CHAPTER 7.

THE MECHANICS OF OBTAINING TAX EXEMPTION
AND
SAMPLE APPLICATION
THE MECHANICS OF OBTAINING TAX EXEMPTION

The application for recognition of tax exempt status under Section 501(c)(3) of the tax code is IRS Form 1023 (Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code). Organizations applying for recognition of tax-exempt status under other sections of the tax code, including section 501(c)(4), file Form 1024.

Form 1023 was substantially revised in October 2004. The IRS no longer accepts prior versions of Form 1023 and will return applications submitted on the earlier forms. The revised Form 1023 asks a number of questions designed to elicit information about abusive transactions, specifically excess benefit transactions with officers, directors and other control persons. The IRS acknowledges that the revised form requires more effort to complete than prior versions, but asserts that the need for follow-up questions will be reduced through the provision of more ‘up-front’ information.

The revised Form 1023 reduces the number of forms to be filed by incorporating the request for an advance ruling of public charity status (previously filed on form 872-C) and the form for payment of the user fee (which previously required Form 8718). Organizations that engage an attorney or other outside person to discuss the application with the IRS and make presentations on the corporation’s behalf must submit an additional form, IRS Form 2848 (Power of Attorney and Declaration of Representative).

In the past organizations could file an application for an employer identification number (EIN) with their Form 1023. Organizations must now obtain an EIN to complete the Form 1023, by filing IRS Form SS-4. This can be done online at www.irs.gov.

Form 1023 requires payment of a user fee. The amount of the user fee depends on the organization’s average or projected average annual gross receipts during its first four years of operation. For organizations with annual gross receipts under $10,000, the user fee is $300. For organizations with annual gross receipts averaging $10,000 or over, the user fee is $750. The organization is also required to attach a copy of its organizing document(s).

The required IRS forms, together with instructions, can be obtained online at www.irs.gov, from the nearest IRS district office or by calling 1-800-829-3676. It is also helpful to obtain a copy of IRS Publication 557, "Tax Exempt Status for Your Organization," and to review the "Frequently Asked Questions about Form 1023" and “Life Cycle of a Public Charity” on the IRS website (www.irs.gov).

Completed forms are included below, along with the IRS instructions. Also included are sample narratives for fictitious community development organizations.
The following guide is designed to identify and explain some of the major issues in applying for tax exemption. It should be used in conjunction with the instructions to Form 1023 and IRS Publication 557. Following these instructions carefully will increase the corporation’s chances for a speedy determination of exempt status. An attorney should prepare or review the application before it is submitted.

Once the application is submitted, it is usually about six months before the corporation receives a Determination Letter granting federal income tax exempt status. Tax exempt status is retroactive to the date of incorporation if the application is submitted within 27 months from the date of incorporation.

In completing the application, remember:

✓ An officer, director or other authorized person must sign the Form 1023. The signature line is on page 12, before any schedules.

✓ Include a copy (not the original) of the organization’s organizing document:
  • Corporations provide the Articles of Incorporation as certified (stamped) by the Secretary of State, and a copy of the organization’s bylaws
  • LLC’s provide the articles of organization certified (stamped) by Secretary of State and a copy of their operating agreement
  • Unincorporated associations provide a copy of the articles of association, constitution or similar document, with at least two signatures.

✓ Include a check for the filing fee made payable to the United States Treasury.

✓ Make a copy of the completed application prior to mailing and retain it in the corporation’s permanent records. The application must be made available for public inspection at the corporation’s principal office and at other offices having at least 3 paid employees. The corporation must furnish a copy of the application on request to any individual, without charge other than a reasonable fee for reproduction and mailing.

✓ Review the Form 1023 checklist (at the end of the instructions).

GUIDE TO FORM 1023 (Application for Recognition of Exemption)

The application requires both “fill in the blank” and narrative responses. For ease of preparation, all narrative information should be submitted on a properly identified attachment, not on the Form 1023. Write “See Attachment” on each item of the Form 1023
for which narrative information is on an attachment. Include a header with the organization’s name and EIN on each page of the attachment.

PART I. IDENTIFICATION OF APPLICANT

This part of the application contains items that will help identify the corporation. Most of the items are self-explanatory.

Item 4  If the corporation has not yet applied for an employer identification number, it should immediately obtain a number by completing Form SS-4. The form can be filled out and submitted online at www.irs.gov.

Item 5  Most corporations use a calendar year accounting period and so fill in “12” for December. Other common accounting periods are July-June and October-September. Consider the grant periods of the corporation’s likely grant sources, and administrative convenience for the corporation. The corporation’s bylaws will usually indicate the accounting period. If the bylaws are silent, the response to Item 5 will serve as an election of an accounting period.

Item 6  Enter the name and telephone number of the officer or director who is most knowledgeable about the corporation and its activities and is authorized to speak on its behalf, or of a representative named on Form 2848 and identified in Item 7.

Item 10  Organizations that are not required to file Form 990 include organizations with annual gross receipts that do not normally exceed $25,000, as well as churches, church affiliates and certain governmental affiliates.

Item 11  Enter the date stamped on the Articles of Incorporation. If the corporation is in the process of incorporating, do not file Form 1023 until the Articles of Incorporation have been filed with the Secretary of State. The IRS likely will postpone consideration of the application until the incorporation has been achieved. Unincorporated organizations that have no intention of incorporating may qualify for tax exemption, and would enter the date of their formation. Limited liability companies (LLC’s) may qualify for exemption under Section 501(c)(3) only if all of their members have Section 501(c)(3) exemptions.

PART II. ORGANIZATIONAL STRUCTURE

See the response to Item 1.11 on the previous line. The Secretary of State’s stamp on a corporation’s articles or an LLC’s articles of organization provides certification of filing. A secretary’s certificate can be used to show the date that bylaws were adopted if the bylaws themselves are not dated.

PART III. REQUIRED PROVISIONS IN YOUR ORGANIZING DOCUMENT

Item 1  This provision is found in Article II, section A of the model Articles of Incorporation
provided in this packet.

Item 2. This provision is found in Article V of the model Articles of Incorporation provided in this packet. California nonprofit public benefit corporations can also rely on the operation of state law for this provision.

PART IV. NARRATIVE DESCRIPTION OF YOUR ACTIVITIES

The description of activities is a critical part of the application and must be carefully answered. Describe the corporation’s past, present and proposed activities in detail and demonstrate that they are charitable or educational in nature. Be sure to answer:

- What is the activity?
- Who conducts the activity?
- When is the activity conducted?
- Where is the activity conducted?
- How does the activity further the organization’s exempt purposes?
- What percentage of the organization’s total time is allocated to the activity?
- How is the activity funded?

In general, prepare the response as though it were the narrative of a grant application. Assume that the IRS reader has limited knowledge of the problems that the corporation intends to address or the issues facing the intended beneficiaries. Tell the reader about the community or group of people that the corporation will serve, the problems that they face, the efforts that the corporation will make to address these problems, and the anticipated outcome of the corporation’s efforts.

If the organization’s activities will focus on a particular community, provide information on the community, demonstrating its deteriorated nature and extent of poverty, such as:

1. boundaries
2. population
3. racial composition compared to that of city as whole
4. median income compared to city
5. percentage of residents below poverty
6. percentage unemployed compared to city
7. designation of blight or other indication of government recognition of poverty condition (social program funds)
8. housing conditions such as age of housing, percentage of substandard or vacant buildings
9. business conditions such as vacant buildings, relocation of businesses out of community, evidence of redlining, lack of grocery stores or other services
10. distress from reports or statistics on homelessness, crime, etc.

If a limited number of people will be served, explain how the corporation will determine which
eligible persons will receive its services.

For example:

(1) How organization defines low income or other income criteria used to limit eligibility for services, and extent this criteria will be used

(2) Non-income criteria, if any, such as residence in community, membership, or preferences for a special population

(3) If services are provided to organizations, are they limited to public charities and is there a verification of status

(4) How it will choose who receives services if cannot serve all in need, with lack of favoritism for insiders

(5) How the community will be informed of availability of services

If the corporation will charge for its services, describe how the charges will be established, who will be charged, and the relationship of the charges to the corporation's cost of providing the service.

Remember that the Form 1023 will be available for public inspection. It is important to be as candid as possible to minimize future issues concerning the scope of the corporation's activities pursuant to the exemption granted by the IRS.

PART V. COMPENSATION AND OTHER ARRANGEMENTS WITH YOUR OFFICERS, DIRECTORS, TRUSTEES, EMPLOYEES AND INDEPENDENT CONTRACTORS

The purpose of the questions in this section is to elicit information about whether the organization is providing excess benefits to persons who exert influence over the organization. The IRS has identified the payment of excess compensation to insiders ("private inurement") as one of its enforcement priorities in the charitable sector. Factors considered are the comparability of compensation to that paid by similar organizations for similar services and whether key executives exert too much influence in determining their own compensation. Detailed regulations appear at 26 CFR §53.4958-1 et seq.

Note that the yes or no questions that begin at 5.2 relate to past, present or planned relationships, transactions and agreements.

5.1 a - c Compensation includes all benefits received as a result of the individual's relationship with the organization, including wages, benefits, loans and in-kind benefits such as the use of a vehicle and payment for personal travel. Officers, directors and employees can use the organization's address for mailing.
5.2 Family and business relationships are specifically defined in the instructions.

5.3 Descriptions of qualifications and duties must be provided for volunteer directors, officers or trustees, as well as paid staff. More detail should be provided for persons who receive compensation for their service, especially if the compensation arrangement is unusual. The IRS provides the following example in its frequently asked questions about Form 1023:

Mr. Ortiz is a member of the board of directors. He is also our president. His qualifications include graduating with a BS degree in general science from ABC College. He served as a fireman for ten years with the City of X during which time he rose to the rank of assistant fire chief and attended numerous clinics on fire prevention. He held the position of executive assistant to the president of the Y nonprofit organization immediately before joining our organization. His duties are spelled out in our bylaws, and include attending meetings of our board of directors and voting on board decisions.

Note that this example does not include the average number of hours worked, which the form requests.

See the definition of common control in the instructions. In determining whether an organization provides excess benefits to insiders the IRS will consider benefits the insider receives from controlled or related organizations, as well as directly from the organization.

5.4 a - f Organizations that adopt the compensation policy in the sample bylaws can answer yes to these questions.

5.5 The conflict of interest policy in the sample bylaws is an edited version of a sample policy provided by the IRS.

5.6 Any non-fixed compensation plan should be capped at a maximum that ensures total compensation does not exceed reasonable compensation for the services provided. Special attention should be paid to describing the qualifications and duties of persons who receive non-fixed compensation in question 5.3.

5.7 - 5.9 An affirmative response to these questions should be explained carefully. Emphasize the unique nature or value of the services obtained from these sources, and refer to the organization’s conflict of interest policies and use of comparability data to explain the arms length nature of the negotiation and fair market value of the transaction.

PART VI - YOUR MEMBERS AND OTHER ORGANIZATIONS THAT RECEIVE BENEFITS FROM YOU

Questions in this section attempt to determine whether the organization is operating for a truly public purpose or for the private benefit of a limited group of persons.

6.1 In addition to describing the services provided, explain the how the individuals or organizations who receive the services will be selected, emphasizing the lack of favoritism for insiders. It is likely that the organization has already provided the information for this
section in its narrative description of activities. The organization can refer back to its earlier response, but it may be helpful to assist the reviewer by copying and repeating the information.

6.2 An organization that limits any of its benefits or services to members should answer yes to this question. In addition to describing the services provided, discuss the criteria for admission to membership and the scope of member services relative to the organization’s overall activities.

6.3 See the definitions of family and business relationships in the instructions at Part V, Line 2a. Explain the nature of any relationship and any policies the organization has adopted to protect against excess benefit to insiders in providing such benefits.

PART VII - YOUR HISTORY

7.1 The instructions include as a successor an organization that has installed the same officers, directors and trustees as another organization that no longer exists. If an organization indicates that it is a successor, it must complete Schedule G, which requests detailed information about the predecessor organization, transfers of assets, and any continuing relationship.

7.2 Organizations that file Form 1023 within 27 months after formation can generally qualify for exemption retroactive to their date of formation. Organizations that file after 27 months are normally granted an exemption from the date of filing only, but may sometimes qualify for a retroactive exemption. The IRS will use the information provided on Schedule E to determine if the organization qualifies for a retroactive exemption.

PART VIII - YOUR SPECIFIC ACTIVITIES

8.1 Supporting or opposing political candidates will cause a denial of Section 501(c)(3) status.

8.2 Section 501(c)(3) organizations may engage in a limited amount of legislative lobbying. Many activities that relate to legislative issues, such as general public education and analysis of proposals, do not constitute lobbying. See Lobbying by Section 501(c)(3) Organizations: Legal Issues at: http://www.insightcced.org/index.php?page=legalpubs#ncf.

An organization that plans to engage in more than an incidental amount of lobbying should normally file Form 5768, which allows organizations to lobby up to a limit of 20% of their total expenditures. Organizations that lobby and do not elect to file Form 5768 should restrict the time, funds and other resources that expended on lobbying to approximately 5%.

8.3 Organizations that plan to engage in bingo or other gaming activities should review IRS Publication 3079, Gaming Publication for Tax-Exempt Organizations. California charities are generally not permitted to sponsor poker games or casino nights, and must register before
conducting raffles. See “raffles” on the Attorney General’s web page.
http://caag.state.ca.us/charities/index.htm

8.4 Organizations should report their actual and planned fundraising activities, which should be consistent with the broad public support necessary for public charity status. The description of the fundraising program should indicate who will develop grant proposals or conduct other fundraising activities: volunteers, paid staff or professional fundraisers.

The use of professional fundraisers or fundraising consultants by California charitable organizations requires written contracts and compliance with other standards. California organizations that use professional fundraisers and/or solicit donations from individuals should review the requirements of the California Law on Charitable Solicitations, Business and Professions Code §§17510-17510.95, and the California Law on the Supervision of Trustees and Fundraisers for Charitable Purposes, Business and Professions Code §§12580-12599.7. These are available on the Attorney General’s website at http://caag.state.ca.us/charities/statutes.htm. It is also helpful to review the Attorney General’s materials on the Nonprofit Integrity Act, which made a number of amendments to the Law on the Supervision of Trustees and Fundraisers for Charitable Purposes.

8.5 See the definition of affiliated in the instructions.

8.6 This question is apparently intended to elicit information about whether organizations are engaged in truly charitable activities or providing private benefit to business interests. The instructions emphasize assistance to businesses in defining organizations engaged in community economic development. Such organizations are described as combating community deterioration, eliminating discrimination, or lessening the burdens of government through various forms of business assistance.

Organizations that answer this question affirmatively need to explain carefully how their programs are specifically targeted to improve conditions in an economically depressed or blighted area and/or identifying and serving only disadvantaged persons or businesses who cannot obtain assistance through conventional sources. The organization should describe in detail the disadvantaged nature of the area it serves, including any governmental findings or designations related to disadvantage (such as designation of a redevelopment area), and the manner in which it selects individual participants for its programs. Organizations whose purpose is lessening the burdens of government should explain whether the government has recognized the organization’s activities as within its responsibilities and describe any governmental involvement with the organization.

The IRS published continuing professional education materials on economic development activities in 1992. The materials are well worth reading for their review of IRS rulings on charitable vs. non-charitable economic development activities and extensive discussion of reducing the burdens of government. They are available online at http://www.irs.gov/pub/irs-tege/eotopicg92.pdf.
[Note that the instructions appear to direct any organization whose charitable purpose is combating community deterioration, eliminating discrimination, or lessening the burdens of government to identify itself as engaged in economic development. To the extent that such organizations do not provide assistance to businesses, they should state so explicitly in their response to this question.]

8.7 See the definitions of family and business relationships in the instructions at Part V, Line 2a. Explain how facility developers and/or managers are selected and the manner in which their compensation is determined, emphasizing the arm’s length nature of the transaction and referring to the organization’s conflict of interest policy.


The second prong requires a showing that the exempt organization has sufficient control over the overall operations of the partnership to ensure that the venture will continue to further charitable purposes throughout its term and will not generate more than an insubstantial amount of private benefit. The exempt organization must play an active role in the management of the venture (typically as the general partner in a limited partnership or managing member of a LLC), and should have a majority of the voting power. The agreement should limit the for-profit partner’s ability to amend the agreement or remove the tax-exempt partner as the general partner or managing member. The agreement should also limit the activities of the venture to those that further charitable purposes. See the 2003 EO CPE Text, Housing Partnership Agreements, http://www.irs.gov/pub/irs-tege/eotopicg03.pdf

8.9 An organization must meet a two-part test to be an exempt childcare organization under §501(k) - care must be provided to enable substantially all of the children’s parents to be gainfully employed, and its services must be open to the general public. Organizations that do not meet these tests may qualify for exemption as educational institutions.

8.10 Explain any program for marketing or other commercial use of the intellectual property, and how these activities will serve charitable purposes.

8.11 This question relates to IRS concerns about donors maintaining an interest in property
while receiving deductions for donations, as well as overvaluing of deductions. The IRS is closely examining conservation easements, including historic façade easements, for such abuses.  http://www.irs.gov/charities/article/0,,id=137244,00.html. Organizations that accept such contributions should seek specific legal advice about their response to this question.

8.13 Organizations that make grants or loans to other organizations should explain how they ensure such grants or loans will further their exempt purposes during the award process and throughout the life of the grant or loan.

8.15 See the instructions for the definition of a close connection. In explaining any such relationship, describe how the organization’s compensation and conflict of interest policies are applied to prevent insiders from receiving excess benefit through the related organization.

8.21 Organizations that will develop housing for low-income, elderly or disabled persons need to complete Schedule F. See the guidance cited above regarding question 8.8.

PART IX. FINANCIAL DATA

The information required in this section should be completed using the corporation’s financial and accounting records. The statements should be completed as of the corporation’s annual accounting period. New corporations must submit projections of anticipated receipts and expenditures, making their best estimates.

PART X. PUBLIC CHARITY STATUS

There are two types of Section 501(c)(3) organizations: public charities and private foundations. Public charity status is preferable. In general, an organization will qualify as a public charity if it normally receives a substantial part of its support from the general public, other public charities, foundations, or federal, state or local government agencies. Private foundations are generally organizations that are supported by one or a small number of contributors or the members of a single family. Private foundations are subject to complex and extensive reporting and record keeping requirements, exposure to possible penalty and excise taxes, and reduced eligibility for charitable contributions and foundation grants. See the outline at the end of this document for additional information.

10.5 The classification described in box (g) is more advantageous than that described in box (h), but either is acceptable. If the corporation will receive mostly grant income, it will likely meet the requirements for box (g). If the income is mostly rents, fees, or similar sources, then box (h) is probably more appropriate.

10.6 If the corporation has completed a tax year of 8 months or more, it is entitled to a definitive ruling on the issue of whether it is a public charity, and may, but need not, request such a ruling. Even with a definitive ruling, the corporation must demonstrate each year
thereafter that its sources of support have not changed so as to disqualify it from public charity status.

If the corporation is not eligible for a definitive ruling, it must request an advance ruling. A successful advance ruling determination will result in the corporation being treated as a public charity for its first five years. Grantors and contributors can rely on the advance ruling during this five year period. At the end of this period, the IRS will examine the corporation’s sources of support and make a final determination of its status. If the corporation fails to meet the public charity requirements, it will be reclassified as a private foundation, and will be liable for "excise tax on investment income" under Section 4940 of the Internal Revenue Code for the period covered by the advance ruling. The corporation can reapply for a new five year advance ruling of its public charity status.

An organization filing for an advance ruling must agree to extend the period for the statute of limitations on assessment of the IRC Section 4940 tax.

In September 2008, the IRS eliminated the advance ruling process, whereby a new 501(c)(3) organization requested an advance ruling as a publicly supported organization for its first five years and submitted Form 8734 at the end of the advance ruling period. Starting in September 2008, an organization that applies for exemption under section 501(c)(3) and requests public charity status under section 170(b)(1)(A)(vi) or section 509(a)(2) will automatically receive an exemption letter that it is a public charity if the IRS determines that the organization can reasonably be expected to be publicly supported. The applicant organization no longer files Form 8734, but beginning with its sixth tax year, the organization is required to report its public support information on the Schedule A of its Form 990 or 990-EZ.

APPLICATION PROCESSING

At the time these materials were developed the IRS was taking about six months to process tax exemption applications. The IRS will expedite the processing of Form 1023 where compelling reasons exist to expedite processing. Compelling reasons include a pending grant that is necessary for the organization’s continued operations and delays due to IRS errors. A request for expedited processing must be made in writing after the Form 1023 has been filed and must fully explain the compelling reason.

For a pending grant, the following specific information would help support a request for expedited processing:

- The name of the person or organization committed to giving the grant or asset,
- The amount of the grant or the value of the asset,
• The date the grant will be forfeited or permanently redirected to another organization,

• The impact on the organization's operations if it does not receive the grant/asset, and

• The signature of a principal officer or authorized representative.

Granting expedited processing is at the discretion of the IRS. Most requests are denied.

**Where to send request for expedite handling**
After an application has been filed, a written request for expedite handling must be sent to the following address:
A written request for expedited handling sent by express mail or a delivery service must be sent to the following address:

Internal Revenue Service
550 Main Street
Room 4024
Cincinnati, OH 45202

SUMMARY OUTLINE: APPLYING FOR 501(c)(3) STATUS (FORM 1023)

1. Need IRS determination of 501(c)(3) status, unless annual gross receipts average $5,000 or less. IRC § 508.

2. If applying 27 months from end of month of incorporation, exemption retroactive to date of incorporation. Otherwise, exemption effective from date of application, unless good cause shown. Can obtain 501(c)(4) exemption for period from date of incorporation to date of 501(c)(3) application.

3. Form 1023 requires narrative description of past, present, and planned activities (Part II, Question 1). Draft carefully, stressing broad public benefit from the organization's activities.

   a. Provide information on the community, demonstrating its deteriorated nature and extent of poverty, such as area:

      (1) Boundaries.
      (2) Population.
      (3) Racial composition compared to that of city as whole.
      (4) Median income compared to city.
      (5) Percentage of residents below poverty.
      (6) Percentage unemployed compared to city.
      (7) Designation of blight or other indication of government recognition of poverty condition (social program funds).
      (8) Housing conditions such as age of housing, percentage of substandard or vacant buildings.
      (9) Business conditions such as vacant buildings, relocation of businesses out of community, evidence of redlining, lack of grocery stores or other services.
      (10) Distress from reports or statistics on homelessness, crime, etc.
b. Provide information on who will be served:

(1) How organization defines low income or other income criteria used to limit eligibility for services, and extent this criteria will be used.

(2) Non-income criteria, if any, such as residence in community, membership, or preferences for a special population.

(3) How organization will choose who receives services if cannot serve all in need, with lack of favoritism for insiders.

(4) How community will be informed of availability of services.

4. Other information required by Form 1023 includes:

a. Balance sheet and revenue and expense statement for current year, and for new organizations a proposed budget for the following two years.

b. Conformed copy of articles and bylaws.

c. Names and addresses of directors and officers.

d. Annual accounting period.

e. Employer identification number; complete Form SS-4 to have number assigned.

5. Include appropriate filing fee.

6. If new organization, the IRS will automatically classify the organization as a public charity for its first five years if it can show in its application that it can reasonably be expected to be publicly supported. Otherwise, the IRS will classify the organization as a private foundation.

a. Two kinds of 501(c)(3) organizations: public charity and private foundation.

b. Public charity status is preferable.

(1) Some private foundations will not make grants to other private foundations.

(2) Private foundations are subject to tax on net investment income, greater administrative and reporting requirements, stringent self-dealing and business holding rules, and greater restrictions on
lobbying.

(3) Donors can deduct 30% of adjusted gross income for contributions to private foundations, but 50% to public charities.

c. To qualify as a public charity:

(1) Sections 509(a)(1)/170(b)(1)(A)(vi) require that organization normally receive at least 1/3 of support from government grants, individual contributions, or foundation grants (public support), not counting as public support more than 2% of total support from any non-government source, and not counting related business revenue in total support.

(2) Section 509(a)(2) also requires at least 1/3 public support, but does not count as public support any contribution from a non-government source in excess of $5,000 and 2% of total support, and counts related business revenue as public support up to the greater of $5,000 or 1% of total support from any one source.

(3) Section 509(a)(1) status is usually preferable to 509(a)(2); IRS permits as low as 10% public support under 509(a)(1) with proper showing.

d. After the first five years, the IRS will monitor the organization’s public charity status using the public support information it reports annually on the Schedule A of its Form 990 or 990-EZ. Its public support is based on a five year computation period that consists of the current year and the four years immediately preceding the current year.

e. If income from an activity might jeopardize public charity status, put the activity in a separate controlled corporation.

(1) If the activity is charitable, the separate corporation can seek Section 509(a)(3) public charity status.

(2) 509(a)(3) only requires supervision and control by a public charity; the income of the controlled corporation need not meet a numerical public support test.

Sample forms follow below.
Form SS-4

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

Keep a copy for your records.

1. Legal name of entity (or individual) for whom the EIN is being requested
   Franklin Community Development Corporation

2. Trade name of business if different from name on line 1
   N/A

3. Executive, administrator, trustee, “care of” name
   N/A

4. Mailing address (room, apt., suite no., and street or P.O. box)
   333 Franklin Ave

5. Street address (if different) (Do not enter P.O. box)
   N/A

6. City, state, and ZIP code (if foreign, see instructions)
   Franklin City, CA 95520-1204

7. County and state where principal business is located
   Franklin County, CA

8a. If this application is for a limited liability company (LLC) or a foreign equivalent? [ ] Yes [ ] No

8b. If Yes, enter the number of LLC members
   N/A

8c. If yes, was the LLC organized in the United States? [ ] Yes [ ] No

9a. Type of entity (check only one box)
   Sole proprietor (SSN) [ ] Partnership [ ] Corporation
   Corporation (enter form number to be filed) [ ] Church or church-controlled organization
   [ ] Other nonprofit organization (specify) [ ] Charitable
   [ ] Other (specify)

9b. If a corporation, name the state or foreign country (if applicable) where incorporated
   California

10. Reasons for applying (check only one box)
   [ ] Started new business (specify type)
   [ ] Charitable Organization
   [ ] Purchased existing business
   [ ] Created a trust (specify type)
   [ ] Created a pension plan (specify type)

11. Date business started or acquired (month, day, year)
   Incorporated 09/01/2006

12. Closing month of accounting year
   December

14. Do you expect your employment tax liability to be $1,000 or less in a full calendar year? [ ] Yes [ ] No

15. If Yes, enter previous EIN

16. First date wages or salaries were paid (month, day, year)
   N/A

17. Highest number of employees expected in the next 12 months
   Agricultural  Household  Other
   10

18. First day wages or salaries were paid (month, day, year)
   Note: If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year)

19. Check one box that best describes the principal activity of your business
   Construction  Rental & leasing  Transportation & warehousing
   Real estate  Manufacturing  Finance & insurance
   Other (specify) [ ] Charitable

20. Assist low-income rural communities: provide jobs and employment training; improve rural economic and social viability

21. Has the applicant entity shown on line 1 ever applied for and received an EIN? [ ] Yes [ ] No
   If Yes, cite previous EIN here

22. Complete this section only if you want to authorize the named individual to receive the entity’s EIN and answer questions about the completion of this form
   Designee’s name
   Address and ZIP code
   Designee’s telephone number (include area code)

23. For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

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# Power of Attorney and Declaration of Representative

**Form 2848**

**Power of Attorney and Declaration of Representative**

*Type or print.* See the separate instructions.

**Part I** Power of Attorney

**Caution:** Form 2848 will not be honored for any purpose other than representation before the IRS.

1. **Taxpayer Information.** Taxpayer(s) must sign and date this form on page 2, line 9.

   **Taxpayer name(s) and address**
   
   Franklin Community Development Corporation
   333 Franklin Avenue
   Franklin City, CA 95020-1234

   **Social security number(s)**
   
   **Employer identification number**
   
   **Daytime telephone number**
   
   (510) 548-2600

   **Plan number (if applicable)**
   
   Pending

   **Date**
   
   / / 

2. **Representative(s) must sign and date this form on page 2, Part II.**

   **Name and address**
   
   William H. Webster
   1950 Addison Street, Suite 200
   Berkeley, CA 94704

   **CAF No.**
   
   510-548-2600

   **Telephone No.**
   
   Fax No.

   **Check if new: Address**
   
   Telephone No.

   **Fax No.**
   
   Check if new: Address

   **Telephone No.**
   
   Fax No.

   **Check if new: Address**
   
   Telephone No.

   **Fax No.**
   
   Check if new: Address

   **Telephone No.**
   
   Fax No.

   **Check if new: Address**
   
   Telephone No.

   **Fax No.**
   
   Check if new: Address

3. **To represent the taxpayer(s) before the Internal Revenue Service for the following tax matters:**

   **Tax matters**
   
   **Type of Tax (Income, Employment, Excise, etc.) or Civil Penalty (see the instructions for line 3)**
   
   **Tax Form Number**
   
   (1040, 941, 720, etc.)

   **Year(s) or Period(s)**
   
   (see the instructions for line 3)

   **Income Tax**
   
   1023 - Pending app. for exemption

   **N/A**

4. **Specific use not recorded on Centralized Authorization File (CAF).** If the power of attorney is for a specific use not recorded on CAF, check this box. See the instructions for Line 4. Specific Uses Not Recorded on CAF

5. **Acts authorized.** The representatives are authorized to receive and inspect confidential tax information and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. The authority does not include the power to receive refund checks (see line 6 below), the power to substitute another representative or add additional representatives, the power to sign certain returns, or the power to execute a request for disclosure of tax returns or return information to a third party. See the line 5 instructions for more information.

   **Exceptions.** An unenrolled return preparer cannot sign any document for a taxpayer and may only represent taxpayers in limited situations. See Unenrolled Return Preparer on page 1 of the instructions. An enrolled return preparer may only represent taxpayers to the extent provided in section 10.3(d) of Treasury Department Circular No. 230 (Circular 230). An enrolled return preparer may only represent taxpayers to the extent provided in section 10.3(e) of Circular 230. See the line 5 instructions for restrictions on tax matters permitted, in most cases, the student practitioner's (levels k and l) authority is limited (for example, they may only practice under the supervision of another practitioner).

   **List any specific additions or deletions to the acts otherwise authorized in this power of attorney:**

   **N/A**

6. **Receipt of refund checks.** If you want to authorize a representative named on line 2 to receive, BUT NOT TO ENDORSE OR CASH, refund checks, initial here ________ and list the name of that representative below.

   **Name of representative to receive refund check(s)**

For Privacy Act and Paperwork Reduction Act Notice, see page 4 of the instructions.

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Part II  Declaration of Representative

Caution: Students with a special order to represent taxpayers in qualified Low Income Taxpayer Clinics or the Student Tax Clinic Program (levels I and II) see the instructions for Part II.

- I am not currently under suspension or disbarment from practice before the Internal Revenue Service;
- I am aware of regulations contained in Circular 230 (31 CFR, Part 10), as amended, concerning the practice of attorneys, certified public accountants, enrolled agents, enrolled actuaries, and others;
- I am authorized to represent the taxpayer(s) identified in Part I for the tax matter(s) specified there; and
- I am one of the following:
  a. Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
  b. Certified Public Accountant—duly qualified to practice as a certified public accountant in the jurisdiction shown below.
  c. Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 26 U.S.C. 1242 (the authority to practice before the Internal Revenue Service is limited by section 10.2(a) of Circular 230).
  h. Unenrolled Return Preparer—the authority to practice before the Internal Revenue Service is limited by Circular 230, section 10.7(c)(1)(Vi)(ii). You must have prepared the return in question and the return must be under examination by the IRS. See Unenrolled Return Preparer on page 1 of the instructions.
  k. Student Attorney—student who receives permission to practice before the IRS by virtue of their status as a law student under section 10.7(d) of Circular 230.
  l. Student CPA—student who receives permission to practice before the IRS by virtue of their status as a CPA student under section 10.7(d) of Circular 230.
  r. Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.2(a)).

**IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.** See the Part II instructions.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Jurisdiction (state)</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a-r)</td>
<td>CA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Form 1023
Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code

Use the instructions to complete this application and for a definition of all bold items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at www.irs.gov for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

Part I Identification of Applicant

1 Full name of organization (exactly as it appears in your organizing document)  
Franklin Community Development Corporation  
N/A

2 c/o Name (if applicable)

3 Mailing address (Number and street) (see instructions)  
333 Franklin St.  
City or town, state or country, and ZIP + 4  
Franklin City, CA 95520-1234

Room/Suite

4 Employer Identification Number (EIN)

99-9999999

5 Month the annual accounting period ends (01 - 12)

6 Primary contact (officer, director, trustee, or authorized representative)  
a Name: William H. Webster  
b Phone: 510-548-2800  
c Fax: (optional)

7 Are you represented by an authorized representative, such as an attorney or accountant? If “Yes,” provide the authorized representative’s name, and the name and address of the authorized representative’s firm. Include a completed Form 2848, Power of Attorney and Declaration of Representative, with your application if you would like us to communicate with your representative.  
Yes ☑ No ☐

8 Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If “Yes,” provide the person’s name, the name and address of the person’s firm, the amounts paid or promised to be paid, and describe that person’s role.  
Yes ☐ No ☑

9a Organization’s website: www.fcdcc.org

9b Organization’s email: (optional)

10 Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If “Yes,” explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ.  
Yes ☑ No ☐

11 Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) 09 / 01 / 2006

12 Were you formed under the laws of a foreign country?  
If “Yes,” state the country.  
Yes ☑ No ☐

For Paperwork Reduction Act Notice, see page 24 of the instructions.

Cat. No. 17133K  
Form 1023 (Rev. 6-2006)

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**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check “Yes” on lines 1, 2, 3, or 4.**

1. Are you a corporation? If “Yes,” attach a copy of your articles of incorporation showing certification of filing with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  
   - Yes  
   - No

2. Are you a limited liability company (LLC)? If “Yes,” attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  
   - Yes  
   - No

3. Are you an unincorporated association? If “Yes,” attach 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.  
   - Yes  
   - No

4a. Are you a trust? If “Yes,” attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  
   - Yes  
   - No

   b. Have you been funded? If “No,” explain how you are formed without anything of value placed in trust.  
   - Yes  
   - No

5. Have you adopted bylaws? If “Yes,” attach a current copy showing date of adoption. If “No,” explain how your officers, directors, or trustees are selected.  
   - Yes  
   - No

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes 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.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

1. Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. **Location of Purpose Clause (Page, Article, and Paragraph):**

   - Yes

2a. Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.  

2b. If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a.  

2c. **See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state:**

   - Yes

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your past, present, and planned activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

1a. List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual compensation, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Mailing address</th>
<th>Compensation amount (annual or estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Smith</td>
<td>President &amp; Director</td>
<td>333 Franklin St. Franklin City, CA 9562-1234</td>
<td>None</td>
</tr>
<tr>
<td>Lisa Wong</td>
<td>Treasurer &amp; Director</td>
<td>333 Franklin St. Franklin City, CA 9562-1234</td>
<td>None</td>
</tr>
<tr>
<td>Maria Gonzalez</td>
<td>Secretary &amp; Director</td>
<td>333 Franklin St. Franklin City, CA 9562-1234</td>
<td>None</td>
</tr>
<tr>
<td>Eleanor Howard</td>
<td>Director</td>
<td>333 Franklin St. Franklin City, CA 9562-1234</td>
<td>None</td>
</tr>
</tbody>
</table>

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Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than $50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Mailing address</th>
<th>Compensation amount (annual actual or estimated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roger Richards</td>
<td>Executive Director</td>
<td>333 Franklin St.</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

The following “Yes” or “No” questions relate to past, present, or planned relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

2a Are any of your officers, directors, or trustees related to each other through family or business relationships? If “Yes,” identify the individuals and explain the relationship. ☐ Yes ☑ No

b Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If “Yes,” identify the individuals and describe the business relationship with each of your officers, directors, or trustees. ☑ Yes ☐ No

c Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If “Yes,” identify the individuals and explain the relationship. ☐ Yes ☑ No

3a For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties. ☑ Yes ☐ No

b Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through common control? If “Yes,” identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement. ☐ Yes ☑ No

4 In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

a Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy? ☑ Yes ☐ No

b Do you or will you approve compensation arrangements in advance of paying compensation? ☑ Yes ☐ No

c Do you or will you document in writing the date and terms of approved compensation arrangements? ☑ Yes ☐ No
**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

| d | Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? | Yes | No |
| e | Do you 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? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. | Yes | No |
| f | Do you or will you record in writing both the information on which you relied to base your decision and its source? | Yes | No |
| g | If you answered “No” to any item on lines 4a through 4f, describe how you set compensation that is reasonable for your officers, directors, trustees, and highest compensated employees. | Yes | No |

6a Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If “Yes,” provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If “No,” answer lines 6b and 6c.

| a | What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation? | Yes | No |
| b | What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves? | Yes | No |

Note: A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section 1, line 14.

6a Do you or will you compensate any of your officers, directors, trustees, and highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, or 1c 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 limit on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.

| a | Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than $50,000 per year, 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 limit on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation. | Yes | No |

7a Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If “Yes,” describe any such purchase that you made or intend to make, from whom you made or will make such purchases, how the terms are or will be negotiated at arm’s length, and explain how you determine or will determine that you pay no more than fair market value. Attach copies of any written contracts or other agreements relating to such purchases.

| a | Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If “Yes,” describe any such sale that you made or intend to make, to whom you made or will make such sales, how the terms are or will be negotiated at arm’s length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales. | Yes | No |

8a Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If “Yes,” provide the information requested in lines 8b through 8f.

| a | Describe any written or oral arrangements that you made or intend to make. | Yes | No |
| b | Identify with whom you have or will have such arrangements. | Yes | No |
| c | Explain how the terms are or will be negotiated at arm’s length. | Yes | No |
| d | Explain how you determine you pay no more than fair market value or you are paid at least fair market value. | Yes | No |
| e | Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements. | Yes | No |

9a Do you or will you have any leases, contracts, loans, or other agreements with any organization 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? If “Yes,” provide the information requested in lines 9b through 9f.

| a | Yes | No |
Part V  Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)

b  Describe any written or oral arrangements you made or intend to make.
c  Identify with whom you have or will have such arrangements.
d  Explain how the terms are or will be negotiated at arm’s length.
e  Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
f  Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

Part VI  Your Members and Other Individuals and Organizations That Receive Benefits From You

The following “Yes” or “No” questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to past, present, and planned activities. (See instructions.)

1a  In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If “Yes,” describe each program that provides goods, services, or funds to individuals. □ Yes □ No

b  In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If “Yes,” describe each program that provides goods, services, or funds to organizations. □ Yes □ No

2  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

3  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 listed in Part V, lines 1a, 1b, and 1c? If “Yes,” explain how these related individuals are eligible for goods, services, or funds. □ Yes □ No

Part VII  Your History

The following “Yes” or “No” questions relate to your history. (See instructions.)

1  Are you a successor to another organization? 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 non-profit status. If “Yes,” complete Schedule G. □ Yes □ No

2  Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If “Yes,” complete Schedule E. □ Yes □ No

Part VIII  Your Specific Activities

The following “Yes” or “No” questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to past, present, and planned activities. (See instructions.)

1  Do you support or oppose candidates in political campaigns in any way? If “Yes,” explain. □ Yes □ No

2a  Do you attempt to influence legislation? If “Yes,” explain how you attempt to influence legislation and complete line 2b. If “No,” go to line 3a. □ Yes □ No

b  Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If “Yes,” attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. 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

3a  Do you or will you operate bingo or gaming activities? If “Yes,” describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating those activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. □ Yes □ No

b  Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If “Yes,” describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm’s length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements. □ Yes □ No

c  List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.
Part VIII: Your Specific Activities (Continued)

4a. Do you or will you undertake fundraising? If “Yes,” check all the fundraising programs you do or will conduct. (See instructions.)

☐ mail solicitations
☐ email solicitations
☐ personal solicitations
☐ vehicle, boat, plane, or similar donations
☐ foundation grant solicitations

☐ phone solicitations
☐ accept donations on your website
☐ receive donations from another organization’s website
☐ government grant solicitations

Attach a description of each fundraising program.

b. Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If “Yes,” describe these arrangements. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time period specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.

☐ Yes ☐ No

c. Do you or will you engage in fundraising activities for other organizations? If “Yes,” describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.

☐ Yes ☐ No

d. List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

☐ Yes ☐ No

e. Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer “Yes” if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor’s contribution account. If “Yes,” describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.

☐ Yes ☐ No

5. Are you affiliated with a governmental unit? If “Yes,” explain.

☐ Yes ☐ No

6a. Do you or will you engage in economic development? If “Yes,” describe your program.

Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

☐ Yes ☐ No

7a. Do or will persons other than your employees or volunteers develop your facilities? If “Yes,” describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.

☐ Yes ☐ No

b. Do or will persons other than your employees or volunteers manage your activities or facilities? If “Yes,” describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.

☐ Yes ☐ No

c. If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm’s length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

☐ Yes ☐ No

8. Do you or will you enter into joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If “Yes,” describe the activities of these joint ventures in which you participate.

☐ Yes ☐ No

9a. Are you applying for exemption as a childcare organization under section 501(h)? If “Yes,” answer lines 9d through 9f. If “No,” go to line 10.

☐ Yes ☐ No

b. Do you provide childcare so that parents or caretakers of children you care for can be gainfully employed (see instructions)? If “No,” explain how you qualify as a childcare organization described in section 501(k).

☐ Yes ☐ No

c. Of the children for whom you provide childcare, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If “No,” explain how you qualify as a childcare organization described in section 501(k).

☐ Yes ☐ No

d. Are your services available to the general public? If “No,” describe the specific group of people for whom your services are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).

☐ Yes ☐ No

10. Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If “Yes,” explain. 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
Part VIII Your Specific Activities (Continued)

11 Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If “Yes,” describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.

☐ Yes ☐ No

12a Do you or will you operate in a foreign country or countries? If “Yes,” answer lines 12b through 12d. If “No,” go to line 13a.

☐ Yes ☐ No

b Name the foreign countries and regions within the countries in which you operate.

c Describe your operations in each country and region in which you operate.

d Describe how your operations in each country and region further your exempt purposes.

13a Do you or will you make grants, loans, or other distributions to organization(s)? If “Yes,” answer lines 13b through 13g. If “No,” go to line 14a.

☐ Yes ☐ No

b Describe how your grants, loans, or other distributions to organizations further your exempt purposes.

c Do you have written contracts with each of those organizations? If “Yes,” attach a copy of each contract.

d Identify each recipient organization and any relationship between you and the recipient organization.

e Describe the records you keep with respect to the grants, loans, or other distributions you make.

(i) Do you require an application form? If “Yes,” attach a copy of the form.

☐ Yes ☐ No

(ii) Do you require a grant proposal? If “Yes,” describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.

☐ Yes ☐ No

g Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.

14a Do you or will you make grants, loans, or other distributions to foreign organizations? If “Yes,” answer lines 14b through 14f. If “No,” go to line 15.

☐ Yes ☐ No

b Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.

c Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If “Yes,” list all earmarked organizations or countries.

☐ Yes ☐ No

d 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

e 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

f 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 site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.

☐ Yes ☐ No
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part VIII: Your Specific Activities (Continued)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15  Do you have a close connection with any organizations? If “Yes,” explain.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>16  Are you applying for exemption as a cooperative hospital service organization under section 501(e)? If “Yes,” explain.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>17  Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(1)? If “Yes,” explain.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>18  Are you applying for exemption as a charitable risk pool under section 501(n)? If “Yes,” explain.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>19  Do you or will you operate a school? If “Yes,” complete Schedule B. Answer “Yes,” whether you operate a school as your main function or as a secondary activity.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>20  Is your main function to provide hospital or medical care? If “Yes,” complete Schedule C.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>21  Do you or will you provide low-income housing or housing for the elderly or handicapped? If “Yes,” complete Schedule F.</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**Note:** Private foundations may use Schedule H to request advance approval of individual grant procedures.
### A. Statement of Revenues and Expenses

<table>
<thead>
<tr>
<th>Type of revenue or expense</th>
<th>Current tax year</th>
<th>2 prior tax years or 2 succeeding tax years</th>
<th>(e) Provide Total for (a) through (d)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Gifts, grants, and contributions received (do not include unusual grants)</td>
<td>$30,000</td>
<td>$131,000</td>
<td>$231,000</td>
</tr>
<tr>
<td><strong>2</strong> Membership fees received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3</strong> Gross investment income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4</strong> Not unrelated business income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>5</strong> Taxes levied for your benefit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>6</strong> 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)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>7</strong> Any revenue not otherwise listed above or in lines 9–12 below (attach an itemized list)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>8</strong> Total of lines 1 through 7</td>
<td>$30,000</td>
<td>$131,000</td>
<td>$231,000</td>
</tr>
<tr>
<td><strong>9</strong> Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>10</strong> Total of lines 8 and 9</td>
<td>$30,000</td>
<td>$131,000</td>
<td>$231,000</td>
</tr>
<tr>
<td><strong>11</strong> Net gain or loss on sale of capital assets (attach schedule and see instructions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>12</strong> Unusual grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>13</strong> Total Revenue Add lines 10 through 12</td>
<td>$30,000</td>
<td>$131,000</td>
<td>$231,000</td>
</tr>
<tr>
<td><strong>14</strong> Fundraising expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>15</strong> Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>16</strong> Disbursements to or for the benefit of members (attach an itemized list)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>17</strong> Compensation of officers, directors, and trustees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>18</strong> Other salaries and wages</td>
<td>$4,000</td>
<td>$95,000</td>
<td>$195,000</td>
</tr>
<tr>
<td><strong>19</strong> Interest expense</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>20</strong> Occupancy (rent, utilities, etc.)</td>
<td>$2,000</td>
<td>$6,000</td>
<td>$5,100</td>
</tr>
<tr>
<td><strong>21</strong> Depreciation and depletion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>22</strong> Professional fees</td>
<td>$3,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>23</strong> Any expense not otherwise classified, such as program services (attach itemized list)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>24</strong> Total Expenses Add lines 14 through 23</td>
<td>$9,000</td>
<td>$101,000</td>
<td>$201,000</td>
</tr>
</tbody>
</table>
### Part IX  Financial Data (Continued)

#### B. Balance Sheet (for your most recently completed tax year)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cash</td>
<td></td>
</tr>
<tr>
<td>2 Accounts receivable, net</td>
<td></td>
</tr>
<tr>
<td>3 Inventories</td>
<td></td>
</tr>
<tr>
<td>4 Bonds and notes receivable (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>5 Corporate stocks (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>6 Loans receivable (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>7 Other investments (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>8 Depreciable and depletable assets (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>9 Land</td>
<td></td>
</tr>
<tr>
<td>10 Other assets (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>11 Total Assets (add lines 1 through 10)</td>
<td>21,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Accounts payable</td>
<td></td>
</tr>
<tr>
<td>13 Contributions, gifts, grants, etc. payable</td>
<td></td>
</tr>
<tr>
<td>14 Mortgages and notes payable (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>15 Other liabilities (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>16 Total Liabilities (add lines 12 through 15)</td>
<td>21,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances or Net Assets</th>
<th>Year End</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 Total fund balances or net assets</td>
<td>21,000</td>
</tr>
<tr>
<td>18 Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)</td>
<td>21,000</td>
</tr>
</tbody>
</table>

19 Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If “Yes,” explain. □ Yes □ No

### Part X  Public Charity Status

Part X is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a private operating foundation. (See instructions.)

1a Are you a private foundation? If “Yes,” go to line 1b. If “No,” go to line 5 and proceed as instructed. □ Yes □ No

b As a private foundation, section 501(h) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2. □

2 Are you a private operating foundation? 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. If “Yes,” go to line 3. If “No,” go to the signature section of Part XI. □ Yes □ No

3 Have you existed for one or more years? If “Yes,” attach financial information showing that you are a private operating foundation, go to the signature section of Part XI. If “No,” continue to line 4. □ Yes □ No

4 Have you attached either (1) an affidavit or opinion of counsel, including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter, that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation? □ Yes □ No

5 If you answered “No” to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.

a 509(a)(1) and 170(b)(1)(A)(b)—a church or a convention or association of churches. Complete and attach Schedule A. □
b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B. □
c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C. □
d 509(a)(2)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (c), or (b) organization. Complete and attach Schedule B. □
Part X  Public Charity Status (Continued)

e  509(a)(1)—an organization organized and operated exclusively for testing for public safety.  

f  509(a)(1) and 170(b)(1)(A)(vi)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.  

g  509(a)(1) and 170(b)(1)(A)(vi)—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.  

h  509(a)(2)—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).  

i  A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.  

6  If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.  

a  Request for Advance Ruling: By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excess tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1535, Extending the Tax Assessment Period, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1535 from the IRS web site at www.irs.gov or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.  

| Consent Filing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code |
| For Organization |
| Joe Smith |
| 1/15/07 |
| (Signature of Officer, Director, Trustee, or other authorized official) |
| (Type or print name of signer) |
| (Date) |
| President |
| (Type or print title or authority of signer) |

b  Request for Definitive Ruling: Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6(b)(i) if you checked box g in line 5 above. Answer line 6(b)(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6(b)(i) and (ii).  

(i) Enter 2½% of line 9, column (e) on Part IX-A, Statement of Revenues and Expenses.  

(ii) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2½% amount. If the answer is “None,” check this box.  

(iii) For each year amounts are included on lines 1, 2, and 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is “None,” check this box.  

(iv) For each year amounts are included on line 9 of Part IX-A, Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1½% of line 10, Part IX-A, Statement of Revenues and Expenses, or (2) $5,000. If the answer is “None,” check this box.  

7  Did you receive any unusual grants during any of the years shown on Part IX-A, Statement of Revenues and Expenses? If “Yes,” attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  

Yes ___ No ___
Part XI  User Fee Information

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed $10,000 annually over a 4-year period, you must submit payment of $750. If your gross receipts have not exceeded or will not exceed $10,000 annually over a 4-year period, the required user fee payment is $300. See instructions for Part XI for a definition of gross receipts over a 4-year period. Your check or money order must be made payable to the United States Treasury. User fees are subject to change. Check our website at www.ins.gov and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.

1  Have your annual gross receipts averaged or are they expected to average not more than $10,000?  ☐ Yes  ☐ No
   If "Yes," check the box on line 2 and enclose a user fee payment of $300 (Subject to change—see above).
   If "No," check the box on line 3 and enclose a user fee payment of $750 (Subject to change—see above).

2  Check the box if you have enclosed the reduced user fee payment of $300 (Subject to change).

3  Check the box if you have enclosed the user fee payment of $750 (Subject to change).

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, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here:  Joe Smith  1/15/07
(signature of Officer, Director, Trustee, or other authorized official)
(Type or print name of signer)
(Presidential)
(Type or print title or authority of signer)

Reminder: Send the completed Form 1023 Checklist with your filled-in-application.
<table>
<thead>
<tr>
<th>Schedule A. Churches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Do you have a written creed, statement of faith, or summary of beliefs? If &quot;Yes,&quot; attach copies of relevant documents. □ Yes □ No</td>
</tr>
<tr>
<td>2a Do you have a formal code of doctrine and discipline? If &quot;Yes,&quot; describe your code of doctrine and discipline. □ Yes □ No</td>
</tr>
<tr>
<td>3 Describe the organization’s religious hierarchy or ecclesiastical government.</td>
</tr>
<tr>
<td>4a Do you have regularly scheduled religious services? If &quot;Yes,&quot; describe the nature of the services and provide representative copies of relevant literature such as church bulletins. □ Yes □ No</td>
</tr>
<tr>
<td>4b What is the average attendance at your regularly scheduled religious services?</td>
</tr>
<tr>
<td>5a Do you own the property where you have an established place of worship? □ Yes □ No</td>
</tr>
<tr>
<td>5b Do you own the property where you have an established place of worship? □ Yes □ No</td>
</tr>
<tr>
<td>6 Do you have an established congregation or other regular membership group? If &quot;No,&quot; refer to the instructions. □ Yes □ No</td>
</tr>
<tr>
<td>7 How many members do you have?</td>
</tr>
<tr>
<td>8a Do you have a process by which an individual becomes a member? If &quot;Yes,&quot; describe the process and complete lines 8c–8d, below. □ Yes □ No</td>
</tr>
<tr>
<td>8b If you have members, do your members have voting rights, rights to participate in religious functions, or other rights? If &quot;Yes,&quot; describe the rights your members have. □ Yes □ No</td>
</tr>
<tr>
<td>8c May your members be associated with another denomination or church? □ Yes □ No</td>
</tr>
<tr>
<td>8d Are all of your members part of the same family? □ Yes □ No</td>
</tr>
<tr>
<td>9 Do you conduct baptisms, weddings, funerals, etc.? □ Yes □ No</td>
</tr>
<tr>
<td>10 Do you have a school for the religious instruction of the young? □ Yes □ No</td>
</tr>
<tr>
<td>11a Do you have a minister or religious leader? If &quot;Yes,&quot; describe this person's role and explain whether the minister or religious leader was ordained, commissioned, or licensed after a prescribed course of study. □ Yes □ No</td>
</tr>
<tr>
<td>11b Do you have schools for the preparation of your ordained ministers or religious leaders? □ Yes □ No</td>
</tr>
<tr>
<td>12 Is your minister or religious leader also one of your officers, directors, or trustees? □ Yes □ No</td>
</tr>
<tr>
<td>13 Do you ordain, commission, or license ministers or religious leaders? If &quot;Yes,&quot; describe the requirements for ordination, commission, or licensure. □ Yes □ No</td>
</tr>
<tr>
<td>14 Are you part of a group of churches with similar beliefs and structures? If &quot;Yes,&quot; explain. Include the name of the group of churches. □ Yes □ No</td>
</tr>
<tr>
<td>15 Do you issue church charters? If &quot;Yes,&quot; describe the requirements for issuing a charter. □ Yes □ No</td>
</tr>
<tr>
<td>16 Did you pay a fee for a church charter? If &quot;Yes,&quot; attach a copy of the charter. □ Yes □ No</td>
</tr>
<tr>
<td>17 Do you have other information you believe should be considered regarding your status as a church? If &quot;Yes,&quot; explain. □ Yes □ No</td>
</tr>
</tbody>
</table>
## Schedule B. Schools, Colleges, and Universities

If you operate a school as an activity, complete Schedule B.

### Section I  Operational Information

1a. 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? If "No," do not complete the remainder of Schedule B.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1b. Is the primary function of your school the presentation of formal instruction? If "Yes," describe your school in terms of whether it is an elementary, secondary, college, technical, or other type of school. If "No," do not complete the remainder of Schedule B.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2a. Are you a public school because you are operated by a state or subdivision of a state? If "Yes," explain how you are operated by a state or subdivision of a state. Do not complete the remainder of Schedule B.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2b. Are you a public school because you are operated wholly or predominantly from government funds or property? If "Yes," explain how you are operated wholly or predominantly from government funds or property. Submit a copy of your funding agreement regarding government funding. Do not complete the remainder of Schedule B.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. In what public school district, county, and state are you located?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Were you formed or substantially expanded at the time of public school desegregation in the above school district or county?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Has a state or federal administrative agency or judicial body ever determined that you are racially discriminatory? If "Yes," explain.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Has your right to receive financial aid or assistance from a governmental agency ever been revoked or suspended? If "Yes," explain.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," explain how that entity is selected, explain how the terms of any contracts or other agreements are negotiated at arm's length, and explain how you determine that you will pay no more than fair market value for services.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 7a.

8. Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note.** Answer "Yes" if you manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

### Section II  Establishment of Racially Nondiscriminatory Policy

Information required by Revenue Procedure 76-50.

1. Have you adopted a racially nondiscriminatory policy as to students in your organizing document, bylaws, or by resolution of your governing body? If "Yes," state where the policy can be found or supply a copy of the policy. If "No," you must adopt a nondiscriminatory policy as to students before submitting this application. See Publication 557.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Do your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement of your racially nondiscriminatory policy?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2a. If "Yes," attach a representative sample of each document.

2b. If "No," by checking the box to the right you agree that all future printed materials, including website content, will contain the required nondiscriminatory policy statement.

3. Have you published a notice of your nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community? (See the instructions for specific requirements.)

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Does or will the organization (or any department or division within it) 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.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5. Complete the table below to show the racial composition for the current academic year and projected for the next academic year, of: (a) the student body, (b) the faculty, and (c) the administrative staff. Provide actual numbers rather than percentages for each racial category.
If you are not operational, submit an estimate based on the best information available (such as the racial composition of the community served).

<table>
<thead>
<tr>
<th>Racial Category</th>
<th>(a) Student Body</th>
<th></th>
<th>(b) Faculty</th>
<th></th>
<th>(c) Administrative Staff</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Year</td>
<td>Next Year</td>
<td>Current Year</td>
<td>Next Year</td>
<td>Current Year</td>
<td>Next Year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. In the table below, provide the number and amount of loans and scholarships awarded to students enrolled by racial categories.

<table>
<thead>
<tr>
<th>Racial Category</th>
<th>Number of Loans</th>
<th>Amount of Loans</th>
<th>Number of Scholarships</th>
<th>Amount of Scholarships</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Year</td>
<td>Next Year</td>
<td>Current Year</td>
<td>Next Year</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7a. Attach a list of your incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

7b. Do any of these individuals or organizations have an objective to maintain segregated public or private school education? If "Yes," explain.

   □ Yes □ No

8. Will you maintain records according to the non-discrimination provisions contained in Revenue Procedure 75-90? If "No," explain. (See instructions.)

   □ Yes □ No
### Schedule C. Hospitals and Medical Research Organizations

Check the box if you are a hospital. See the instructions for a definition of the term "hospital," which includes an organization whose principal purpose or function is providing hospital or medical care. Complete Section I below.

Check the box if you are a medical research organization operated in conjunction with a hospital. See the instructions for a definition of the term "medical research organization," which refers to an organization whose principal purpose or function is medical research and which is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Complete Section II.

#### Section I. Hospitals

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Are all the doctors in the community eligible for staff privileges?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If &quot;No,&quot; give the reasons why and explain how the medical staff is selected.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a Do you or will you provide medical services to all individuals in your community who can pay for themselves or have private health insurance? If &quot;No,&quot; explain.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Do you or will you provide medical services to all individuals in your community who participate in Medicare? If &quot;No,&quot; explain.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Do you or will you provide medical services to all individuals in your community who participate in Medicaid? If &quot;No,&quot; explain.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a Do you or will you require persons covered by Medicare or Medicaid to pay a deposit before receiving services? If &quot;Yes,&quot; explain.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Does the same deposit requirement, if any, apply to all other patients? If &quot;No,&quot; explain.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4a Do you or will you maintain a full-time emergency room? If &quot;No,&quot; explain why you do not maintain a full-time emergency room. Also, describe any emergency services that you provide.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Do you have a policy on providing emergency services to persons without apparent means to pay? If &quot;Yes,&quot; provide a copy of the policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Do you have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? If &quot;Yes,&quot; describe the arrangements, including whether they are written or oral agreements. If written, submit copies of all such agreements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5a Do you provide for a portion of your services and facilities to be used for charity patients? If &quot;Yes,&quot; answer 5b through 5e.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Explain your policy regarding charity cases, including how you distinguish between charity care and bad debts. Submit a copy of your written policy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Provide data on your past experience in admitting charity patients, including amounts you expend for treating charity care patients and types of services you provide to charity care patients.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Describe any arrangements you have with federal, state, or local governments or government agencies for paying for the cost of treating charity care patients. Submit copies of any written agreements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Do you provide services on a sliding fee schedule depending on financial ability to pay? If &quot;Yes,&quot; submit your sliding fee schedule.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6a Do you or will you carry on a formal program of medical training or medical research? If &quot;Yes,&quot; 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Do you or will you carry on a formal program of community education? If &quot;Yes,&quot; 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 carry on community education programs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Do you or will you provide office space to physicians carrying on their own medical practices? If &quot;Yes,&quot; describe the criteria for who may use the space, explain the means used to determine that you are paid at least fair market value, and submit representative lease agreements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Is your board of directors comprised of a majority of individuals who are representative of the community you serve? Include a list of 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 Do you participate in any joint ventures? If &quot;Yes,&quot; 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. Also, submit copies of all agreements.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 6.
### Section I  Hospitals (Continued)

**10** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how those managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.

**Note.** Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

**11** Do you or will you offer recruitment incentives to physicians? If "Yes," describe your recruitment incentives and attach copies of all written recruitment incentive policies.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

**12** Do you or will you lease equipment, assets, or office space from physicians who have a financial or professional relationship with you? If "Yes," explain how you establish a fair market value for the lease.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

**13** Have you purchased medical practices, ambulatory surgery centers, or other business assets from physicians or other persons with whom you have a business relationship, aside from the purchase? If "Yes," submit a copy of each purchase and sales contract and describe how you arrived at fair market value, including copies of appraisals.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

**14** Have you adopted a conflict of interest policy consistent with the sample health care organization conflict of interest policy in Appendix A of the instructions? If "Yes," submit a copy of the policy and explain how you have adopted, such as by resolution of your governing board. If "No," explain how you will avoid any conflicts of interest in your business dealings.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

### Section II  Medical Research Organizations

**1** Name the hospitals with which you have a relationship and describe the relationship. Attach copies of written agreements with each hospital that demonstrate continuing relationships between you and the hospital(s).

**2** Attach a schedule describing your present and proposed activities for the direct conduct of medical research; describe the nature of the activities, and the amount of money that has been or will be spent in carrying them out.

**3** Attach a schedule of assets showing their fair market value and the portion of your assets directly devoted to medical research.
Section I  Identifying Information About the Supported Organization(s)

1 State the names, addresses, and EINs of the supported organizations. If additional space is needed, attach a separate sheet.

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>EIN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2 Are all supported organizations listed in line 1 public charities under section 501(a)(1) or (2)? If “Yes,” go to Section II. If “No,” go to line 3.

3 Do the supported organizations have tax-exempt status under section 501(c)(4), 501(c)(5), or 501(c)(6)?

   If “Yes,” for each 501(c)(4), (5), or (6) organization supported, provide the following financial information:
   • Part IX-A, Statement of Revenues and Expenses, lines 1–13 and
   • Part X, lines b and c, b1(b), c(b); and 7.

   If “No,” attach a statement describing how each organization you support is a public charity under section 501(a)(1) or (2).

Section II  Relationship with Supported Organization(s)—Three Tests

To be classified as a supporting organization, an organization must meet one of three relationship tests:

Test 1: “Operated, supervised, or controlled by” one or more publicly supported organizations, or Test 2: “Supervised or controlled in connection with” one or more publicly supported organizations, or Test 3: “Operated in connection with” one or more publicly supported organizations.

1 Information to establish the “operated, supervised, or controlled by” relationship (Test 1)

   Is a majority of your governing board or officers elected or appointed by the supported organization(s)? If “Yes,” describe the process by which your governing board is appointed and elected; go to Section III. If “No,” continue to line 2.

2 Information to establish the “supervised or controlled in connection with” relationship (Test 2)

   Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? If “Yes,” describe the process by which your governing board is appointed and elected; go to Section III. If “No,” go to line 3.

3 Information to establish the “operated in connection with” responsiveness test (Test 3)

   Are you a trust from which the named supported organization(s) can enforce and compel an accounting under state law? If “Yes,” explain whether you advise the supported organization(s) in writing of these rights and provide a copy of the written communication documenting this; go to Section II, line 5. If “No,” go to line 4.

4 Information to establish the alternative “operated in connection with” responsiveness test (Test 3)

   a Do the officers, directors, trustees, or members of the supported organization(s) elect or appoint one or more of your officers, directors, or trustees? If “Yes,” explain and provide documentation; go to line 4d, below. If “No,” go to line 4b.

   b Do one or more members of the governing body of the supported organization(s) also serve as your officers, directors, or trustees or hold other important offices with respect to you? If “Yes,” explain and provide documentation; go to line 4d, below. If “No,” go to line 4c.

   c Do your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization(s)? If “Yes,” explain and provide documentation.

   d Do the supported organization(s) have a significant voice in your investment policies, in the making and timing of grants, and in otherwise directing the use of your income or assets? If “Yes,” explain and provide documentation.

   e Describe and provide copies of written communications documenting how you made the supported organization(s) aware of your supporting activities.
### Section II  Relationship with Supported Organization(s)—Three Tests (Continued)

5. Information to establish the “operated in connection with” integral part test (Test 3):
   - Do you conduct activities that would otherwise be carried out by the supported organization(s)?
   - If “Yes,” explain and go to Section III. If “No,” continue to line 6a.

6. Information to establish the alternative “operated in connection with” integral part test (Test 3):
   - a. Do you distribute at least 85% of your annual **net** income to the supported organization(s)?
   - If “Yes,” go to line 6b. (See instructions.)
   - If “No,” state the percentage of your income that you distribute to each supported organization. Also explain how you ensure that the supported organization(s) are attentive to your operations.
   - b. How much do you contribute annually to each supported organization? Attach a schedule.
   - c. What is the total annual revenue of each supported organization? If you need additional space, attach a list.
   - d. Do you or the supported organization(s) **earmark** your funds for support of a particular program or activity? If “Yes,” explain.

7a. Does your organizing document specify the supported organization(s) by name? If “Yes,” state the article and paragraph number and go to Section III. If “No,” answer line 7b.

   - b. Attach a statement describing whether there has been an historic and continuing relationship between you and the supported organization(s).

### Section III  Organizational Test

1a. If you met relationship Test 1 or Test 2 in Section II, your organizing document must specify the supported organization(s) by name, or by naming a similar purpose or charitable class of beneficiaries. If your organizing document complies with this requirement, answer “Yes.” If your organizing document does not comply with this requirement, answer “No,” and see the instructions.

1b. If you met relationship Test 3 in Section II, your organizing document must generally specify the supported organization(s) by name. If your organizing document complies with this requirement, answer “Yes,” and go to Section IV. If your organizing document does not comply with this requirement, answer “No,” and see the instructions.

### Section IV  Disqualified Person Test

You do not qualify as a supporting organization if you are controlled directly or indirectly by one or more disqualified persons (as defined in section 4946) other than foundation managers or one or more organizations that you support. Foundation managers who are also disqualified persons for another reason are disqualified persons with respect to you.

1a. Do any persons who are disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), 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.

1b. Do any persons who have a family or business relationship with any disqualified persons with respect to you, (except individuals who are disqualified persons only because they are foundation managers), appoint any of your foundation managers? If “Yes,” (1) describe the process by which individuals with a family or business relationship with disqualified persons appoint any of your foundation managers, (2) provide the names of these disqualified persons, the individuals with a family or business relationship with disqualified persons, and the foundation managers appointed, and (3) explain how control is vested over your operations (including assets and activities) by individuals other than disqualified persons.

1c. 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.
### Schedule E, Organizations Not Filing Form 1023 Within 27 Months of Formation

Schedule E is intended to determine whether you are eligible for tax exemption under section 501(c)(3) from the postmark date of your application or from your date of incorporation or formation, whichever is earlier. If you are not eligible for tax exemption under section 501(c)(3) from your date of incorporation or formation, Schedule E is also intended to determine whether you are eligible for tax exemption under section 501(c)(4) for the period between your date of incorporation or formation and the postmark date of your application.

1. Are you a church, association of churches, or integrated auxiliary of a church? If "Yes," complete Schedule A and stop here. Do not complete the remainder of Schedule E.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2a. Are you a public charity with annual gross receipts that are normally $5,000 or less? If "Yes," stop here. Answer "No" if you are a private foundation, regardless of your gross receipts.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. If your gross receipts were normally more than $5,000, are you filing this application within 90 days from the end of the tax year in which your gross receipts were normally more than $5,000? If "Yes," stop here.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>2b</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3a. Were you included as a subordinate in a group exemption application or letter? If "No," go to line 4.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>3a</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. If you were included as a subordinate in a group exemption letter, are you filing this application within 27 months from the date you were notified by the organization holding the group exemption letter or the Internal Revenue Service that you cease to be covered by the group exemption letter? If "Yes," stop here.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>3b</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

c. If you were included as a subordinate in a timely filed group exemption request that was denied, are you filing this application within 27 months from the postmark date of the Internal Revenue Service final adverse ruling letter? If "Yes," stop here.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>3c</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Were you created on or before October 9, 1969? If "Yes," stop here. Do not complete the remainder of this schedule.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. If you answered "No" to lines 1 through 4, we cannot recognize you as tax exempt from your date of formation unless you qualify for an extension of time to apply for exemption. Do you wish to request an extension of time to apply to be recognized as exempt from the date you were formed? If "Yes," attach a statement explaining why you did not file this application within the 27-month period. Do not answer lines 6, 7, or 8. If "No," go to line 6.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6a. If you answered "No" to line 5, you can only be exempt under section 501(c)(3) from the postmark date of this application. Therefore, do you want us to treat this application as a request for tax exemption from the postmark date? If "Yes," you are eligible for an advance ruling. Complete Part X, line 6a. If "No," you will be treated as a private foundation.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>6a</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note. Be sure your ruling eligibility agrees with your answer to Part X, line 6.

b. Do you anticipate significant changes in your sources of support in the future? If "Yes," complete line 7 below.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>6b</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Form 1023 (Rev. 6-2008)
## Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation (Continued)

Complete this item only if you answered “Yes” to line 6b. Include projected revenue for the first two full years following the current tax year.

<table>
<thead>
<tr>
<th>Type of Revenue</th>
<th>Projected revenue for 2 years following current tax year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a) From .......... To ..........</td>
</tr>
<tr>
<td>1 Gifts, grants, and contributions received (do not include unusual grants)</td>
<td></td>
</tr>
<tr>
<td>2 Membership fees received</td>
<td></td>
</tr>
<tr>
<td>3 Gross investment income</td>
<td></td>
</tr>
<tr>
<td>4 Net unrelated business income</td>
<td></td>
</tr>
<tr>
<td>5 Taxes levied for your benefit</td>
<td></td>
</tr>
<tr>
<td>6 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)</td>
<td></td>
</tr>
<tr>
<td>7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>8 Total of lines 1 through 7</td>
<td></td>
</tr>
<tr>
<td>9 Gross receipts from admissions, merchandise sold, or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)</td>
<td></td>
</tr>
<tr>
<td>10 Total of lines 8 and 9</td>
<td></td>
</tr>
<tr>
<td>11 Net gain or loss on sale of capital assets (attach an itemized list)</td>
<td></td>
</tr>
<tr>
<td>12 Unusual grants</td>
<td></td>
</tr>
<tr>
<td>13 Total revenue, Add lines 10 through 12</td>
<td></td>
</tr>
</tbody>
</table>

According to your answers, you are only eligible for tax exemption under section 501(c)(3) from the postmark date of your application. However, you may be eligible for tax exemption under section 501(c)(4) from your date of formation to the postmark date of the Form 1023. Tax exemption under section 501(c)(4) allows exemption from federal income tax, but generally not deductibility of contributions under Code section 170. Check the box at right if you want us to treat this as a request for exemption under 501(c)(4) from your date of formation to the postmark date.

Attach a completed Page 1 of Form 1024, Application for Recognition of Exemption Under Section 501(a), to this application.
### Section I  General Information About Your Housing

1. Describe the type of housing you provide.

2. Provide copies of any application forms you use for admission.

3. Explain how the public is made aware of your facility.

4a. Provide a description of each facility.
   b. What is the total number of residents each facility can accommodate?
   c. What is your current number of residents in each facility?
   d. Describe each facility in terms of whether residents rent or purchase housing from you.

5. Attach a sample copy of your residency or homeownership contract or agreement.

6. Do you participate in any joint ventures? 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. Also, submit copies of all joint venture agreements.

   **Note.** Make sure your answer is consistent with the information provided in Part VIII, line 8.

7. Do you or will you contract with another organization to develop, build, market, or finance your housing? If “Yes,” explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services.

   **Note.** Make sure your answer is consistent with the information provided in Part VIII, line 7a.

8. Do you or will you manage your activities or facilities through your own employees or volunteers? If “No,” attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.

   **Note.** Answer “Yes” if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer “No” if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

9. Do you participate in any government housing programs? If “Yes,” describe these programs.

10a. Do you own the facility? If “No,” describe any enforceable rights you possess to purchase the facility in the future; go to line 10b. If “Yes,” answer line 10b.
   b. How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.
   c. Do you lease the facility or the land on which it is located? If “Yes,” describe the parties to the lease(s) and provide copies of all leases.

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**Form 1023 (Rev. 6-2008)**
<table>
<thead>
<tr>
<th>Section II</th>
<th>Homes for the Elderly or Handicapped (Continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Do you provide housing for the elderly? If “Yes,” describe who qualifies for your housing in terms of age, infirmity, or other criteria and explain how you select persons for your housing. □ Yes □ No</td>
</tr>
<tr>
<td>1b</td>
<td>Do you provide housing for the handicapped? If “Yes,” describe who qualifies for your housing in terms of disability, income levels, or other criteria and explain how you select persons for your housing. □ Yes □ No</td>
</tr>
<tr>
<td>2a</td>
<td>Do you charge an entrance or founder’s fee? If “Yes,” describe what this charge covers, whether it is a one-time fee, how the fee is determined, whether it is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances, if any, under which it may be waived. □ Yes □ No</td>
</tr>
<tr>
<td>2b</td>
<td>Do you charge periodic fees or maintenance charges? If “Yes,” describe what these charges cover and how they are determined. □ Yes □ No</td>
</tr>
<tr>
<td>2c</td>
<td>Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? Identify your community. Also, if “Yes,” explain how you determine your housing is affordable. □ Yes □ No</td>
</tr>
<tr>
<td>3a</td>
<td>Do you have an established policy concerning residents who become unable to pay their regular charges? If “Yes,” describe your established policy. □ Yes □ No</td>
</tr>
<tr>
<td>3b</td>
<td>Do you have any arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? If “Yes,” describe these arrangements. □ Yes □ No</td>
</tr>
<tr>
<td>4</td>
<td>Do you have arrangements for the healthcare needs of your residents? If “Yes,” describe these arrangements. □ Yes □ No</td>
</tr>
<tr>
<td>5</td>
<td>Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped? If “Yes,” describe these design features. □ Yes □ No</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Section III</th>
<th>Low-Income Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Do you provide low-income housing? If “Yes,” describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing. □ Yes □ No</td>
</tr>
<tr>
<td>2</td>
<td>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</td>
</tr>
<tr>
<td>3a</td>
<td>Is your housing affordable to low income residents? If “Yes,” describe how your housing is made affordable to low-income residents. □ Yes □ No</td>
</tr>
<tr>
<td></td>
<td>Note: Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 95% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 80% of the very low-income levels for the area.)</td>
</tr>
<tr>
<td>3b</td>
<td>Do you impose any restrictions to make sure that your housing remains affordable to low income residents? If “Yes,” describe these restrictions. □ Yes □ No</td>
</tr>
<tr>
<td>4</td>
<td>Do you provide social services to residents? If “Yes,” describe these services. □ Yes □ No</td>
</tr>
</tbody>
</table>
**Schedule B. Successors to Other Organizations**

1a. Are you a successor to a for-profit organization? If "Yes," explain the relationship with the predecessor organization that resulted in your creation and complete line 1b.  
☐ Yes ☐ No

1b. Explain why you took over the activities or assets of a for-profit organization or converted from for-profit to nonprofit status.

2a. Are you a successor to an organization other than a for-profit organization? Answer "Yes" if you have taken or will take over the activities of another organization; or you have taken or will take over 25% or more of the fair market value of the net assets of another organization. If "Yes," explain the relationship with the other organization that resulted in your creation.  
☐ Yes ☐ No

2b. Provide the tax status of the predecessor organization.

2c. Did you or did an organization to which you are a successor previously apply for tax exemption under section 501(c)(3) or any other section of the Code? If "Yes," explain the application was resolved.  
☐ Yes ☐ No

2d. Was your prior tax exemption or the tax exemption of an organization to which you are a successor revoked or suspended? If "Yes," explain. Include a description of the corrections made to re-establish tax exemption.  
☐ Yes ☐ No

2e. Explain why you took over the activities or assets of another organization.

3. Provide the name, last address, and EIN of the predecessor organization and describe its activities.  
Name:  
Address:  
EIN:  

4. List the owners, partners, principal stockholders, officers, and governing board members of the predecessor organization. Attach a separate sheet if additional space is needed.  

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Share/Interest (if a for-profit)</th>
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<tbody>
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</tbody>
</table>

5. Do or will any of the persons listed in line 4 maintain a working relationship with you? If "Yes," describe the relationship in detail and include copies of any agreements with any of these persons or with any for-profit organizations in which these persons own more than a 35% interest.  
☐ Yes ☐ No

6a. 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.  
☐ Yes ☐ No

6b. Were any restrictions placed on the use or sale of the assets? If "Yes," explain the restrictions.  
☐ Yes ☐ No

6c. Provide a copy of the agreement(s) of sale or transfer.

7. 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

8. Will you lease or rent any property or equipment previously owned or used by the predecessor for-profit organization, or from persons listed in line 4, or from for-profit organizations in which these persons own more than a 35% interest? If "Yes," provide a copy of the lease or rental agreement(s), indicate how the lease or rental value of the property or equipment was determined.  
☐ Yes ☐ No

9. Will you lease or rent property or equipment to persons listed in line 4, or to for-profit organizations in which these persons own more than a 35% interest? If "Yes," attach a copy of the property or equipment, provide a copy of the lease or rental agreement(s), and indicate how the lease or rental value of the property or equipment 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  Names of individual recipients are not required to be listed in Schedule H. Public charities and private foundations complete lines 1a through 7 of this section. See the instructions to Part X if you are not sure whether you are a public charity or a private foundation.

1a Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc.
   b Describe the purpose and amount of your scholarships, fellowships, and other educational grants and loans that you award.
   c If you award educational loans, explain the terms of the loans (interest rate, length, forgiveness, etc.).
   d Specify how your program is publicized.
   e Provide copies of any solicitation or announcement materials.
   f Provide a sample copy of the application used.

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? □ Yes □ No
   "No," refer to the instructions.

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.)

4a Describe the specific criteria you use to select recipients. (For example, specific selection criteria could consist of prior academic performance, financial need, etc.)
   b Describe how you determine the number of grants that will be made annually.
   c Describe how you determine the amount of each of your grants.
   d Describe any requirement or condition that 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.)

5 Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Describe whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will allocate 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.

6 Who is on the selection committee for the awards made under your program, including names of current committee members, criteria for committee membership, and the method of replacing committee members?

7 Are relatives of members of the selection committee, or of your officers, directors, or substantial contributors eligible for awards made under your program? □ Yes □ No
   Note. If you are a private foundation, you are not permitted to provide educational grants to disqualified persons. Disqualified persons include your substantial contributors and foundation managers and certain family members of disqualified persons.

Section II  Private foundations complete lines 1a through 4f of this section. Public charities do not complete this section.

1a If we determine that you are a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures? □ Yes □ No □ N/A

b For which section(s) do you wish to be considered?
   • 4945(g)(1)—Scholarship or fellowship grant to an individual for study at an educational institution
   • 4945(g)(2)—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 grantees' 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
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 1a through 4f of this section. Public charities do not complete this section. (Continued)

<table>
<thead>
<tr>
<th>4a</th>
<th>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? If &quot;Yes,&quot; complete lines 4b through 4f.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4b</th>
<th>Will you comply with the seven conditions and either the percentage tests or facts and circumstances tests 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 committees, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? (See lines 4c, 4d, and 4e, regarding the percentage tests.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4c</th>
<th>Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer?</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4d</th>
<th>Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer?</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4e</th>
<th>If you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer, 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; provided that Revenue Procedure 76-47 and 80-39?</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>

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. If "No," go to line 4f.

Note. Statistical or sampling techniques are not acceptable. See Revenue Procedure 85-51, 1985-2 C.B. 717, for additional information.

<table>
<thead>
<tr>
<th>4f</th>
<th>If you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer without regard to either the 25% limitation described in line 4d, or the 10% limitation described in line 4e, 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 otherwise provide a significant benefit to the particular employer? If &quot;Yes,&quot; describe the facts and circumstances that 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 described in line 4d or the 10% test described in line 4e.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>Yes  ☐</td>
</tr>
</tbody>
</table>
Form 1023 Checklist

☐ An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
  • Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number)______________________________
  • Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law __________________

☐ Signature of an officer, director, trustee, or other official who is authorized to sign the application.
  • Signature at Part XI of Form 1023.

☐ Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
P.O. Box 192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 812
Covington, KY 41011
SAMPLE COVER LETTER FOR FORM 1023
(This letter is not required.)

January 10, 2008

Internal Revenue Service
PO Box 192
Covington, KY 41012-0192

If using express mail or a delivery service:
Internal Revenue Service
201 West Rivercenter Blvd.
Attn: Extracting Stop 312
Covington, KY 41011

To Whom It May Concern:

Enclosed please find IRS Form 1023, Application for Recognition of Exemption Under Section 501 (c)(3) of the Internal Revenue Code, for the Franklin Community Development Corporation, a California nonprofit corporation.

The applicant corporation is and will be primarily funded by federal and state government agencies to provide free counseling, technical assistance, and job training to low-income individuals residing in economically depressed, rural communities in Northern California (principally Franklin County). The purpose of such assistance is to promote rural community economic development by enabling individuals who are either low-income or chronically unemployed to own and/or operate successful rural-based businesses and cooperatives, and to engage in efficient agricultural and forest products' production, processing, and marketing.

Hopefully, the applicant’s involvement in community-based rural economic development will enable expeditious consideration of its application for tax exemption. The applicant must await a favorable IRS determination before actually receiving federal grants.

Please feel free to contact me should you require further information.

Sincerely,

William H. Webster, President
PART IV  Narrative Description of Your Activities

This organization incorporated only four months ago, and is still in the developmental and planning stage. The organization has already been awarded a $30,000 grant from the Franklin Foundation and will seek additional funds for the purpose of assisting the community and economic development of rural communities in Northern California suffering severe and chronic unemployment caused by displacement of local industry, or containing a substantial proportion of low-income persons. This organization will provide free job training, research, counseling and technical assistance, grants and low or no-interest loans to low-income and unemployed individuals to increase their capacity to engage in efficient agricultural or crafts production and marketing techniques, and to own or manage businesses and cooperatives. These services are not otherwise available to the individuals the organization will serve.

Projects will be initiated or assisted in the areas of farmers' cooperative markets, a cooperative community auto service garage, cooperative arts and crafts marketing and subsidized employment and managerial training in the above activities. All activities will be carried out by the organization’s staff and volunteers. The organization's purpose in engaging in such activities is to provide jobs and employment training to low-income and unemployed persons, develop employment opportunities in low-income rural communities (primarily in Franklin County); and improve the economic and community viability of declining rural areas. These activities promote exempt purposes by relieving conditions of poverty, dependency, chronic unemployment, and underemployment in an economically depressed community. The Internal Revenue Service has recognized that organizations involved in activities analogous to those of the applicant qualify for exemption under Section 501(c) (3) as charitable organizations. See Rev. Rul. 74-587, 1974-2 C.B. 162; Rev. Rul. 76-419, 1976-2 C.B. 146.

Program participants will be selected through a formal process. The applicants will be solicited through advertising in the local media as well as referrals from the county Temporary Assistance to Needy Families (TANF) program. The applicants will be processed on a first come first serve basis. The applications will be screened to ensure that applicants earn 50% or less of the area median income and are willing to commit to a minimum of 20 hours per week of program participation. The Board of Directors of Franklin Community Development Corporation has a policy that no Board members or officers of the organization, members of their immediate family, or persons having a business relationship with such persons are eligible for participation in the program.
Initially the project will focus on Franklin County. The US Department of Agriculture has recognized the County’s need for economic development by designating it a rural empowerment zone. The need is stark and growing. According to the 2000 U.S. Census, 35% of Franklin County’s families live below the federal poverty line, as compared to 16% in adjacent Madison County and 7.7% statewide. The median household income for Franklin County residents is approximately 30% lower than the statewide median income, and the percentage of unemployed working age adults increased from 15% to 25% between the 1990 and 2000 census. The county’s housing stock is old, with only 5% of structures constructed since 1970 and over 50% before 1930. Employment opportunities are declining. During the last five years thirty-five county businesses employing five or more workers have shut down and only two have opened.

**Alternative Question #1 for Housing Development Corporation (note that some of the sample responses on the pre-printed portion of the Form 1023 do not conform to this description).**

The Board of Directors of Franklin Community Development Corporation has worked for the past year in setting a mission statement and goals for the organization. The mission of the organization comes from an outgrowth of a task force organized by Franklin City local government in 2003 to discuss affordable housing issues in Franklin City. Some of the members of the task force decided to independently organize to form a 501(c)(3) nonprofit housing development corporation. Those original task force members are now members of the Board of Directors of Franklin Community Development Corporation. In addition to the original task force members, the Board of Directors also has one-third of its membership consisting of low-income people. The Board of Directors composition has qualified the organization under the federal Department of Housing and Urban Development's definition of a Community Housing Development Organization (CHDO). The board members of the organization broadly represent the community, and include significant numbers of women and Hispanics.

The mission of the organization is to provide affordable housing to low-income and very low-income families in Franklin City and the surrounding rural areas. The immediate goal of the organization is to begin new construction on single-family homes that will be owned by the very low-income families who help to build the houses. The organization is working with the Franklin City local government, the state Housing Division and the Franklin County Community Development Bank to begin construction on the first two homes in the summer of 2007. The activity was initiated in the fall of 2005 and will Franklin Community Development Corporation be completed by the end of 2007.
The homes are produced through a combination of financing sources and the self-help method of construction. Franklin City is providing the building lots at no cost to the families as well as deferring payment of the building fees. The state Housing Division is providing federal pass-through funds, the HOME program funds available to the state through the Department of Housing and Urban Development, to pay the expenses of the lot development. The Bank will be providing construction financing which will roll over into permanent financing for the very low-income families at a reduced interest rate and with reduced fees. Staff of Franklin Community Development Corporation will be coordinating the financing, selecting the participating families and providing training and financial counseling to the participants, and supervising all construction. Mortgages on the homes will be affordable to very low-income families earning 50% or less of the area median income as defined by the Department of Housing and Urban Development. The actual mortgage cost will be approximately $40,000 less than the appraised value for the home because of the financial assistance provided by City and the state Housing Division. The families will be contributing 1% of the down payment costs with the remaining 4% down payment and all closing costs coming from the Franklin City first-time homebuyer program for low-income families. Program participants will be building their homes through a self-help method of construction. This means that each participant will be working on all the homes in a group until the homes are completed. They will need to contribute a minimum of 10 hours of labor each week until the homes are completed. The participants will be performing most unskilled labor such as painting, clean-up, finish work, digging trenches, etc. This labor will be performed under the supervision of the general contractor and the staff of the organization.

Program participants are selected through a formal process. The applicants are solicited through advertising in the local media as well as referrals from the Franklin City first-time homebuyer program. The applicants will be processed on a first come first serve basis. The Board of Directors of Franklin Community Development Corporation has a policy that no Board members of the organization are eligible for participation in the program. The applications are screened to meet the initial qualifications: 1) must earn 50% or less of the area median income, 2) must have good enough credit to qualify for the loan, 3) must be willing to participate in the self-help program and commit to a minimum of 10 hours per week. Final qualification is performed by the lending institution. Program participants will pay no more than 30% of their gross income for their total housing costs including mortgage payments, utilities, property taxes, insurance and maintenance. Please see attached pro forma which shows the cost of the homes and the participants’ costs.

In future years, the organization will continue to produce affordable homeownership in Franklin City as described above. The organization also plans to expand the program
into the surrounding rural areas in Madison and Adaline Counties. The program will change in the rural areas because the federal Farmers Home Administration is able to lend in those rural areas. The organization will be applying for a technical assistance grant under the Farmers Home Administration 523 program. This will provide organizational funding to run a rural self-help program. The program participants will receive loans from the Farmers Home Administration's 502 homeownership program. (Please see the attached description of the two Farmers Home Administration's programs.) Participants in this program will need to meet the following characteristics: a minimum of 75% of the participants will earn 60% or less of the area median income as defined by the Department of Housing and Urban Development and a maximum of 25% of the participants will need to earn no more than 80% of the area median income as defined by the Department of Housing and Urban Development.

Both current and future programs will be providing decent, safe affordable housing to the poor and underprivileged who currently live in unaffordable rental housing and/or overcrowded conditions. The homes in Franklin City will have equity sharing provisions written into the deed restrictions that will allow for long-term affordability of the homes. The original owners of the home will be required to share any equity increase due to inflation of the value of the home with Franklin City local government when selling their home. Franklin City will also have the first right of refusal to purchase the home in order to place another low-income family into the home. If the city chooses to share in the equity increase, all funds received must be used to write down the cost of the home to be affordable to another low-income family for purchasing that particular home.

Franklin City is the capital of the state with a population of approximately 42,000. The major industries and employment opportunities in Franklin City are government employment, the service industry and wholesale and retail trade. The last two categories employ a total of 39% of the population and typically pay wages that equate to less than 60% of the area median income. According to the 2005 state Comprehensive Housing Affordability Strategy (CHAS), the highest concentration of renters in the smaller communities in the state is in Franklin City. The CHAS also states that housing costs are typically higher in the western counties including Franklin City. Franklin City is the third highest area in the state in terms of fair market rents and is included in the least affordable housing category in the CHAS.

Due to the population increases projected for Franklin City and the surrounding counties of Madison and Adaline, there is a need for additional housing stock. The CHAS states that approximately 41,000 new people are expected to move into the area by 2008. The vacancy rates in City and small communities in Madison and Adaline Counties currently are very low (5% or less) and in some cases are zero.
The Franklin City local government conducted a survey in the winter of 2004 to determine the number of single-family homes on the market that sell at a price affordable to low-income people: there were 38 homes. There were no homes available that sell at a price affordable to very low-income families.

The activities of the nonprofit organization, Franklin Community Development Corporation will increase the housing stock in the Franklin City area and make home ownership affordable to very low-income families. These are objectives shared by the state and local governments. The Franklin Community Development Corporation is viewed as the best vehicle for production of affordable housing in the area and is the only nonprofit organization dedicated to providing home ownership opportunities to very low-income families.

Part V, Question 2b.

Director Eleanor Howard is the President of Franklin Community Development Bank (the “Bank”), which provides banking services to the organization. In accordance with the conflict of interest policy set forth in Article VIII, Section 3 of the organization’s bylaws, the organization selected the Bank after determining that the Bank’s services were offered to the organization on fair and reasonable terms, and that the organization was unable to obtain comparable services on better terms. In making this determination, the organization relied on information obtained by a committee of the Board about banking services (including pricing information) available in the community. Ms. Howard did not participate in the discussion about banking services nor in the Board’s vote to select the Bank.

Part V, Question 3a.

Joe Smith is the President and a member of the Board of Directors. He is a senior partner in the law firm Smith and Jones, LLP, where he specializes in tax and business transactions. He is a past president of the Franklin County Bar Association and has been an active participant in the Bar Association’s Access to Justice Project. In 2000 he was awarded the State Bar Association’s award for pro bono service. Mr. Smith has a BA degree from UCLA and a Juris Doctor from the UC Davis School of Law. He works (as a volunteer) for the organization an average of 20 hours a month. His duties are set forth in the bylaws.

Lisa Wong is the Treasurer and a member of the Board of Directors. She is a Certified Professional Accountant in private practice. She was previously Comptroller of the
Franklin County Housing Authority and for 10 years served as a staff accountant at the Franklin County Head Start Association. She has previously served on the Boards of Directors of the Franklin County Hospital and Big Brothers/Big Sisters of Franklin County. She has a BA and an MBA from the University of California at Berkeley. She works (as a volunteer) for the organization an average of 10 hours a month. Her duties are set forth in the bylaws.

Maria Gonzalez is the Secretary and a member of the Board of Directors. She is the CEO of Excellence Consulting Group, a regional business consulting organization. She was previously a Senior Consultant at Alden Anders Consulting and an operations manager at IBM. Ms. Gonzalez holds a BS degree from Boston College and an MBA from Harvard University. She works (as a volunteer) for the organization an average of 10 hours a month. Her duties are set forth in the bylaws.

Eleanor Howard is a member of the Board of Directors. She is Vice President of Franklin Community Development Bank, and formerly served that organization as Area Manager. She has previously served on the Boards of Franklin County Homeless Services and Franklin County Hunger Action, and was a three-time chair of the Franklin City United Way Campaign. Ms. Howard has a BA degree from the University of Texas and a Masters in Economics from Yale University. She works (as a volunteer) for the organization an average of 10 hours a month. Her duties are set forth in the bylaws.

Part V, Question 3b.

Roger Richards is the Executive Director. He has over 30 years of experience in community development, affordable housing, public interest law and non-profit management. Prior to joining FCDC as its Executive Director, Mr. Richards was a partner with the law firm of Richards & Weiss in Oakland, California; Vice-President with the Corporation for Supportive Housing in New York City; Senior Fellow at the Institute on Race & Poverty in Minneapolis, Minnesota; and a Senior Advisor with ICF Consulting.

Mr. Richard's community leadership experience includes board memberships on the Center for Community Change, the American Bar Association Forum on Affordable Housing and Community Development Law, and the Stanford University Board of Trustees. He currently chairs the board of the Lucile Packard Foundation for Children's Health and previously served as the chair of the Stanford Alumni Association and the American Bar Association Commission on Homelessness and Poverty.

Mr. Richards received his undergraduate degree in sociology from Stanford University, Masters Degree in Social Work from University of California, Los Angeles and law degree
from University of California, Berkeley. He is a member of the American Bar Association, the National Association of Black Social Workers and the National Association of Social Workers. He works for the organization an average of 60 hours a week. His duties are set forth in the attached job description.

**Part V, Question 9a.**

The organization has a $20,000 line of credit from Franklin Community Development Bank. Eleanor Howard, a member of the Board of Directors, is a Regional Vice President of the Bank.

9b. The terms of the loan are set forth in the written agreement enclosed with this Application.

9c. The line of credit is with the Timber Road branch of Franklin Community Development Bank.

9d. The organization can borrow funds through the line of credit at an adjustable interest rate equal to the prime rate plus 1%. Payments, due monthly, are based on a percentage of the outstanding balance. The organization is assessed a penalty of 1%, maximum $50, for payments more than five days late. The Bank’s line of credit product is available to the general public on the same terms.

9e. As described in the response to Part V, Question above, the organization followed the conflict of interest policy set forth in Article VIII, Section 3 of the organization’s bylaws in selecting the Bank and its line of credit product. The organization selected the bank after determining that it the Bank’s services were offered to the organization on fair and reasonable terms, and that the organization was unable to obtain comparable services on better terms. In making this determination, the organization relied on information obtained by a committee of the Board about banking services (including pricing information) available in the community. Ms. Howard did not participate in the discussion about banking services nor in the Board’s vote to select the Bank.

**Part VI, Question 1a**

As described in the narrative description of activities, the organization will provide loans, grants and job training opportunities to individuals. These individuals will be selected on a first-come, first-serve basis among persons who: 1) earn 50% or less of the area median income and 2) are willing to commit to a minimum of 20 hours per week of program participation. The Board of Directors of Franklin Community Development
Corporation has a policy that no Board member or officer of the organization, member of their immediate family, or person having a business relationship with such persons are eligible for participation in the program.

PART VIII, Question 4a

The organization intends to apply for federal, state, private foundation and corporate grants from sources such as the California Employment Development Department and Franklin State University. Grant proposals will be developed by the organization’s staff.

PART VIII, Question 4d

The organization conducts fundraising at its offices in Franklin City, Franklin County, California only. The organization plans to submit grant proposals to potential funding sources throughout the United States.

PART VIII, Question 6.

6a. Description of economic development program.

As described in the narrative description of activities, the organization will strive to provide jobs and employment training to low-income and unemployed persons in low-income rural communities in Northern California. The organization will assist only low income and unemployed individuals in rural communities suffering limited job opportunities and economic decline.

The organization will provide free job training, research, counseling and technical assistance, grants and low or no-interest loans to low-income and unemployed individuals to increase their access to employment and/or their capacity to own or manage businesses and cooperatives. These services will be provided to low-income individuals who cannot secure similar services through other resources.

The organization will initially limit its operations to Franklin County. The US Department of Agriculture has recognized Franklin County’s need for economic development by designating it a rural empowerment zone. The need is stark and growing. According to the 2000 U.S. Census, 35% of Franklin County’s families live below the federal poverty line, as compared to 16% in adjacent Madison County and 7.7% statewide. The median household income for Franklin County residents is approximately 30% lower than the statewide median income, and the percentage of unemployed working age adults increased from 15% to 25% between the 1990 and 2000 census. The county’s
housing stock is old, with only 5% of structures constructed since 1970 and over 50% before 1930. Employment opportunities are declining. During the last five years thirty-five county businesses employing five or more workers have shut down and only two have opened. As the organization expands its programs, it will identify and serve similarly disadvantaged communities.

6b. Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

Program participants will be selected through a formal process. The applicants will be solicited through advertising in the local media as well as referrals from the county Temporary Assistance to Needy Families (TANF) program. The applicants will be processed on a first come first serve basis. The applications are screened to meet the initial qualifications: 1) must earn 50% or less of the area median income, 2) must be willing to commit to a minimum of 20 hours per week of program participation. These individuals are unable to secure services like those provided by the organization from other sources.

These activities promote exempt purposes by relieving conditions of poverty, dependency, chronic unemployment, and underemployment in an economically depressed community. They are analogous to the activities that the IRS identified as charitable in Rev. Rul. 74-587, 1974-2 C.B. 162; Rev. Rul. 76-419, 1976-2 C.B. 146.