

# Instructions for Form 1023

(Rev. January 2020)

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

Volume 2 of 4



Department of the Treasury  
**Internal Revenue Service**

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

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

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

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

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

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

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

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

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

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

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

- Is an officer, director, or trustee in another organization (other than a section

501(c)(3) organization) that has a lease, contract, loan, or other agreement with you; or

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

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

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

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

## **Part VI. Financial Data**

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

***Completed less than 1 year.*** If you’ve existed for less than 1 year, provide projections of your likely income and **expenses** for your current year and

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

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

**Completed 5 years or more.** If you've existed for 5 years or more, provide your actual income and expenses for your 5 most recently completed tax years.

Place financial information for your most recently completed tax year in the column marked *Current tax year*.



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

## **A. Statement of Revenue and Expenses**

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

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

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

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

See the instructions for line 9 if you're uncertain whether **revenue** should be included as a grant on line 1 or as **gross receipts** on line 9. Include **unusual grants** on line 12 and not on line 1.

***Examples.***

1. A city pays the symphony orchestra to provide free music programs in the public schools. The programs are open to the public. This income received

from a governmental unit accomplishes the orchestra's exempt purpose and directly provides a service to the general public. This income is a grant to the symphony orchestra that should be listed on line 1.

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

unit in performance of the orchestra's exempt function that should be listed on line 9.

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

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

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

**Line 4.** Enter your net income from unrelated business activities. "**Unrelated business income**" generally is income from any trade or business activity that is regularly carried

on, and not related to your exempt purpose. Certain exceptions and exclusions may apply.

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

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

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

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

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

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

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

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

- With substantially all contributed merchandise, such as a thrift store.

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

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

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

study rather than by the tax-exempt conservation group.

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

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

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

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

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

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**Line 12.** Enter any “**unusual grants**,” which generally are any substantial contributions and bequests you received from disinterested persons that, by their size, adversely affect your classification as a **public charity**.

“**Unusual grants**” are unusual, unexpected, and received from an unrelated party. Provide an itemized list of any unusual grants, including the amount in line 25, and explain how it was unusual, unexpected, and from an unrelated party.

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

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

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

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

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

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

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

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

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

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

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

**Line 20.** Enter the amount you pay for the use of office space or other facilities, heat, light,

power and other utilities, outside janitorial services, mortgage interest, real estate taxes, and similar expenses.

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

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

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

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

## **B. Balance Sheet**

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

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

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

**Line 3.** Enter the amount of materials, goods, and supplies you purchased or

manufactured and held to be sold or used in some future period.

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

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

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

For stock of closely held corporations, list the name or the corporation, a brief summary of the corporation's capital structure, the number of shares held, and their value as

carried on your books. If valuation doesn't reflect current fair market value, also include fair market value.

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

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

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

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

**Line 8.** Enter the total book value of buildings and equipment not held for investment purposes. This includes facilities you own and equipment you use in conducting your exempt activities.

Provide an itemized list in line 19 of these assets held at the end of the current tax year/period, including the cost or other basis.

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

**Line 10.** Enter the total book value of any other category of your assets not reported

on lines 1 through 9, for example, patents, copyrights, or other intangible assets.

Provide an itemized list of each asset in line 19.

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

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

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

**Line 14.** Enter the total of your mortgages and other notes payable outstanding at the end of the current tax year/period.

Provide an itemized list in line 19 showing each note separately, including the lender's name, purpose of loan, repayment terms, interest rate, and original amount.

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

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

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

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

## Part VII. Foundation Classification

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

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

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



You can only select one foundation classification.

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

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

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

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

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

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

1. The amount of support you received from the general public, governmental units, or public charities;
2. Whether you have a continuous and bona fide program for solicitation of funds from the general public, governmental units, or public charities, or carry on activities designed to

attract support from organizations or other governmental units, and

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

**509(a)(2).** Select this classification if you normally receive more than one-third of your support from contributions, membership fees, and **gross receipts** from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from **gross investment income** and net **unrelated business**

**income.** Typically, you would show a substantial part of your income on Part VI-A. Statement of Revenues and Expenses, lines 1, 2, and 9.

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

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

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

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

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

A hospital includes a rehabilitation institute, outpatient clinic, community mental health clinic, drug treatment center, or skilled nursing facility. A hospital doesn't include convalescent homes, homes for children or the aged, or institutions whose principal purpose or function is to train handicapped individuals to pursue some vocation.

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

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

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

In Part IV, line 1, include information detailing your agricultural research program and how you will spend contributions to your program, including a description of how you're engaged in the continuous active conduct of agricultural research (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977),

information showing that you're operated in conjunction with a land grant college or university or a non-land grant college of agriculture (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977), and information discussing the timing of when you will spend contributions for research.

**509(a)(3).** Select this classification if you're organized and operated to support one or more public charities described in section 509(a)(1) or 509(a)(2) or an organization that is tax exempt under section 501(c)(4), (5), or (6) and meets the public support test of section 509(a)(2).

See the instructions for Schedule D for more information about the requirements for this classification, including the required relationship you must have with your supported organization(s). Complete Schedule D.

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

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

**Select my classification for me.** Select this option if you believe you're a **public charity** but would like the IRS to select the correct public charity classification (509(a)(1) and 170(b)(1)(A)(vi) or 509(a)(2)) for you.

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

**Line 1a.** Section 508(e) provides that a private foundation isn't tax exempt unless its **organizing document** contains specific provisions. These specific provisions require

that you operate to avoid liability for excise taxes under sections 4941(d), 4942, 4943(c), 4944, and 4945(d). You can also meet these provisions by reliance on state law.

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

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

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

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

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

must confirm that you meet the public support test.

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

**Line 2(i). 509(a)(1) and 170(b)(1)(A)(vi).** Check "Yes," if you received contributions from any person, company, or organization (other than a governmental unit described in section 170(c)(1) or a publicly supported organization under section 170(b)(1)(A)(vi)), whose gifts totaled more than 2% of the amount on the total of amounts entered on line 8 of Part VI-A, Statement of Revenue and Expenses, and identify those contributors by letter (A, B, C, etc.) and list the amount(s) contributed by each. Keep, but don't submit, a list of the

names of your donors with the associated letter designations.

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

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

**Line 2a(ii).** Check "Yes," if you received amounts paid by an individual or organization greater than the larger of 1% of line 10, of Part VI-A, Statement of Revenues and

Expenses, or \$5,000 for any completed tax year, and identify those individuals or organizations by letter and list the amount(s) received from each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.



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

- 1. A "**substantial contributor**" to you (defined below).*
- 2. An officer, director, trustee, or any other individual who has similar powers or responsibilities.*
- 3. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor.*

4. *An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor.*
5. *An individual who owns more than 20% of the beneficiary interest of a trust or estate that is a substantial contributor.*
6. *A member of the **family** of any individual described in 1, 2, 3, 4, or 5 above.*
7. *A corporation in which any individuals described 1, 2, 3, 4, 5, or 6 above hold more than 35% of the total combined voting power.*
8. *A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the beneficial interests.*
9. *A partnership in which any individuals described in 1, 2, 3, 4, 5, or 6 above*

*hold more than 35% of the profits interest.*

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

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

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

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

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

## **Part VIII. Effective Date**

**Line 1.** Use the formation date you listed in Part II, line 2, and the date you will submit this electronic form and required user fee payment to determine whether you're submitting this application within 27 months

from the month in which you were formed. If you're not submitting this application within 27 months from your formation, complete Schedule E.

## **Part IX. Annual Filing Requirement**

Most organizations must file an annual return (Form 990, 990-EZ, or Form 990-PF) or notice (Form 990-N, Electronic Notice (e-Postcard)). Exceptions to this rule include churches, certain church affiliated organizations, and certain affiliates of a governmental unit. You can find more detailed information about filing requirements and exceptions from the requirement to file in the Instructions for Form 990.

The following are some general rules.

- A private foundation must file Form 990-PF annually, regardless of its gross receipts.

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



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

**Line 1.** Check “Yes,” if you’re claiming you are excepted from filing a Form 990-series return or notice and indicate the reason you believe you’re excepted from filing. See Pub. 557 and the Instructions for Form 8940, Request for Miscellaneous Determination, for more information on the requirements for the various filing exceptions. Provide information regarding how you meet your requested exception in your narrative description of

activities or as part of an uploaded supplemental response.

## **Part X. Signature**

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



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

## **Upload Checklist**

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

You **must** upload a copy of your organizing document and any amendments to it along

with a copy of your bylaws, if adopted. The other listed documents are not required.

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

Pay.gov can accommodate only one uploaded file. Consolidate your attachments into a single PDF file, which cannot exceed 15MB.

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

## **Schedule A. Churches**

There is no single definition of the word “church” for tax purposes. When determining whether a section 501(c)(3) religious organization is described as a church (described in section 509(a)(1) and

170(b)(1)(A)(i)), we will consider characteristics generally attributed to churches and the facts and circumstances of each organization applying for public charity classification as a “church.”

The characteristics generally attributed to churches are:

- A distinct legal existence,
- A recognized creed and form of worship,
- A definite and distinct ecclesiastical government,
- A formal code of doctrine and discipline,
- A distinct religious history,
- A membership not associated with any other church or denomination,
- Ordained ministers ministering to the congregation,
- Ordained ministers selected after completing prescribed courses of study,

- A literature of its own,
- Established places of worship,
- Regular congregations,
- Regular religious services,
- Sunday schools for the religious instruction of the young, and
- Schools for the preparation of ministers.

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

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

## **Specific Line Items**

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

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

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

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

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

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

**Line 7.** Indicate the regular days and times of your religious services. Describe the order of events during your regular worship service and explain how the

activities conducted as part of your services further your religious purposes.

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

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

**Line 9.** An “established congregation” or “other religious membership group” includes individuals who regularly attend and take part in the religious services of your organization

at an established location. An established congregation generally doesn't include members of only one family. If you answer "No," because you don't have an established congregation or other religious membership, you may be a religious organization that doesn't qualify as a church. If you don't qualify as a church, you will need to go back to Part VII, line 1, to reconsider your public charity classification.



*You may request classification as a church at a later date after you establish a congregation or other religious membership group. For information about this option, see Form 8940, Request for Miscellaneous Determination Under Section 507, 509(a), 4940, 4942, 4945, and 6033 of the Internal Revenue Code, or contact our customer account service representatives at 877-829-5500 (toll-free).*

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

**Line 9b.** Answer "Yes," if you have a prescribed way to become a member. Answer "Yes," even if you just keep records of who is currently a member. Describe any actions required for individuals to become members.

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

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

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

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

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

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

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

## **Schedule B. Schools, Colleges, and Universities**

An organization qualifies as a school (for purposes of classification under sections

509(a)(1) and 170(b)(1)(A)(ii)) if all the following applies. It:

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

The term **“school”** includes primary, secondary, preparatory, high schools, colleges, and universities. An organization won't be described as a school under sections 509(a)(1) and 170(b)(1)(A)(ii) if it engages in both educational and non-educational activities, unless the latter are merely incidental to the educational activities. Non-traditional schools such as an outdoor survival school or a yoga school may qualify. However, an organization may further an

educational purpose without satisfying all the conditions listed above that describe a school. Such organizations may qualify as public charities based upon their sources of support as organizations described in sections 509(a)(1) and 170(B)(1)(A)(vi) or section 509(a)(2).

## **Specific Line Items**

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



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

- *A list of required courses of study, dates and times courses are offered, and other information about how to complete required courses;*

- *Certification by the appropriate state authority or successful completion of required training for qualified teachers;*
- *Records of regular attendance by students at your facility; and*
- *A lease agreement or deed for your facility.*

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

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

classification as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

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

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



*If you're unsure whether to answer "Yes," contact an appropriate school official.*

**Line 5.** Answer “Yes,” if a state or federal administrative agency or judicial body ever determined your organization to be racially discriminatory. Identify the parties involved

and the forum in which the case was presented. Explain the reason for the action, the decision reached, and provide legal citations (if any) for the decision. Also, explain in detail any changes made in response to the action against your organization or the decision reached.

## **Establishment of Racially Nondiscriminatory Policy**

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

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

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

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

Schools that don't file Form 990 or 990-EZ must make the certification by filing Form 5578, Annual Certification of Racial

## Nondiscrimination for a Private School Exempt From Federal Income Tax.

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

**Line 8.** Answer “Yes,” if your brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and scholarships contain a statement similar to the following:

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

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

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

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

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

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



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

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

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

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



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

**Line 12.** Enter the racial composition of students to whom you award loans and

scholarships in the spaces provided. Enter actual numbers, rather than percentages, for the current year and projected numbers for the next academic year. If the number is zero, then enter "0." If you won't provide any loans or scholarships, check the box provided.



*Don't identify students by name.*



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

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

**Line 14.** Answer "Yes," if any individuals or organizations on your list have an objective to keep public or private school education

segregated by race and explain how these individuals or organizations promote segregation in public or private schools.

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

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

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



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

## **Schedule C. Hospitals and Medical Research Organizations**

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

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

**Hospital.** An organization is a “**hospital**” if its principal purpose or function is providing

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

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

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

instrumentality of a governmental unit, such as a municipal hospital.

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

### **Cooperative hospital service**

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

1. Data processing;

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

## **Specific Line Items**

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

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

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

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

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

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

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

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

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

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

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

**Line 6.** Answer “Yes,” if you provide free or low-cost medical or hospital care services. If you answer “Yes,” describe your policy and to whom you provide these services. Include details on how these services promote benefits to the **community**. For example,

you may want to indicate how you determine who is eligible for the services, how you inform the general public about your policy, any requirements you require of patients to receive reduced cost or free care, and any agreements you might have with municipalities or government agencies to subsidize the cost of admitting or treating patients through this policy.

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

**Line 8.** Answer "Yes," if you have a formal program of community educational programs and describe your programs, including the types of programs offered, the scope of the programs, and affiliation with other hospitals

or medical care providers with whom you offer community educational programs.

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

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

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

majority of individuals who are representative of the community you serve, provide the requested information for your parent organization's board of directors as well.

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

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

facility must conduct a CHNA at least once every 3 years and adopt an implementation strategy to meet the community health need identified through such CHNA.

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

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

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

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

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

amounts generally billed to individuals who have insurance covering such care.

Answer "Yes," if the hospital facility:

- a.** Limits or will limit any charges to FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services to not more than the amounts generally billed to individuals who had insurance covering such care; and
- b.** Prohibits, or upon beginning operations will prohibit, the use of gross charges as described in section 501(r)(5).

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

- The charge in excess of the amounts generally billed (AGB) wasn't made or requested as a pre-condition of providing

medically necessary care to the FAP-eligible individual;

- As of the time of the charge, the FAP-eligible individual hadn't submitted a complete FAP application and hadn't otherwise been determined by the hospital facility to be FAP eligible for the care; and,
- If the individual subsequently submits a complete FAP application and is determined to be FAP-eligible for care, the hospital facility refunds any amount that exceeds the amount he or she is determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than \$5.

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

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

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

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

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

- It is organized and at all times thereafter is operated exclusively for the benefit of, to perform the function of, or to carry out the purposes of one or more public charities described in section 509(a)(1) or 509(a)(2);
- It meets one of three required relationship tests with the supported organization(s);  
and

- It isn't **controlled by "disqualified persons,"** directly or indirectly. See Appendix C for a definition of a **"disqualified person."**

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

## **Specific Line Items**

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

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



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

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

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

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

that best describes your relationship with your supported organization(s).

- **Type I (“operated, supervised, or controlled by” relationship;** comparable to a parent–subsidiary relationship): A majority of your governing board or officers are elected or appointed by the governing body, members of the governing body, officers acting in their official capacity, or the membership of your supported organization(s).
- **Type II (“supervised or controlled in connection with” relationship;** comparable to a brother–sister relationship): Your control or management is vested in the same persons who control or manage your supported organization(s).
- **Type III (“operated in connection with” relationship;** responsive to the needs or demands of, and having significant involvement in the affairs of,

the supported organization(s)): One or more of your officers, directors, or trustees are elected or appointed by the officers, directors, trustees, or membership of your supported organization(s); one or more of your officers, directors, trustees, or other important office holders are also members of the governing body of your supported organization(s); or your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of your supported organization(s).



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