

Internal Revenue Service
Appeals Office
701 Market Street, Suite 2200
Philadelphia, PA 19106

Date: August 13, 2010

Number: **201044023**
Release Date: 11/5/2010

A

B

UIL - 0509 .01-01

CERTIFIED MAIL

**Last Day to File a Petition with the
United States Tax Court: Not Applicable**

Dear :

This is a final adverse determination regarding your private foundation classification under Internal Revenue Code section 501(c)(3). Although you are exempt under Section 501(C)(3) of the Code, you do not qualify as a public charity status under 509(a)(2), but as a private foundation within the meaning of Section 509(a) of the Code effective December 29, 20xx.

Our adverse determination was made for the following reason(s):

Your organization failed to satisfy the requirements as a public charity under Section 509(a), and you are considered privately supported. Your organization was funded primarily by business interests of NN1, which are substantial contributors and therefore disqualified persons. With little evidence of activities for solicitation of public support, you have not established to the satisfaction of the Internal Revenue Service that you can meet the public support requirements to be classified as a public charity.

Contributions to your organization are deductible under code section 170.

You are required to file Form 990-PF, Return of Private Foundation, for any years that are still open under the statute of limitations.

You have waived your right to contest this determination under the declaratory judgment provisions of Section 7428 of the Code by your execution of Form 906, Closing Agreement Concerning Specific Matters, an executed copy of which is being sent to you under separate cover.

Department of the Treasury

Person to Contact:

Employee ID Number:

Tel:

Fax:

Refer Reply to:

In Re:

Tax Period(s) Ended:

Form Number

Employer Identification Number

You also have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures such as the formal appeals process. The Taxpayer Advocate is not able to reverse legally correct tax determinations, nor extend the time fixed by law that you have to file a petition in the U.S. Tax Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this notice of deficiency. See the enclosed Notice 1214, *Helpful Contacts for Your "Notice of Deficiency"*, for Taxpayer Advocate telephone numbers and addresses.

Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles Fisher".

CHARLES FISHER
TEAM MANAGER

Enclosures:

Notice 1214 Helpful Contacts for your 'Deficiency Notice'

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Date: MAY 05 2003

Person to Contact - ID#:

ORG=

Contact Telephone Numbers:

Federal Identification Number:

EIN=

Accounting Period Ending:

Dear :

Based on the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a)(3) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that, for the reasons set forth on Enclosure I, you are a private foundation within the meaning of section 509(a) of the Code. In this letter, we are not determining whether you are an operating foundation as defined in section 4942(j)(3) of the Code.

This letter supersedes our letter dated December , 20 .

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100.00 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA). However, since you are a private foundation, you are subject to excise taxes under Chapter 42 of the Code. You may also be subject to other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is

[REDACTED]

filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You are required to make certain returns available for public inspection for three years after the later of the due date of the return, or the date the return is filed. The returns required to be made available for public inspection are Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation, and Form 4720, Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents must be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax Exempt Status for Your Organization, or you may call the number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If you do not agree with our determination that you are a private foundation, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If

[REDACTED]

you are represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

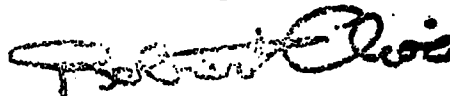
If you do not appeal this determination on your private foundation status within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter. Further, if you do not appeal this determination within the time provided, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428 (b)(2) of the Code provides, in part, that, " A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and private foundation status, you should keep a copy of it in your permanent records.

If you have any questions, please contact the person whose name and telephone are shown in the heading of this letter.

Sincerely,



Robert S. Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 892
Enclosure I

ENCLOSURE I

LEGEND

ORG= Name of organization

NN= Name of individual

RR= Related organization

UR= Unrelated organization

x= Amount

X= Year

EIN= EIN of the organization

FN= Family name

FACTS:

Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, was submitted on January 22, 200X. You were formed on December 30, 200X, by the execution of a Trust Agreement by and among NN1, a resident of _____, and NN2, a resident of _____, referred to as the "Donors", and NN1, resident of _____, referred to as the "Trustee" Section 1.1 of the Trust states, "this trust is established for the purpose of alleviating poverty through micro-credit loans to those unable to obtain conventional financing for education and business. Other purposes included helping the poor and homeless; providing support to families with premature and/or disabled children; providing support to families adopting or providing foster care to children in need; providing educational opportunities to those unable to afford college or technical school education; supporting moral and family values relating to self-reliance and education; and supporting the missionary, humanitarian, and educational efforts of _____."

The supplemental information to Form 1023 stated that the primary activity of the organization will focus on its goals of alleviating poverty and expanding self-reliance and education. You will do this by extending micro-credit loans to individuals or small businesses needing small amounts of capital to expand their businesses and opportunities, but which do not qualify for, or are too small to be effectively served by conventional financial sources or institutions. This activity will be conducted by the board members who have experience in business capital and venture capital. At this time the organization has not yet made any loans or provided any assistance to needed families or businesses. In your letter dated June _____, 20____ you stated that the micro loan program is not expected to be anything but a small part of your activities.

Section 3.2 of the Trust document states, "the Board of Directors shall be comprised of not fewer than three persons and no more than nine persons." The three Directors are NN1, NN3, and NN4. NN1 owns and controls several companies that may provide office space and related services to the organization.

You requested an advance ruling under section 509(a)(2) of the Code. However, since the Service no longer issues advance rulings you agreed to a definitive ruling.

Since the date your organization was formed you have received a total of \$x. The parties contributing the \$x to your organization were: RR1, in the amount of \$x; RR2 in the amount of \$x; and UR in the amount of \$x. RR1 and RR2 are owned and/or managed by a member of the FN family. UR is unrelated to the FN Family.

The narrative for Part V, Item 6a, page 4 states, "this charitable supporting organization does not have a fund raising program, nor has it developed any program for fund-raising, though it may do so in the future."

The narrative for Part VIII, Items 4a-b, Page 6 states, "fund-raising for this organization will initially be limited to personal solicitations made by members of this organization's board of directors to previously existing contacts. No other fundraising activities are contemplated at this time, though they may occur in the future."

This organization has a close relationship with ORG2 (Supporting Organization), with which it shares its Board of Directors. In the minutes to the annual meeting for 200X it included an acknowledgement that the applicant will be the primary charity of ORG2, with which they will be operated and controlled.

LAW:

Section 509(a) of the Code defines a private foundation as any domestic or foreign organization described in IRC 501(c)(3) other than an organization referred to in IRC 509(1), (2), (3), or (4).

Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code describes an organization which normally receives a substantial part of its support from a governmental unit or from direct or indirect contributions from the general public.

Section 509(a)(2) of the Code describes an organization that receives no more than one-third of its support from gross investment income and more than one-third of its support in each tax year from any combination of the following:

a) gifts, grants, contributions or membership fees from other than a disqualified person, and

b) gross receipts from admissions, sales of merchandise, performance of services or furnishings of facilities, in an activity that is not an unrelated trade or business (to the extent that gross receipts from any person, or bureau or similar agency of a governmental unit do not exceed the greater of \$5,000 or 1 percent of the organization total support in that year).

Section 509(a)(3) of the Code describes an organization which is operated solely for the benefit of or in connection with one or more organizations described in sections 509(a)(1) or 509(a)(2) of the Code.

Section 509(a)(4) of the Code describes an organization that is organized and operated exclusively for testing for public safety.

Section 507 (d)(2) of the Code provides that the term "substantial contributor" means more than \$5,000, if such amount is more than 2 percent of the total contributions

received before the close of the taxable year in which the contribution is received from such person.

Section 4946 (a)(1) (C) of the Code includes in the definition of a disqualified person an owner of more than 20 percent of :

- (i) the total combined voting power of a corporation
- (ii) the profit interest of a partnership
- (iii) the beneficial interest of a trust or unincorporated enterprise, which is a substantial contributor to the foundation.

Section 1.170A-9T(f)(3)(ii) of the Regulations states in part, "an organization must be so organized and operated as to attract new and additional public and government support on a continuous basis. An organization will be considered to meet this requirement if it maintains a continuous and bona fide program for solicitation of funds from the general public, community, or membership group involved, or if it carries on activities designed to attract support from government units or other organizations described in section 170(b)(1)(A)(i) through (vi). In determining whether an organization maintains a continuous and bona fide program for solicitation of funds from the general public or community, consideration will be given to whether the scope of its fund raising activities is reasonable in light of its charitable activities."

Section 1.170a-9T(f)(3)(iii)(D)(3) of the Regulations states that the following factors will also be considered evidence that an organization is "publicly supported":

- (1) The participation in, or sponsorship of, the programs of the organization by member of the public having special knowledge or expertise, public officials, or civic, or community leaders;
- (2) The maintenance of a definitive program by an organization to accomplish its charitable work in the community, such as slum clearance or developing employment opportunities; and
- (3) The receipt of a significant part of its funds from a public or governmental agency to which it is in some way held accountable as a condition of the grant, contract, or contribution.

Section 1.509(a)-3(d)(l) of the Regulations states in part, "such an advance ruling or determination letter may be issued if the organization can reasonably be expected to meet the requirements of paragraph (a) of this section during the advance ruling period. The issuance of a ruling or determination letter will be discretionary with the Commissioner."

Section 1.509(a)-3(d)(2) of the Regulations states in part, "while the factors which are relevant to this determination, and the weight accorded to each of them, may differ from case to case, depending on the nature and functions of the organization, a favorable determination will not be made where the facts indicate that an organization is likely during its advanced ruling or extended advance ruling period to receive less than one-third of its support from permitted sources (subject to the limitation of paragraph b of this section) or to receive more than one-third of its support from items described in 509(a)(2)(B)."

Section 1.509(a)-3(d)(3) of the Regulations states, "all pertinent facts and circumstances shall be taken into account under subparagraph (2) of the paragraph in determining whether the organization structure, programs, or activities and method of operation of an organization are such to enable it to meet the tests under section 509(a)(2) for its advance or extended advance ruling period."

APPLICATION:

In your application you requested to be exempt under section 509(a)(2). Organizations described in section 509(a)(2) of the Code must meet the support test provided in section 509(a)(2)(A) and 509(a)(2)(B) of the Code. In determining whether or not such tests are met, an organization must normally receive more than one-third of its support from any combination of gifts, grants, contributions, or membership fees; gross receipts from admission, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not unrelated trade or business (within the meaning of section 513 of the Code), not including such receipts from any person, or from any bureau or agency of a governmental unit, in excess of the greater of \$5,000 or 1 percent of the organization's support in such taxable year; and normally not more than one third of its support from investment income.

Your organization has been in operation for over three years. During that time you received three contributions totaling \$x. Two of the three contributors are for profit entities that are owned and/or managed by members of the FN family. The other contributor is an unrelated for profit entity.

We considered your request for a definitive ruling under section 509(a)(2) and determined that you did not meet the 33 1/3 support test. Since your organization was formed you have received three contributions each in excess of \$5,000. The contributions were for \$x, \$x, and \$x. These contributions would be considered as received from substantial contributors. Included in the definition of disqualified persons is a substantial contributor to the Foundation. Therefore, the contributions of \$x, \$x, and \$x are excluded from the calculation of the 33 1/3 percent-of-support-test.

Your percentage of public support under section 509(a)(2) was determined to be 0 percent (0/\$x). Accordingly, you do not meet the 33 1/3 percent-of-support as required by section 509(a)(2) of the Code.

You do not meet the support test described in Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Since you were formed in 200X you received \$x in contributions from three contributors. The amounts given were more than 2 percent of your gross income. Therefore, in calculating your percentage of public support, we calculated 6 percent of public support (\$x/\$x).

You do not meet the facts and circumstances test described in Section 1. 170A-9(e)(3) of the Regulations, since you received less than 10 percent in public support. Therefore, you are not an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

You are not an organization described in section 509(a)(3) of the Code because you are not organized and operated solely for the benefit of, or in connection with one or more of the organizations described in sections 509(a)(1) or 509(a)(2) of the Code. You are not an organization described in section 509(a)(4) of the Code because you are not operated and organized for public safety.

We considered if your organization would pass the support test by December 31, 200X, which is the end of your fifth fiscal year. Based on the facts submitted we determined that you would not reasonably be expected to pass the public support test describe in section 509(a)(2) of the Code during this time. Part VIII, item 4 on page 6 of your application indicates that you would conduct the following fundraising programs: mail solicitations, personal solicitations, foundation solicitations, phone solicitations, accept donations on your website, and government grant solicitations. The application asks that you attach a description of each fundraising program. In your narrative you said that fundraising for this organization will initially be limited to personal solicitation made by members of the organization's Board of Directors to previously-existing contacts and that no other fund-raising activities are contemplated at this time, though they may occur in the future.

We requested that you provide a detailed description of your fundraising activities. In your letter dated June , 20 you reiterated what was said in your application that fund raising will be limited to personal solicitations made by the Board of Directors. Your organization does not maintain a continuous and bona fide program for solicitation of funds from the general public.

As required by section 1.509(a)-3(d)(3) of the regulations all pertinent facts and circumstances shall be taken into account in determining whether an organization will likely pass the public support test described in section 509(a)(2). This includes organizational structure, programs, or activities and method of operation. Your organization was formed December 30, 20 . During that time you received funding from limited sources, and your future fundraising programs will be the same.

Your organization is structured to give control to the FN family. The Trust is between NN1 and NN2 (Donors) and NN1 (Trustee). Your organization has three board members, but all of the power and authority is given to the Trustee as outlined in

Section 4.6 of the trust document. There is no indication in the application or in the minutes to the board meetings that your organization has appointed any officers. The trust document does not contain any provisions to establish a fundraising committee and the minutes of the board meetings (which meet annually) do not include any discussions on how to raise funds. In addition, NN1 and his related companies have donated \$x to the organization and provide office space and related services to the organization. Your organizational structure is similar to a private foundation and not a public charity.

Thus far your organization has distributed \$x to other 501(c)(3) organizations. No other charitable activity has been conducted. In your application you stated that your primary activity will be conducting micro-credit loans to individuals and businesses. In your letter dated April , 20 you stated that this activity will be conducted by the Board of Directors, citing their individual expertise in business, venture capital, or non profit organizations activities which will enable you to conduct this program effectively. When we requested additional information on this activity you stated that the micro loan program is not expected to be anything but a small part of your activities and may not even be conducted at all as you do not have experience with this activity.

The minutes of your board meetings did not discuss this activity or any other charitable activity. The only charitable activity that was discussed in your meetings was distributing funds to other tax exempt organizations, an activity that is consistent with most private foundations. Hence, there is no reasonable expectation of funding from the general public.

APPLICANT'S POSITION

In your protest you identified three issues to substantiate your position that you should qualify as a public charity and not a private foundation.

Issue 1. You state that you can reasonably expect to pass the public support test once you receive your determination letter. You have been unable to commence an active fund raising program because you have not received a determination letter on which contributors could rely in making charitable contributions. Since you received a determination letter that you are a private foundation you have begun a fund raising program with the general public. This will be conducted by the directors and will be primarily by word of mouth and telephone solicitations.

Issue 2. You maintain the position that the board is comprised of three unrelated individuals and is not controlled by anyone board member or the FN Family. You refer to Section 3.11 of the Trust Agreement that states that a director may be removed with or without cause, by a majority vote of the other directors; and Section 3.8 of the Trust Agreement that states a majority of the directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. You refer us to Reg. 1.70a-9T(f)(3)(iii)(C) that states, "the fact that an organization has a governing body which represents the broad interests of the public, rather than the personal or private

interest of a limited number of donors, will be taken into account in determining whether an organization is "publicly supported."

Issue 3. Lastly, you state that you are structured to pursue direct and indirect charitable activities because you have made contributions to organizations that are tax exempt under section 501(c)(3) of the Code. You refer to *Fund for Anonymous Gifts v. Internal Revenue Service*, 194 F3rd. 173 (1999), in which the Court held that a charitable entity was exempt even though substantially all of its receipts would be donated to other approved charities. You also refer to section 1.1 of the Trust Agreement that states that you are formed for charitable purposes and no part of the net earnings will inure to any of the board members.

SERVICE POSITION

Issue 1. During the entire determination process you maintained that fundraising will be limited to personal solicitations by the directors and you will not maintain a continuous and bona fide program to solicit funds from the general public. Several times in our correspondence we asked how you will be publicly supported and you maintained that your fund raising will be limited to personal solicitation by the directors.

In your protest letter you reiterated the same position without going into further detail on how you will raise additional funds. In addition, you did not specify how much you expect to raise. Your organization did not mention if it will apply for government grants or grants from other tax exempt entities.

Your main argument is that you are unable to raise funds since you did not have a determination letter. Now that you have a determination letter you will be able to raise additional funds and you could apply for a Solicitation Permit which will allow you to expand your fund raising efforts.

Looking at the three year history of your organization there is nothing that suggests you will actually make a reasonable effort to raise additional funds if you are given public charity status. Thus far your organization has received three donations for a total of \$x. For your organization to pass the support test you would have to receive a significant amount of contributions from a number of donors to pass the support test by the end of 200X. The fund raising will be done by the three board members that will devote four hours per week to the organization. Per the application, the duties they will perform include management, administration, and oversight. Furthermore, your board only meets once a year and per the minutes of those meetings, fund raising was never discussed and did not even appear to be an issue.

Your organization will also be a supported organization for ORG2. Their purpose is to raise funds and donate the proceeds to your organization. However, that organization is

not tax exempt under section 501(c)(3) of the Code and is not generating any income. Therefore, you have lost your main source of support.

Further, section 1.170a-9T(f)(3)(iii)(D)(3) of the Regulations states that the following factors will also be considered evidence that an organization is "publicly supported":

- (1) The participation in, or sponsorship of, the programs of the organization by member of the public having special knowledge or expertise, public officials, or civic, or community leaders;
- (2) The maintenance of a definitive program by an organization to accomplish its charitable work in the community, such as slum clearance or developing employment opportunities; and
- (3) The receipt of a significant part of its funds from a public or governmental agency to which it is in some way held accountable as a condition of the grant, contract, or contribution.

Your organization has not been consistent in the information that has been submitted. On page 6 of the application you indicated that you will receive funding from mail solicitations, personal solicitations, foundation grants, phone solicitations, donations from your website, and government grants. However, in the narrative to these items you stated in part, "fundraising for this organization will initially be limited to personal solicitations made by members of the organization's Board of Directors to previously existing contacts. No other fund raising activities are contemplated at this time, though they may occur in the future."

Furthermore, you have been inconsistent in describing the activities that you will be conducting. In the initial application you stated that you would be extending micro-credit loans to individuals and small businesses. When we requested detailed information on this activity you said that this will only be a small part of your activities, and the micro-credit loan program will not be pursued in the near future, if at all. In your protest letter dated January ,20 you now state that the purpose of the Foundation is alleviating poverty through providing micro-credit loans.

Thus you do not meet the requirements to satisfy us that you are publicly supported. You have not demonstrated that you have a definitive program of charitable activities, that you will have the participation of members of the public with expertise in charitable programs, or that a significant part of your funds will come from the public or from government agencies.

Issue 2. Your position is that you are not controlled by the FN Family because the board is comprised of three unrelated individuals. You cited Reg. 1.170a-9T(f)(3)(iii)(C)(3) on the makeup of an acceptable governing Board.

Even though your organization's Board of Directors is comprised of three unrelated individuals you have not demonstrated that your organization is not indirectly controlled by the FN Family. NN1 is the "Donor" and the "Trustee". Section 4.6 of the Trust describes the powers granted to the Trustee. Even though the powers of the Trustee may be exercised, prohibited, limited, restricted, or supplemented by the Board of Directors there is no evidence that they ever exercised that right. It appears that the board of directors simply sign off on the actions taken by the Trustee.

Issue 3. Finally, the Service never stated that your organization is not organized and operated for charitable purposes. We agree that giving funds to organizations that are exempt under section 501(c)(3) is a charitable purpose. This is also an activity that is conducted by private foundations and public charities. Public charities often conduct charitable activities in addition to providing funds to other organizations, whereas private foundations are more likely to restrict their charitable activities to grant-making, without conducting other charitable programs. Your organization qualifies as a charitable private foundation, but not as a public charity.

CONCLUSION

In conclusion, your organization is structured as such that the trustee controls the organization, you have very limited fundraising plans, and you are not conducting any 501(c)(3) activities other than making distributions to other 501(c)(3) organizations. Based on the information submitted your organization cannot reasonably be expected to meet the requirements of paragraph 509(a) during the advance ruling period.

Exhibit 1

Name: [REDACTED]

EIN: [REDACTED]

Period: 200 [REDACTED] - 200 [REDACTED]

SUPPORT TEST COMPUTATION FOR IRC 509(a)(1) ORGANIZATIONS

Public Support Test results: TEST FAILED

PUBLIC SUPPORT TEST

1 . Gifts, grants, and contributions received.....	[REDACTED]
(DO NOT INCLUDE UNUSUAL GRANTS)	
2 . Membership fees received.....	[REDACTED]
3 . Exempt function income.....	[REDACTED]
4 . Interest, dividends, etc.....	[REDACTED]
5 . Net income from Unrelated Business activity (UBI).....	[REDACTED]
6 . Tax revenues levied for organization benefit.....	[REDACTED]
7 . Value of services or facilities furnished by governmental unit.....	[REDACTED]
8 . Other income (Do not include gain/loss from sale..... of capital assets)	[REDACTED]
9 . Total of lines 1 through 8.....	<u>\$ 24,000</u>
10 . Total support revenue for 509(a)(1) calculation (Denominator): Line 9 - line 3.....	\$ 24,000
11 . Total of lines 1, 2, 6, and 7.....	\$ 24,000
12 . 2% of Total support revenue for 509(a)(1), (line 10 x 2%).....	\$ 480
13 . Amount disallowed by contributors who gave in excess of 2%.....	\$ 22,560
14 . Public support (Numerator): Line 11 - line 13.....	\$ 1,440
15 . Percentage of public support (line 14 / line 10).....	6.00%

Contributors exceeding 2% of Line 10 Total Support

	Name(s) of Contributors	Amount Contributed
1 .	[REDACTED]	[REDACTED]
2 .	[REDACTED]	[REDACTED]
3 .	[REDACTED]	[REDACTED]
4 .	[REDACTED]	[REDACTED]
5 .	[REDACTED]	[REDACTED]
6 .	[REDACTED]	[REDACTED]
7 .	[REDACTED]	[REDACTED]
8 .	[REDACTED]	[REDACTED]
9 .	[REDACTED]	[REDACTED]
10 .	[REDACTED]	[REDACTED]
	Total	\$ 24,000

NOTE: If there are more than 10 contributors exceeding 2% of total support, continue on next sheet.

Exhibit 2

Name: [REDACTED]
EIN: [REDACTED]
Period: 200 [REDACTED] 200 [REDACTED]

SUPPORT TEST COMPUTATION FOR IRC 509(a)(2) ORGANIZATIONS

Public Support Test results: TEST FAILED

Gross Investment Test results: TEST PASSED

Both tests must be passed to qualify for IRC 509(a)(2).

PUBLIC SUPPORT TEST

1 . Gifts, grants, and contributions received.....	\$ 24,000
(DO NOT INCLUDE UNUSUAL GRANTS)	
2 . Membership fees received.....	
3 . Exempt function income.....	
4 . Interest, dividends, etc.....	
5 . Net income from Unrelated Business activity (UBI).....	
6 . Tax revenues levied for organization benefit.....	
7 . Value of services or facilities furnished by governmental unit.....	
8 . Other income (Do not include gain/loss from sale..... of capital assets)	
9 . Total of lines 1 through 8.....	\$ 24,000
10 . Add lines 1,2,3,6 and 7.....	\$ 24,000
11 . Deduct: a. Income from disqualified persons See details on Schedule A.....	24,000
b. Excess exempt function income See details on Schedule B.....	
12 . Line 10 less lines 11a & 11b = public support (numerator).....	\$
13 . Total support from line 9 (denominator).....	\$ 24,000
14 . Public support percentage (line 12/13).....	0.00%

Gross Investment Test

15 . Investment income from line 4.....	-
16 . Unrelated business income on line 5 less tax paid.....	-
17 . Total of lines 15 and 16 (numerator).....	-
18 . Total support from line 9 (denominator).....	24,000
19 . Gross investment percentage (line 17/line 18).....	0.00%

Name: [REDACTED]
 EIN: [REDACTED]
 Period: 200[REDACTED]-200[REDACTED]

Schedule A, Exclusion of Disqualified Persons' Support

	Name	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1 .	[REDACTED]						\$ 10,000
2 .	[REDACTED]						7,000
3 .	[REDACTED]						7,000
4 .	[REDACTED]						
5 .	[REDACTED]						
6 .	[REDACTED]						
7 .	[REDACTED]						
8 .	[REDACTED]						
9 .	[REDACTED]						
10 .	[REDACTED]						
Total (Report on page 1, line 11a)		7,000	12,000	5,000			\$ 24,000

Schedule B, Exclusion of Excess Exempt Function Income

	Year 1	Year 2	Year 3	Year 4	Year 5
Total support					
1% of total support	70	120	50	0	0
Greater amount \$5000 or 1%	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000

Exempt function income, payers exceeding the greater of \$5000 or 1%

	Name	Year 1	Year 2	Year 3	Year 4	Year 5
1 .	[REDACTED]					
2 .	[REDACTED]					
3 .	[REDACTED]					
4 .	[REDACTED]					
5 .	[REDACTED]					
6 .	[REDACTED]					
7 .	[REDACTED]					
8 .	[REDACTED]					
9 .	[REDACTED]					
10 .	[REDACTED]					
Total		\$	\$	\$	\$	\$

Total disqualified exempt function income - (report on page 1, line 11b).

\$