.

☐ Corporation

At the end of this form, you must upload a copy of your articles of incorporation (and any amendments) that shows proof of filing with the appropriate state agency.

☐ Limited Liability Company (LLC)

At the end of this form, you must upload a copy of your articles of organization (and any amendments) that shows proof of filing with the appropriate state agency. Also, if you adopted an operating agreement, upload a copy, along with any amendments.

☐ Unincorporated Association

At the end of this form, you must upload a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.

☐ Trust

At the end of this form, you must upload a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.

- 2** Enter the date you formed. (MM/DD/YYYY)

- 3** Select your state (or U.S. territory) of incorporation or other formation. If you were formed under the laws of a foreign country, select Foreign Country.

- 4** Have you adopted bylaws? If "Yes," at the end of this form, upload a current copy showing the date of adoption. If "No," explain how you select your officers, directors, or trustees.

☐ Yes

☐ No

- 5** Are you a successor to another organization?

☐ Yes

☐ No

Answer "Yes" if you have taken or will take over the activities of another organization, you took over 25% or more of the fair market value of the net assets of another organization, or you were established upon the conversion of an organization from for-profit to nonprofit status. If "Yes," complete Schedule G.

**Part III Required Provisions in Your Organizing Document**

Part III helps ensure that, when you submit this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3).

If you cannot check "Yes" in both Lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Remember to upload your original and amended organizing documents at the end of this form.

- 1** Section 501(c)(3) requires that your organizing document limit your purposes to one or more exempt purposes within section 501(c)(3), such as charitable, religious, educational, and/or scientific purposes.

*The following is an example of an acceptable purpose clause: The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.*

Does your organizing document meet this requirement?

☐ Yes ☐ No

- 1a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph):

- 2** Section 501(c)(3) requires that your organizing document provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.

*The following is an example of an acceptable dissolution clause: Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.*

Does your organizing document meet this requirement?

☐ Yes ☐ No

- 2a** State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or indicate that you rely on state law.



**Part IV** Your Activities

**1** Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document. For each past, present, or planned activity, include information that answers the following questions:

- a. What is the activity?
- b. Who conducts the activity?
- c. Where is the activity conducted?
- d. What percentage of your total time is allocated to the activity?
- e. How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?
- f. How does the activity further your exempt purposes?

**Part IV****Your Activities** *(continued)*

- 2** Enter the 3-character NTEE Code that best describes your activities.

Or check here if you want the IRS to select the NTEE Code that best describes your activities.

☐

- 3** Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes" if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.

☐ Yes☐ No

- 4** Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors? If "Yes," explain how these related individuals are eligible for goods, services, or funds.

☐ Yes☐ No

- 5** Do you or will you support or oppose candidates in political campaigns in any way? If "Yes," explain.

☐ Yes☐ No

- 6** Do you or will you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation.

☐ Yes☐ No

**Part IV** Your Activities (continued)

- 6a** Did you or will you make an election to have your legislative activities measured by expenditures by filing Form 5768? If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities. ☐ Yes ☐ No

- 7** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. ☐ Yes ☐ No

- 8** Do you or will you provide educational information to the general public on budgeting, personal finance, financial literacy, saving and spending practices, the sound use of consumer credit, and/or assist individuals and families with financial problems such as credit card debt and foreclosure by providing them with counseling? If "Yes," explain. ☐ Yes ☐ No

- 9** Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If "No," continue to Line 10. ☐ Yes ☐ No

**Part IV** **Your Activities** (continued)

- 9a** Do you or will you make grants, loans, or other distributions to organizations that are not recognized by the IRS as tax exempt under section 501(c)(3)? If "Yes," name and/or describe the non-section 501(c)(3) organizations to whom you do or will make distributions and explain how these distributions further your exempt purposes. ☐ Yes ☐ No

- 9b** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," name each foreign organization (if not already provided), the country and region within each country in which each foreign organization operates, any relationship you have with each foreign organization, and whether the foreign organization accepts contributions earmarked for a specific country or organization (if so, specify which countries or organizations). If "No," continue to Line 10. ☐ Yes ☐ No

- 9c** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. ☐ Yes ☐ No

- 9d** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. ☐ Yes ☐ No

- 9e** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including periodic reporting requirements, auditing grantees, site visits by your employees or compliance checks by impartial experts, etc., to verify that grant funds are being used appropriately. ☐ Yes ☐ No



**Part IV** **Your Activities** *(continued)*

**9f** Do you share board members or other key personnel with the recipient organization(s)? If "Yes," identify the relationships. ☐ Yes ☐ No

**9g** When you make grants, loans, or other distributions to foreign organizations, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ☐ Yes ☐ No

**9h** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ☐ Yes ☐ No

**9i** Will you acquire from OFAC the appropriate license and registration where necessary? ☐ Yes ☐ No

**10** Do you or will you operate in a foreign country or countries? If "Yes," name each foreign country and region within each country in which you do or will operate and describe your operations in each one. If "No," continue to Line 11. ☐ Yes ☐ No

**10a** When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ☐ Yes ☐ No

**10b** Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ☐ Yes ☐ No

**10c** Will you acquire from OFAC the appropriate license and registration where necessary? ☐ Yes ☐ No

**Part IV****Your Activities** *(continued)*

- 11** Are you a sponsoring organization that maintains one or more donor advised funds? If yes, please provide a complete description of your program, including the specific advice that such donors may provide. Describe in detail the control you maintain (or will maintain) over the use of the funds. ☐ Yes ☐ No

- 12** Do you or will you operate a school? ☐ Yes ☐ No  
If "Yes," complete Schedule B.

- 13** Is your principal purpose or function to provide hospital or medical care? ☐ Yes ☐ No  
If "Yes," complete Schedule C.

- 14** Do you or will you provide low-income housing? ☐ Yes ☐ No  
If "Yes," complete Schedule F.

- 15** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? ☐ Yes ☐ No  
If "Yes," complete Schedule H - Section I.

- 16** Check any of the following fundraising activities that you will undertake (check all that apply):

- |   |  |
|---|--|
| <input type="checkbox"/> Website, mail, email, personal, and/or phone solicitations | <input type="checkbox"/> Foundation grant solicitations      |
| <input type="checkbox"/> Receive donations from another organization's website      | <input type="checkbox"/> Government grant solicitations      |
| <input type="checkbox"/> Bingo  | <input type="checkbox"/> Other (non-bingo) gaming activities |
| <input type="checkbox"/> Other (describe)   |  |

- ☐ We will not engage in fundraising activities.

- 17** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements, including the names or descriptions of the organizations for which you raise funds. ☐ Yes ☐ No

**Part V Compensation and Other Financial Arrangements**

- 1** Do you or will you compensate officers, directors, or trustees, or do or will you have highest compensated employees, or highest compensated independent contractors? If "No," continue to Line 2. ☐ Yes ☐ No

In establishing compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors:

- 1a** Do or will the individuals that approve compensation arrangements follow a conflict of interest policy? ☐ Yes ☐ No

- 1b** Do or will you approve compensation arrangements in advance of paying compensation? ☐ Yes ☐ No

- 1c** Do or will you document in writing the date and terms of approved compensation arrangements? ☐ Yes ☐ No

- 1d** Do or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? ☐ Yes ☐ No

- 1e** Do or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? ☐ Yes ☐ No

- 1f** Do or will you record in writing both the information on which you relied to base your decision and its source? ☐ Yes ☐ No

- 1g** Do or will you have any other practices you use to set reasonable compensation? If "Yes," describe these practices. ☐ Yes ☐ No

- 2** Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If you are a hospital, answer "Yes" if your conflict of interest policy includes provisions consistent with the additional healthcare related provisions in the sample document. If "No," describe the procedures you will follow to ensure that persons who have a conflict of interest will not have influence over setting their own compensation or regarding business deals with themselves. ☐ Yes ☐ No

- 3** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. ☐ Yes ☐ No

**Part V Compensation and Other Financial Arrangements** *(continued)*

- 4 Do you or will you purchase or sell any goods, services, or assets from or to: (i) any of your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any such transactions that you made or intend to make, with whom you make or will make such transactions, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ☐ Yes ☐ No

- 5 Do you or will you have any leases, contracts, loans, or other agreements with: (i) your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any written or oral arrangements that you made or intend to make, with whom you have or will have such arrangements, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ☐ Yes ☐ No

- 6 Do you or will you contract with another organization to develop, build, market, or finance your facilities? ☐ Yes ☐ No  
If "Yes," describe each facility, the role of the other organization, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how that entity is selected, how the terms of any contract(s) are negotiated at arm's length, and how you determine you will pay no more than fair market value for services.

**Part V Compensation and Other Financial Arrangements** *(continued)*

- 7** Does or will someone other than your own employees or volunteers manage your activities or facilities? ☐ Yes ☐ No  
 If "Yes," describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.

- 8** Do you participate in any joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. ☐ Yes ☐ No

**Part VI Financial Data**

- 1** Select the option that best describes you to determine the years of revenues and expenses you need to provide.
- ☐ You completed less than one tax year.  
 Provide a total of three years of financial information (including the current year and two future years of reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- ☐ You completed at least one tax year but fewer than five.  
 Provide a total of four years financial information (including the current year and three years of actual financial information or reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.
- ☐ You completed five or more tax years.  
 Provide financial information for your five most recent tax years (including the current year) in the following Statement of Revenues and Expenses.



**Part VI** Financial Data (continued)**A. Statement of Revenues and Expenses**

Type of revenue	Current tax year	4 prior tax years or 2 succeeding tax years			
	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____	From: _____ To: _____
<b>1</b> Gifts, grants, and contributions received (do not include unusual grants)					
<b>2</b> Membership fees received					
<b>3</b> Gross investment income					
<b>4</b> Net unrelated business income					
<b>5</b> Taxes levied for your benefit					
<b>6</b> Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
<b>7</b> Any revenue not otherwise listed above or in lines 9 - 12 below (provide an itemized list below)					
<b>8</b> Total of lines 1 through 7					
<b>9</b> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (provide an itemized list below)					
<b>10</b> Total of lines 8 and 9					
<b>11</b> Net gain or loss on sale of capital assets (provide an itemized list below)					
<b>12</b> Unusual grants (provide an itemized list below)					
<b>13</b> Total Revenue (add lines 10 through 12)					
Type of expense	Current tax year	4 prior tax years or 2 succeeding tax years			
<b>14</b> Fundraising expenses					
<b>15</b> Contributions, gifts, grants, and similar amounts paid out (provide an itemized list below)					
<b>16</b> Disbursements to or for the benefit of members (provide an itemized list below)					
<b>17</b> Compensation of officers, directors, and trustees					
<b>18</b> Other salaries and wages					
<b>19</b> Interest expense					
<b>20</b> Occupancy (rent, utilities, etc.)					
<b>21</b> Depreciation and depletion					
<b>22</b> Professional fees					
<b>23</b> Any expense not otherwise classified, such as program services (provide an itemized list below)					
<b>24</b> Total Expenses (add lines 14 through 23)					

**25** Itemized financial data

--

Part VI

Financial Data (continued)

B. Balance Sheet (for your most recently completed tax year)		Year End:
Assets		
1	Cash	
2	Accounts receivable, net	
3	Inventories	
4	Bonds and notes receivable (provide an itemized list below)	
5	Corporate stocks (provide an itemized list below)	
6	Loans receivable (provide an itemized list below)	
7	Other investments (provide an itemized list below)	
8	Depreciable assets (provide an itemized list below)	
9	Land	
10	Other assets (provide an itemized list below)	
11	Total Assets (add lines 1 through 10)	
Liabilities		
12	Accounts payable	
13	Contributions, gifts, grants, etc. payable	
14	Mortgages and notes payable (provide an itemized list below)	
15	Other liabilities (provide an itemized list below)	
16	Total Liabilities (add lines 12 through 15)	
Fund Balances or Net Assets		
17	Total fund balances or net assets	
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	

19 Itemized financial data

**Part VII Foundation Classification**

Part VII is designed to classify you as an organization that is either a private foundation or a public charity. Public charity classification is a more favorable tax status than private foundation classification. If you are a private foundation, this part will further determine whether you are a private operating foundation.

**1** Select the foundation classification you are requesting from the list below.

- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(vi) as an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- ☐ You are described in 509(a)(2) as an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(i) as a church or a convention or association of churches. Complete Schedule A.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ii) as a school. Complete Schedule B.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iii) as a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete Schedule C.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iv) as an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ix) as an agricultural research organization directly engaged in the continuous active conduct of agricultural research in conjunction with a college or university.
- ☐ You are described in 509(a)(3) as an organization supporting either one or more organizations described in 509(a)(1) or 509(a)(2) or a publicly supported section 501(c)(4), (5), or (6) organization. Complete Schedule D.
- ☐ You are described in 509(a)(4) as an organization organized and operated exclusively for testing for public safety.
- ☐ You are a publicly supported organization and would like the IRS to decide your correct classification.
- ☐ You are a private foundation.

**1a** As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check this box to confirm that your organizing document includes these provisions or you rely on state law. ☐

State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or state that you rely on state law.

**1b** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? ☐ Yes ☐ No  
If "Yes," complete Schedule H - Section II.

**1c** Are you a private operating foundation? ☐ Yes ☐ No

To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations.

**Part VII** Foundation Classification *(continued)*

- 1d** Describe how you meet the requirements for private operating foundation status, including how you meet the income test and either the assets test, the endowment test, or the support test. If you've been in existence for less than one year, describe how you are likely to satisfy the requirements for private operating foundation status.

- 2** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(1) and 170(b)(1)(A)(vi) in existence for five or more tax years, you must have received one-third or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or 10% or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities and the facts and circumstances indicate you are a publicly supported organization. Calculate whether you meet this support test for your most recent five-year period.

- i. Did you receive contributions from any person, company, or organization whose gifts totaled more than the 2% amount of line 8 in Part VI-A? ☐ Yes ☐ No

If "Yes," identify each person, company, or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii. Based on your calculations, did you receive at least one-third of your support from public sources or did you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization? ☐ Yes ☐ No

- 2a** If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(2) in existence for five or more tax years, you must have normally received more than one-third of your support from contributions, membership fees, and gross receipts from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from gross investment income and net unrelated business income. Calculate whether you meet this support test for your most recent five-year period.

- i. Did you receive amounts from any disqualified persons? ☐ Yes ☐ No

If "Yes," identify each disqualified person by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- ii. Did you receive amounts from individuals or organizations other than disqualified persons that exceeded the greater of \$5,000 or 1% of the amount on line 10 of Part VI-A Statement of Revenues and Expenses? ☐ Yes ☐ No

If "Yes," identify each individual or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

- iii. Based on your calculations, did you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts (from permitted sources) from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income? ☐ Yes ☐ No

**Part VIII Effective Date**

In general, a determination letter recognizing exemption of an organization described in section 501(c)(3) is effective as of the date of formation of an organization if: (1) its purposes and activities prior to the date of the determination letter have been consistent with the requirements for exemption; and (2) it has filed an application for recognition of exemption within 27 months from the end of the month in which it was organized.

1 Are you submitting this application within 27 months of the end of the month in which you were legally formed?

☐ Yes☐ No

If "No," complete Schedule E.

**Part IX Annual Filing Requirements**

*If you fail to file a required information return or notice for three consecutive years, your exempt status will be automatically revoked.*

1 Certain organizations are not required to file annual information returns or notices (Form 990, Form 990-EZ, or Form 990-N, e-Postcard). If you are granted tax-exemption, are you claiming to be excused from filing Form 990, Form 990-EZ, or Form 990-N?

☐ Yes☐ No

If "Yes," are you claiming you are excepted from filing because you are:

☐ A church or association of churches

☐ An integrated auxiliary (such as a men's or women's organization, religious school, mission society, or religious group)

☐ A church-affiliated organization (other than a section 509(a)(3) organization) that is exclusively engaged in managing funds or maintaining retirement programs and is described in Revenue Procedure 96-10, 1996-1 C.B. 577

☐ A school below college level affiliated with a church or operated by a religious order

☐ A mission society (other than a section 509(a)(3) supporting organization) sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries

☐ An affiliate of a governmental unit that meets the requirements of Revenue Procedure 95-48, 1995-2 C.B. 418 (other than a section 509(a)(3) supporting organization)

☐ Other (describe)

**Part X Signature**

☐ I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, and to the best of my knowledge it is true, correct, and complete.

\_\_\_\_\_  
(Type name of signer)

\_\_\_\_\_  
(Type title or authority of signer)

05/13/2020

\_\_\_\_\_  
(Date)



**Upload checklist:**

---

- ☐ Organizing document (and any amendments)
- ☐ Bylaws, if adopted
- ☐ Form 2848, Power of Attorney and Declaration of Representative (if applicable)
- ☐ Form 8821, Tax Information Authorization (if applicable)
- ☐ Supplemental responses (if applicable)
- ☐ Expedited handling request (if applicable)

**Schedule A. Churches**

- 1** Do you have a written creed, statement of faith, or summary of beliefs? If "Yes," describe your written creed, statement of faith, or summary of beliefs. ☐ Yes ☐ No

- 2** Do you have a literature of your own? If "Yes," describe your literature. ☐ Yes ☐ No

- 3** Do you have a formal code of doctrine and discipline? If "Yes," describe your code of doctrine and discipline. ☐ Yes ☐ No

- 4** Describe your religious hierarchy or ecclesiastical government.

- 5** Are you part of a group of churches with similar beliefs and structures? If "Yes," explain. ☐ Yes ☐ No

- 6** Do you have a form of worship? If "Yes," describe your form of worship. ☐ Yes ☐ No

- 7** Do you have regularly scheduled religious services? If "Yes," describe the nature of the services. ☐ Yes ☐ No

- 7a** What is the average attendance at your regularly scheduled religious services?

- 8** Do you have an established place of worship? If "Yes," describe your established place of worship or where you meet to hold regularly scheduled religious services. ☐ Yes ☐ No

**Schedule A. Churches** *(continued)*

**9** Do you have an established congregation or other regular membership group? If "No," continue to Line 10. ☐ Yes ☐ No

**9a** How many members do you have?

**9b** Do you have a process by which an individual becomes a member? If "Yes," describe the process. ☐ Yes ☐ No

**9c** Do your members have voting rights, rights to participate in religious functions, or other rights? If "Yes," describe the rights your members have. ☐ Yes ☐ No

**9d** May your members be associated with another denomination or church? ☐ Yes ☐ No

**9e** Are all of your members part of the same family? ☐ Yes ☐ No

**10** Do you conduct baptisms, weddings, funerals, or other religious rites? ☐ Yes ☐ No

**11** Do you have a school for the religious instruction of the young? ☐ Yes ☐ No

**12** Do you have ministers or religious leaders? If "Yes," describe these roles and explain whether the ministers or religious leaders are ordained, commissioned, or licensed after a prescribed course of study. ☐ Yes ☐ No

**13** Do you have schools for the preparation of your ordained ministers or religious leaders? ☐ Yes ☐ No

**14** Do you ordain, commission, or license ministers or religious leaders? If "Yes," describe the requirements for ordination, commission, or licensure. ☐ Yes ☐ No

**15** Do you have other information you believe should be considered regarding your status as a church? If "Yes," explain. ☐ Yes ☐ No

**Schedule B. Schools, Colleges, and Universities**

- 1** Do you normally have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on? ☐ Yes ☐ No
- 2** Is the primary function of your school the presentation of formal instruction? If "No," continue to Line 3. ☐ Yes ☐ No

**2a** Select the best description(s) of your school:

- ☐ Elementary school
- ☐ Secondary school
- ☐ Charter school
- ☐ College or university
- ☐ Technical school
- ☐ Other school (describe)

- 3** Are you a public school because you are operated by a state or subdivision of a state or operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B. ☐ Yes ☐ No

- 4** Were you formed or substantially expanded at the time of public school desegregation in the school district or county in which you are located? ☐ Yes ☐ No

- 5** Has a state or federal administrative agency or judicial body ever determined that you are racially discriminatory? If "Yes," explain. ☐ Yes ☐ No

- 6** Has your right to receive financial aid or assistance from a governmental agency ever been revoked or suspended? If "Yes," explain. ☐ Yes ☐ No

**Information Required by Revenue Procedure 75-50 as Modified by Revenue Procedure 2019-22**

- 7** Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? ☐ Yes ☐ No

State where the policy is located or if adopted by resolution of your governing body.

- 8** Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy? If "Yes," continue to Line 9. ☐ Yes ☐ No

- 8a** ☐ By checking this box, you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement.

**Schedule B. Schools, Colleges, and Universities** *(continued)*

- 9** Have you made your racially nondiscriminatory policy known to all segments of the general community you serve by: a) publishing a notice of your policy in a newspaper of general circulation that serves all racial segments of the community; b) publicizing your policy over broadcast media in a way that is reasonably expected to be effective; or c) displaying a notice of your policy at all times on your primary, publicly accessible internet home page in a manner reasonably expected to be noticed by visitors to the homepage? If "Yes," continue to Line 10. ☐ Yes ☐ No

- 9a** ☐ By checking this box, you agree that you will publicize your nondiscriminatory policy in a way that meets the requirements of Revenue Procedure 75-50, 1975-2 C.B. 587, as modified by Revenue Procedure 2019-22, I.R.B. 1260.

- 10** Do or will you (or any department or division of your organization) discriminate in any way on the basis of race with respect to admissions, use of facilities or exercise of student privileges, faculty or administrative staff, or scholarship or loan programs? If "Yes," for any of the above, explain fully. ☐ Yes ☐ No

- 11** Complete the table below to show the racial composition for the current academic year and projected for the next academic year. If you are not operational, submit an estimate based on the best information available (such as the racial composition of the community you serve).

For each racial category, enter the number of (a) students, (b) faculty, and (c) administrative staff. Provide actual numbers rather than percentages for each racial category.

Racial Category	(a) Student Body		(b) Faculty		(c) Administrative Staff	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
<b>Total</b>						

- 12** In the table below, enter the number and amount of loans and scholarships awarded to enrolled students by racial categories. Provide actual numbers rather than percentages for each racial category.

☐ Check here if you will not provide any loans or scholarships to students.

Racial Category	Number of Loans		Amount of Loans		Number of Scholarships		Amount of Scholarships	
	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year	Current Year	Next Year
<b>Total</b>								



**Schedule B. Schools, Colleges, and Universities** *(continued)*

- 13** List your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

- 14** Do any of your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations, have an objective to maintain segregated public or private school education? If "Yes," explain.

☐ Yes☐ No

- 15** Will you maintain records according to the nondiscrimination provisions contained in Revenue Procedure 75-50? If "No," explain.

☐ Yes☐ No

**Schedule C. Hospitals and Medical Research Organizations**

- 1** Are you a medical research organization (an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research) operated in conjunction with a hospital? If "No," continue to Line 2. ☐ Yes ☐ No

- 1a** Name the hospitals with which you have a relationship and describe the relationship.

- 1b** List your assets showing their fair market value and the portion of your assets directly devoted to medical research.

Do not complete the remainder of Schedule C.

- 2** Are you applying for exemption as a cooperative hospital service organization described in section 501(e)? ☐ Yes ☐ No  
If "Yes," explain.

Do not complete the remainder of Schedule C.

- 3** Are all the doctors in the community eligible for staff privileges? If "No," give the reasons why and explain how the medical staff is selected. ☐ Yes ☐ No

**Schedule C. Hospitals and Medical Research Organizations** *(continued)*

- 4** Do or will you provide medical services to all individuals in your community who can pay for themselves or are able to pay through some form of insurance? If "No," explain. ☐ Yes ☐ No

- 5** Do you or will you maintain a full-time emergency room? If "Yes," continue to Line 6. ☐ Yes ☐ No

- 5a** Are you a specialty hospital or would emergency services be duplicative based on your region or locality? ☐ Yes ☐ No

- 6** Do you provide free or below cost services? If "Yes," describe your policy for determining when and to whom you provide these services and how these services promote the organization's benefit to the community. ☐ Yes ☐ No

- 7** Do you or will you carry on a formal program of medical training or medical research? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliations with other hospitals or medical care providers with which you carry on the medical training or research programs. ☐ Yes ☐ No

- 8** Do you or will you carry on a formal program of community education? If "Yes," describe such programs, including the type of programs offered, the scope of such programs, and affiliation with other hospitals or medical care providers with which you offer community education programs. ☐ Yes ☐ No

**Schedule C. Hospitals and Medical Research Organizations** *(continued)*

- 9** Is your board of directors composed of a majority of individuals who are representative of the community you serve, or do you operate under a parent organization whose board of directors is composed of a majority of individuals who are representative of the community you serve? If "Yes," continue to Line 10. ☐ Yes ☐ No

- 9a** List each board member's name and business, financial, or professional relationship with the hospital. Also, identify each board member who is representative of the community and describe how that individual is a community representative. If you operate under a parent organization whose board of directors is not composed of a majority of individuals who are representative of the community you serve, provide the requested information for your parent's board of directors as well.

- 10** Do you operate a facility which is required by a state to be licensed, registered, or similarly recognized as a hospital? If "No," do not complete the rest of Schedule C. ☐ Yes ☐ No

- 10a** Do you conduct a community health needs assessment (CHNA) at least once every three years and adopt an implementation strategy to meet the community health needs identified in the assessment as required by section 501(r)(3)? If "No," explain. ☐ Yes ☐ No

- 10b** Do you have a written financial assistance policy (FAP) and a written policy relating to emergency medical care as required by section 501(r)(4)? If "No," explain. ☐ Yes ☐ No

**Schedule C. Hospitals and Medical Research Organizations** *(continued)*

**10c** Do you both (1) limit amounts charged for emergency or other medically necessary care provided to individuals eligible for assistance under your FAP to not more than amounts generally billed to individuals who have insurance covering such care, and (2) prohibit use of gross charges as required by section 501(r)(5)? If "No," explain.

☐ Yes☐ No

**10d** Do you make reasonable efforts to determine whether an individual is FAP-eligible before engaging in extraordinary collection actions as required by section 501(r)(6)? If "No," explain.

☐ Yes☐ No



**Schedule D. Section 509(a)(3) Supporting Organizations**

**1** List the names, addresses, and EINs of the organizations you support.

--

**2** Are all your supported organizations public charities under section 509(a)(1) or (2)? If "Yes," continue to Line 3.

☐ Yes☐ No

**2a** Are your supported organizations tax exempt under section 501(c)(4), 501(c)(5), or 501(c)(6) and do your supported organizations meet the public support test under section 509(a)(2)? If "No," explain how each organization you support is a public charity under section 509(a)(1) or 509(a)(2).

☐ Yes☐ No

--

**3** Which of the following describes your relationship with your supported organization(s)?

☐ A majority of your governing board or officers are elected or appointed by your supported organization(s). (Type I supporting organization)

☐ Your control or management is vested in the same persons who control or manage your supported organization(s). (Type II supporting organization)

☐ One or more of your officers, directors, or trustees are elected or appointed by the officers, directors, trustees, or membership of your supported organization(s), or one or more of your officers, directors, trustees, or other important office holders, are also members of the governing body of your supported organization(s), or your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of your supported organization(s). (Type III supporting organization)

**4** Describe how your governing board and officers are selected. If you are a Type III organization, also describe how your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of your supported organization(s).

--

**Schedule D. Section 509(a)(3) Supporting Organizations** *(continued)*

- 5** Do any persons who are disqualified persons (except individuals who are disqualified persons only because they are foundation managers) with respect to you or persons who have a family or business relationship with any disqualified persons appoint any of your foundation managers? If "Yes," (1) describe the process by which disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons and the foundation managers they appoint, and (3) explain how control is vested over your operations (including assets and activities) by persons other than disqualified persons. ☐ Yes ☐ No

- 6** Do any persons who are disqualified persons (except individuals who are disqualified persons only because they are foundation managers) have any influence regarding your operations, including your assets or activities? If "Yes," (1) provide the names of these disqualified persons, (2) explain how influence is exerted over your operations (including assets and activities), and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons. ☐ Yes ☐ No

- 7** Does your organizing document specify your supported organization(s) by name? ☐ Yes ☐ No  
If "Yes" and you selected Type I above, continue to Line 8.  
If "Yes," and you selected Type II, do not complete the rest of Schedule D.  
If "No" and you selected Type III above, amend your organizing document to specify your supported organization(s) by name or you will not meet the organizational test and need to reconsider your requested public charity classification; then continue to Line 8.

- 7a** Does your organizing document name a similar purpose or charitable class of beneficiaries as to your supported organization(s)? If "No," amend your organizing document to specify your supported organization(s) by name, purpose, or class or you will not meet the organizational test and need to reconsider your requested public charity classification. ☐ Yes ☐ No

If you selected Type II above, do not complete the rest of Schedule D.

- 8** Do you or will you receive contributions from any person who alone, or combined with family members or an entity at least 35% controlled by that person, controls any of your supported organizations, or will you receive contributions from any family member of, or an entity at least 35% controlled by, any person who controls any of your supported organizations? If "Yes," explain. ☐ Yes ☐ No

If you selected Type I above, do not complete the rest of Schedule D.

**Schedule D. Section 509(a)(3) Supporting Organizations** *(continued)*

- 9** Do the officers, directors, or trustees of your supported organization have a significant voice in your investment policies, the timing and making of grants, the selection of grant recipients, and in otherwise directing the use of your income or assets? If "Yes," explain. ☐ Yes ☐ No

- 10** In each taxable year, do you or will you provide each of your supported organizations with (a) a written notice addressed to a principal officer of the supported organization describing the type and amount of all of the support you provided to the supported organization during the immediately preceding taxable year, (b) a copy of your most recently filed Form 990-series return or notice, and (c) a copy of your governing documents? If "No," explain. ☐ Yes ☐ No

- 11** Do you exercise a substantial degree of direction over the policies, programs, and activities of your supported organization(s) and appoint or elect (directly or indirectly) a majority of the officers, directors, or trustees of your supported organization(s)? If "Yes," explain. ☐ Yes ☐ No

- 12** Do substantially all of your activities directly further the exempt purposes of one or more supported organizations to which you are responsive by performing the functions of, or carrying out the purposes of, such supported organization(s) and but for your involvement would normally be engaged in by such supported organization(s). If "Yes," explain and do not complete the rest of Schedule D. ☐ Yes ☐ No

**Schedule D. Section 509(a)(3) Supporting Organizations** *(continued)*

- 13** Do you distribute at least 85% of your annual net income or 3.5% of the aggregate fair market value of all of your non-exempt-use assets (whichever is greater) to your supported organization(s)? If "No," explain.

☐ Yes ☐ No

- 13a** How much do you contribute annually to each supported organization?

- 13b** What is the total annual revenue of each supported organization?

- 13c** Do you or the supported organization(s) earmark your funds for support of a particular program or activity? If "Yes," explain.

☐ Yes ☐ No

**Schedule E. Effective Date**

- 1** Are you applying for reinstatement of exemption after being automatically revoked for failure to file required returns or notices for three consecutive years? If "No," continue to Line 2. ☐ Yes ☐ No

- 1a** Revenue Procedure 2014-11, 2014-1 C.B. 411, provides procedures for reinstating your tax-exempt status. Select the section of Revenue Procedure 2014-11 under which you want us to consider your reinstatement request.

- ☐ Section 4. You are seeking retroactive reinstatement under section 4 of Revenue Procedure 2014-11. By selecting this line, you attest that you meet the specified requirements of section 4, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future. Do not complete the rest of Schedule E.
- ☐ Section 5. You are seeking retroactive reinstatement under section 5 of Revenue Procedure 2014-11. By selecting this line, you attest that you meet the specified requirements of section 5, that you have filed required annual returns, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future.
- Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in at least one of the three years of revocation and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices. Do not complete the rest of Schedule E.
- ☐ Section 6. You are seeking retroactive reinstatement under section 6 of Revenue Procedure 2014-11. By selecting this line, you attest that you meet the specified requirements of section 6, that you have filed required annual returns, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future.
- Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in each of the three years of revocation and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices. Do not complete the rest of Schedule E.
- ☐ Section 7. You are seeking reinstatement under section 7 of Revenue Procedure 2014-11, effective the date you are filling this application. Do not complete the rest of Schedule E.

- 2** Generally, if you did not file Form 1023 within 27 months of formation, the effective date of your exempt status will be the date you filed Form 1023 (submission date). Requests for an earlier effective date may be granted when there is evidence to establish you acted reasonably and in good faith and the grant of relief will not prejudice the interests of the government.

- ☐ Check this box if you accept the submission date as the effective date of your exempt status. Do not complete the rest of Schedule E.
- ☐ Check this box if you are requesting an earlier effective date than the submission date.

- 2a** Explain why you did not file Form 1023 within 27 months of formation, how you acted reasonably and in good faith, and how granting an earlier effective date will not prejudice the interests of the Government.

You may want to include the events that led to the failure to timely file Form 1023 and to the discovery of the failure, any reliance on the advice of a qualified tax professional and a description of the engagement and responsibilities of the professional as well as the extent to which you relied on the professional, a comparison of (1) what your aggregate tax liability would be if you had filed this application within the 27-month period with (2) what your aggregate liability would be if you were exempt as of your formation date, or any other information you believe will support your request for relief.



**Schedule F. Low-Income Housing**

- 1** Describe each facility including the type of facility, whether you own or lease the facility, how many residents it can accommodate, the current number of residents, and whether the residents purchase or rent housing from you.

- 2** Describe who qualifies for your housing in terms of income levels or other criteria and explain how you select residents.

- 3** Do you meet the safe harbor requirements outlined in Revenue Procedure 96-32, 1996-1 C.B. 717, which provides guidelines for providing low-income housing that will be treated as charitable, including for each project that (a) at least 75 percent of the units are occupied by residents that qualify as low-income and (b) either at least 20 percent of the units are occupied by residents that also meet the very low-income limit for the area or 40 percent of the units are occupied by residents that also do not exceed 120 percent of the area's very low-income limit, and less than 25 percent of the units are provided at market rates to persons who have incomes in excess of the low-income limit?

☐ Yes ☐ No

- 4** Is your housing affordable to low-income residents? If "Yes," describe how your housing is made affordable to low-income residents.

☐ Yes ☐ No

- 5** Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions.

☐ Yes ☐ No

**Schedule F. Low-Income Housing** *(continued)*

- 6** In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined. ☐ Yes ☐ No

- 7** Do you provide social services to residents? If "Yes," describe these services. ☐ Yes ☐ No

- 8** Do you participate in any government housing programs? If "Yes," describe these programs. ☐ Yes ☐ No

**Schedule G. Successors to Other Organizations**

- 1** List the name, last address, and EIN of your predecessor organization and describe its activities.

- 2** List the owners, partners, principal stockholders, officers, and governing board members of your predecessor organization. Include their names, addresses, and share/interest in the predecessor organization (if for-profit).

- 3** Are you a successor to a for-profit organization? If "Yes," explain your relationship with the predecessor organization that resulted in your creation and explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status; continue to Line 4.

☐ Yes☐ No

- 3a** Explain your relationship with the other organization that resulted in your creation and why you took over the activities or assets of another organization.

**Schedule G. Successors to Other Organizations** *(continued)*

- 4** Do or will you maintain a working relationship with any of the persons listed in question 2 or with any for-profit organization in which these persons own more than a 35% interest? If "Yes," describe the relationship. ☐ Yes ☐ No

- 5** Were any assets transferred, whether by gift or sale, from the predecessor organization to you? If "Yes," provide a list of assets, indicate the value of each asset, explain how the value was determined, and attach an appraisal, if available. For each asset listed, also explain if the transfer was by gift, sale, or combination thereof and describe any restrictions that were placed on the use or sale of the assets. ☐ Yes ☐ No

- 6** Were any debts or liabilities transferred from the predecessor for-profit organization to you? If "Yes," provide a list of the debts or liabilities that were transferred to you, indicating the amount of each, how the amount was determined, and the name of the person to whom the debt or liability is owed. ☐ Yes ☐ No

- 7** Will you lease or rent any property or equipment to or from the predecessor organization or any persons listed in Line 2 or a for-profit organization in which these persons own more than a 35% interest? If "Yes," describe the arrangement(s) including how the lease or rental value was determined. ☐ Yes ☐ No

**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures****Section I****Public charities and private foundations complete lines 1 through 8 of this section.**

- 1** Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc., including the purpose, number and amount(s) of grants, how the program is publicized, and if you award educational loans, the terms of the loans.

- 2** Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," explain. ☐ Yes ☐ No

- 3** Describe the specific criteria you use to determine who is eligible for your program (for example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.).

- 4** Describe the specific criteria you use to select recipients (for example, specific selection criteria could consist of prior academic performance, financial need, etc.).

**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures** *(continued)*

- 5** Describe any requirement or condition you impose on recipients to obtain, maintain, or qualify for renewal of a grant (for example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.).

- 6** Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Explain whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.

- 7** How do you determine who is on the selection committee for the awards made under your program?

- 8** Are relatives of members of the selection committee, or of your officers, directors, or substantial contributors eligible for awards made under your program? If "Yes," what measures do you take to ensure unbiased selections?

☐ Yes ☐ No

Do not complete the rest of Schedule H. If you are a private foundation, you will be directed to complete Section II of Schedule H later in the application.



**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures** *(continued)*

**Section II**

**Private foundations complete lines 1 through 7 of this section. Public charities do not complete this section.**

- 1** As a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures? ☐ Yes ☐ No

If "No," do not complete the rest of Schedule H.

- 1a** Check the box(es) indicating under which section(s) you want your grant making procedures to be considered.

- ☐ 4945(g)(1) - Scholarship or fellowship grant to an individual for study at an educational institution
- ☐ 4945(g)(3) - Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product

- 2** Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring? ☐ Yes ☐ No

- 3** Do you represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in Line 2? ☐ Yes ☐ No

- 4** Do you or will you award scholarships, fellowships, and educational loans to attend an educational institution based on the status of an individual being an employee of a particular employer? ☐ Yes ☐ No

If "No," do not complete the rest of Schedule H.

- 5** Will you comply with the seven conditions and either the percentage tests or facts and circumstances test for scholarships, fellowships, and educational loans to attend an educational institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, 1980-2 C.B. 772, which apply to inducement, selection committee, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? ☐ Yes ☐ No

- 6** Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer? If "No," continue to Line 7. ☐ Yes ☐ No

- 6a** Will you award grants to 10% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? ☐ Yes ☐ No

- 7** Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer? ☐ Yes ☐ No

If "No," do not complete the rest of Schedule H.

- 7a** Will you award grants to 25% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? ☐ Yes ☐ No

If "Yes," do not complete the rest of Schedule H.

**Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures** *(continued)*

- 7b** Will you award grants to 10% or fewer of the number of employees' children who can be shown to be eligible for grants (whether or not they submitted an application) in that year, as provided by Revenue Procedures 76-47 and 80-39? If "Yes," describe how you will determine who can be shown to be eligible for grants without submitting an application, such as by obtaining written statements or other information about the expectations of employees' children to attend an educational institution; do not complete the rest of Schedule H.

☐ Yes ☐ No

- 7c** Will you award grants based on facts and circumstances that demonstrate that the grants will not be considered compensation for past, present, or future services or otherwise provide a significant benefit to the particular employer? If "Yes," describe the facts and circumstances you believe will demonstrate that the grants are neither compensatory nor a significant benefit to the particular employer. In your explanation, describe why you cannot satisfy either the 25% test or the 10% test in questions 7a and 7b.

☐ Yes ☐ No