

Internal Revenue Service

Appeals Office
2525 Capitol Street, Suite 201
Fresno, CA 93721

Department of the Treasury

Employer Identification Number:

Date: JUL 19 2017

Number: 201741020
Release Date: 10/13/2017

Person to Contact:

Employee ID Number:
Tel:
Fax:

UIL: 501.03-08

A
B

Certified Mail

Dear

This is a final adverse determination regarding your exempt status under section 501(c)(3) of the Internal Revenue Code (the "Code"). It is determined that you do not qualify as exempt from Federal income tax under section 501(c)(3) of the Code effective July 1, 2012.

Our revocation was made for the following reason(s):

A primarily performs activities which are substantially commercial in nature. **A** does not meet the operational test under Code section 501(c)(3) as it conducts activities which have characteristics of a trade or business. Thus, the organization is not operated exclusively for one or more exempt purposes as set forth in section 501(c)(3) of the Code.

Contributions to your organization are not deductible under section 170 of the Code.

You are required to file Federal income tax returns on Forms 1120. File your return with the appropriate Internal Revenue Service Center per the instructions of the return. For further instructions, forms, and information please visit www.irs.gov.

If you were a private foundation as of the effective date of the adverse determination, you are considered to be taxable private foundation until you terminate your private foundation status under section 507 of the Code. In addition to your income tax return, you must also continue to file Form 990-PF by the 15th Day of the fifth month after the end of your annual accounting period.

Processing of income tax returns and assessments of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Code.

We will make this letter and the proposed adverse determination letter available for public inspection under Code section 6110 after deleting certain identifying information. We have provided to you, in a separate mailing, Notice 437, *Notice of Intention to Disclose*. Please review the Notice 437 and the documents attached that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination letter was mailed to you. Please contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment. To secure a petition form from the United States Tax Court, write

to the United States Tax Court, 400 Second Street, N.W., Washington, D.C. 20217. See also Publication 892.

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 cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States Court. The Taxpayer Advocate can however, see that a tax matters that may not have been resolved through normal channels get prompt and proper handling. If you want Taxpayer Advocate assistance, please contact the Taxpayer Advocate for the IRS office that issued this letter. You may call toll-free, 1-877-777-4778, for the Taxpayer Advocate or visit www.irs.gov/advocate for more information.

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

Sincerely Yours,

Joseph K. Phegley
Appeals Team Manager

Enclosure: Publication 892 and/or 556



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
Exempt Organizations Examinations

Date:
April 13, 2016
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact/ID Number:

Contact Numbers:
Telephone:
Fax:
Manager's Name/ID Number:

Manager's Contact Number:

Response due date:

Certified Mail – Return Receipt Requested

Dear :

Why you are receiving this letter

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

What you need to do if you agree

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3). After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

Effect of revocation status

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

What you need to do if you disagree with the proposed revocation

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also

may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter. The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

Contacting the Taxpayer Advocate Office is a taxpayer right

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service
Office of the Taxpayer Advocate

For additional information

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Denise Gonzalez for

Paul A. Marmolejo
Acting Director, EO Examinations

Enclosures:
Report of Examination
Form 6018
Publication 892
Publication 3498

Form 886A	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule No. or Exhibit
Name of Taxpayer	REVISION DATED 7/8/2016	Year/Period Ended June 30, 20

ISSUE:

1. Should the tax exempt status of the be revoked because it is not operated exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code?

FACTS:

Original Incorporation dated April 20, 19 : (the "Center") initially filed Articles of Organization dated April 20, 19 , with the Secretary of the . The Organization's purpose in Article 2 was: "to provide improved and advanced education programs and methods in educational, human services and like institutions, organizations and agencies through the development and implementation of cooperative educational programs encompassing a broad range of education areas and matters; to identify education needs and problems of said educational human services institutions, organization and agencies and sponsor collaborative efforts to meet such needs and problems; to receive and administer financial support, assistance, grants and/or appropriations in support to new or ongoing programs of the Corporation or in support of new or ongoing programs of educational centers, institutions or agencies engaged in the providing of education and/or human services, whether of a public or private character; to foster and implement the distribution of needed and requested educational services; to foster, develop and implement the establishment of exemplary education programs to serve as models for said educational and human services organizations; to provide educational materials and supplies to said education and human services organizations; and to do all those things necessary and carry on all those activities deemed proper and incidental to effect the aforesaid purposes and generally to carry on any other activities which may be advantageously pursued in conjunction with and in support of the Corporation."

Application for Charitable Status received February 28, 19 : The IRS received Form 1023, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, from the Center on February 28, 19 . The Center filed Form 1023 to receive a definitive ruling as to the their status under section 509(a)(3). The Organization completed Part VII of Form 1023 stating that it is not a private foundation because it operates solely for the benefit or in connection with one or more exempt organizations. The Form 1023 instructions for Part III Question 1 state: "give a narrative description of the activities presently carried on by the organization, and also those that will be carried on." The Center attached a schedule with the detailed activities, which is included as Attachment 1, pages 1 through 5. The Form 1023 listed city and town school systems in Northeastern as the qualifying supported organizations. The list of city and town systems is on page 6 of Attachment I.

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Determination Letter dated June 9, 19 :

On June 9, 19 , the IRS office in issued a letter, signed by District Director, determining the organization's status. The organization was granted exemption under Section 501(c)(3) because they are an organization described in 509(a)(3). A footnote to the determination letter stated, "This letter is conditioned on the submission, within 90 days, of a conformed copy of the April 27, 19 amendment to the Articles of Incorporation."

Articles of Amendment dated April 27, 19 : The Center filed Articles of Amendment with the Secretary of the , dated April 27, 19 , that changed its purpose. The amended purpose in Article 2 was: "the Corporation is organized exclusively for charitable, religious, education and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under I.R.C. Section 501(c)(3) or as such law may be amended in the future. Further, it is the purpose of the Corporation to serve and perform its services on the behalf, among others, certain public organizations to wit
Committee, School Committee; School Committee,
School Committee, School Committee, School Committee,
School Committee, School Committee, School
Committee, School Committee, School Committee,
School Committee, School Committee, School Committee,
Scholl Committee, School Committee."

Determination Letter dated September 21, 19 : The IRS , office issued a letter, signed by , District Director, superseding the letter of June 9, 19 . The Center was granted exemption under Section 501(c)(3) because they are an organization described in 509(a)(3). The determination letter states, "Based on 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(c)(3) of the Internal Revenue Code. We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization described in section 509(a)(3). 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."

Restated Articles of Organization dated January 30, 20 : The Center filed Restated Articles of Organization with the Secretary of the , dated January 30, 20 that changed the purpose of the corporation in Article 2. The amended purpose is: "to provide improved and advanced educational programs and methods in educational, human services and like institutions, organization and agencies through the development and implementation of cooperative

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educational programs encompassing a broad range of educational area and matters; to identify educational needs and problems of said educational and humans services institutions, organizations and agencies and sponsor collaborative efforts to meet such needs and problems; to receive and administer financial support, assistance, grants and/or appropriations in support of new or ongoing programs of the Corporation or in support of new or ongoing programs of educational centers, institutions or agencies engaging in the providing of educational and/or human services, whether of a public or private character; to foster and implement the distribution of needed and requested educational services; to foster, develop and implement the establishment of exemplary educational programs to serve as models for said educational and human services organizations; to provide educational materials and supplies to said educational and human services organizations; and to do all those things necessary and to carry on all those activities deemed proper and incidental to effect the aforecited purposes and generally to carry on any other activities which may be advantageously pursued in conjunction with and in support of the Corporation and which are not in conflict with Chapter 180 of the General laws or with the Corporation's status as an organization described in Section 501(c)(3) of the Internal Revenue Code."

Current Activities and Operational Information-Form 990 Part III:

Question 1 of Part III of Form 990 for tax year ending June 30, 20 states "briefly describe the organization's mission. The Center answered that it is "a diversified educational and technological resource for schools, cities and towns and other non-profit organizations...offers a broad range of professional development, facilities management, transportation services and technology programs and solutions."

Question 4 of Part III of Form 990 for tax year ending June 30, 20 states "describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses". The following chart details the Center's answer:

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Expenses	Revenue	Revenue Percentage	Description of Program Services
< >	\$:	%	Transportation services provided to special needs students on behalf of local school districts and other human service agencies
\$:	\$	%	Continuing professional education programs, including programs offering college credits, to teachers and administrators from local school districts and throughout eastern
\$	\$	%	Management of technology networks, implementation of school based technology systems, primarily for local public school districts
\$:	\$	%	Various programs related to public, private and special needs education, the majority of which is real estate services including rental of facilities to educational organizations. Expenses related to these programs are not separately identified but are included in management and general expenses
\$	\$	1%	Total

Additional Information Provided in the Center's Response:

Corporate Structure: In 19 , approximately school districts formed a regional organization for education and innovation, which operated until 19 when it split into two entities, the Center and the (the "Collaborative"). The Collaborative operated as a government entity providing direct student services while the Center provided the support services listed in the chart above, plus human resources and administrative support for the Collaborative. As of May 31, 20 , the partnership between the Center and the Collaborative ended due to a statute passed by the , "An Act Relative to Improving Accountability and Oversight of Education Collaborative" This legislation mandated separation between an education collaborative and any related for-profit or non-profit organization. During this timeframe and ongoing, the U.S. Department of Justice and the Attorney General have investigated several employees who have since been terminated. The investigations and separation from the Collaborative generated multiple changes to the Center's senior personnel, contracts and agreements, board members, by-laws and organizational structure.

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Law:

An organization described in subsection (c) or (d) or section 501(a) shall be exempt from taxation under this subtitle unless such exemption is denied under section 502 or 503. **[Section §501(a) of the Code].**

The following organizations are exempt from Federal income tax: corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. **[Section §501(c)(3) of the Code].**

In order to be exempt as an organization described in Section §501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. **[Treas. Reg. §1.501(c)(3)-1(a)(1)].**

An organization is organized exclusively for one or more exempt purposes only if its articles of organization (a) limit the purposes of such organization to one or more exempt purposes and (b) do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes. **[Treas. Reg. §1.501(c)(3)-1(b)(1)].**

An organization is operated exclusively for charitable purposes only if it engages primarily in one or more of the following activities: religious; charitable; scientific; testing for public safety; literary; educational; fostering national or international sports competition (but only if no parts of its activities involve the provision of athletic facilities or equipment); prevention of cruelty to children or animals. It is not so operated if more than an insubstantial part of its activities do not further these purposes: **[Treas. Reg. §1.501(c)(3)-1(c)(1)].**

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An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. The words "private shareholder or individual" refer to persons having a personal and private interest in the activities of the organization. [Treas. Reg. § 1.501(c)(3)-1(c)(2)].

An organization may be exempt as an organization described in section 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: (a) religious, (b) charitable, (c) scientific, (d) testing for public safety, (e) literary, (f) educational, or (g) prevention of cruelty to children or animals. [Treas. Reg. § 1.501(c)(3)-1(d)(1)(i)]

An organization is not organized or operated exclusively for one or more of the purposes specified in subdivision (i) of this subparagraph unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. [Treas. Reg. § 1.501(c)(3)-1(d)(1)(ii)].

The term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense, and includes the promotion of education and lessening the burdens of government. [Treas. Reg. § 1.501(c)(3)-1(d)(2)].

The term educational, as used in Section 501(c)(3) of the Code relates to: (a) the instruction or training of the individual for the purpose of improving or developing his capabilities; or (b) the instruction of the public on subjects useful to the individual and beneficial to the community. [Treas. Reg. § 1.501(c)(3)-1(d)(3)(i)].

Exemption was denied to an organization formed to provide managerial and consulting services at cost to unrelated exempt organizations on the ground that it was not "operated exclusively" for exempt purposes under section 501(c)(3). The ruling states: Providing managerial and consulting services on a regular basis for a fee is trade or business ordinarily carried on for profit. The fact that the services in this case are provided at cost and solely for exempt organizations is not sufficient to characterize this activity as charitable within the meaning of section 501(c)(3) of the Code. Furnishing the services at cost lacks the donative element necessary to establish this activity as charitable. [Rev. Rul. 72-369, 1972-2 C.B. 245].

However, an organization providing investment management services to other exempt organizations at substantially below cost was granted exempt status. [Rev. Rul. 71-529, 1971-2 C.B. 234].

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Exemption was granted to an organization formed to initiate and develop plans and programs to reduce vehicle deaths and injuries by providing free expert opinion to local government officials regarding hazardous traffic conditions in the community and conducting programs to inform the public about traffic safety. The organization was supported by contributions from the public. Performing certain services for the benefit of federal, state or local governments has been recognized as a charitable activity and traffic control and safety are universally recognized as a governmental responsibility. The relationship between the government and the organization also indicates the existence of a burden of government in that the organization's services are requested by local governments and delivered to the government free of charge. Based on the facts, the activity is a burden of government. By providing expert opinion to local government officials, the organization relieved the government of an activity it would otherwise have to perform. Therefore, the activities of the organization actually lessen the governmental burden. **[Rev. Rul. 76-418, 1976-2 C. B. 145]**

Lessening the burdens of government occurs only if the governmental unit formally recognizes the activities of the organization to be its burden. This objective manifestation may be evident in the interrelationship between the organization and the governmental unit. The organization's activities were an integral part of a larger governmental program and the organization funded governmental expenses. The fact that a governmental unit expresses approval of an organization's activities does not establish that the organization is lessening the burdens of government. **[Rev. Rul. 85-1 1985-1 C.B. 178].**

Two requirements are set forth for an organization to qualify for exemption under IRC § 501(c)(3) by lessening the burdens of government. These requirements are:

1. An organization's activities must be activities that a governmental unit considers to be its burdens, and 2. The activities of the organization must actually lessen such governmental burdens. **[Rev. Rul. 85-2 1985-1 C.B. 178].**

The United States Supreme Court held that for an organization to qualify for tax-exempt status; the organization must be exclusively devoted to an exempt purpose and the presence of a single nonexempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. **[Better Business Bureau v. United States, 326 U.S. 279 (1945)].**

In one case, the United States Court of Claims held that, since the plaintiff was providing information and services purchased by subscribers, the plaintiff was in direct competition with other commercial organizations providing similar services. The court stated that the plaintiff has chosen to compete in this manner and, consequently, the plaintiff's activities acquire a commercial hue. It was readily apparent that those operations emphasized by the plaintiff were more analogous to commerce than to

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education. By the sale of these services, the plaintiff entered, unwittingly or not, into a business. The court concluded that the business purpose was primary and not incidental to any educational purpose that may be present. *[American Institute for Economic Research v. United States, 157 Ct. Cl. 548, 302 F.2d 934]*.

Taxpayer's Position:

The Center disagrees with the Government that its tax exempt status should be revoked because it is not operated exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. The Center states that its school transportation and technology activities lessen the burdens of government, which is a charitable purpose.

The Center states that the transportation of schoolchildren is an established core function of local government because districts to provide transportation for special needs students and Ch.90 imposes regulations for transporting students in vehicles other than school buses. Also, under the local school districts are required to transport children to their original school if they move out of the district due to homelessness or other economic displacement such as domestic violence situations.

The Center provides three reasons why their transportation activities' lessen the government's burden. The first reason is that they preserve governmental resources by saving school districts money because many smaller districts cannot afford to buy and maintain the specially equipped vehicles. The second reason is that the Center fills the void left by for-profit transportation companies because they will work with the school districts and accept unprofitable routes assignments. Third, the Center's transportation activities have operated at a loss because of accepting these unprofitable assignments.

The Center indicated that their technology services are essential to the communities because municipalities recognize internet services are crucial and step in to provide these services, indicating that securing technology access is a government function. The Center's technology services were developed specifically for, and often at the request of and with significant input and direction from the school districts and do not have widespread commercial applicability.

The Center provides three reasons why their technology services lessen the government's burden. The first reason is that they work as an extension of the government's IT departments by providing managed services to towns without sufficient IT staff. The second reason is that the Center provides essential government services not provided by for-profit technology companies because they provide storage and

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maintenance of the electronic records as required by the

Third, the Center permits flexibility in payment terms for the school districts that are unable to meet the payment schedules.

Government's Position:

The Center's activities have changed substantially since it applied for exempt status. Attachment I lists the educational activities, programs and partnerships included in their Form 1023 exemption application. Currently, the Center only generates % of its revenue from continuing professional education programs. Treas. Reg. § 1.501(c)(3)-1(d)(2) and Treas. Reg. § 1.501(c)(3)-1(d)(3)(i) require that a charitable organization's educational activities promote education and the instruction of the public on subjects useful to the individual and beneficial to the community. The Center does not operate exclusively for educational purposes as required in Treas. Reg. § 1.501(c)(3)-1(d)(1)(i) and accordingly, does not qualify for exemption for educational purposes.

Building leases generate approximately % of revenue and the leases are the same in nature as any commercial real estate lease and consequently, the leasing activity does not qualify the Center for tax exemption under IRC 501(c)(3).

The transportation services and technology networks comprise % and % of revenue, respectively. The determination of whether an organization's activities lessen the burden of government requires two tests per Rev. Rul. 85-2. First, it is necessary to determine whether the Center has made the requisite showing of an objective manifestation by a governmental unit that its activities constitute a burden of government, by considering the following questions:

- Does a statute specifically create the organization and clearly define the organization's structure and purposes?
- Are the activities an integral part of a larger governmental program, or performed jointly with a governmental unit?
- Do governmental units control the activities of the organization, such as appointing all the board members?
- Does the organization pay governmental expenses?
- Are payments to the Center from regular government funding through grants or general obligation bonds backed with the full faith and credit of the governmental unit (as opposed to general revenue bond financing)?
- Is the governmental unit prohibited from performing the particular activity?

A review of the Center's organization and activities indicates the following:

- A statute did not create the Center; rather it split from the Collaborative because a statute mandated the separation of an educational collaborative from related

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for-profit and non-profit entities.

- b. The city and town schools districts use the Center to provide both transportation and technology networks services. The Center uses the standard contract form for technology network services, which are regulated by the
and the Federal Communications Commission. The Federal Schools and Libraries "E-Rate" Program sets the reimbursement rates for technology services provided to public schools. The Center bids on transportation agreements in the same manner as other commercial entities. The Center is not freeing up government fiscal assets because the school districts are paying for their services.
- c. Since the Center's corporate restructuring and revision of the Articles of Organization, the local school districts do not have representation on the Center's board or any control over its activities.
- d. The Center does not pay any governmental expenses rather the local school districts pays the Center for its services.
- e. The school districts pay the Center fees for services covered by contractual agreements. General grants or obligation bonds are not used to fund the Center.
- f. The constitution and statutes do not prohibit the school districts from directly performing the transportation and technology activities themselves.

Based on the above facts and circumstance, there is not an objective manifestation by the governmental units that the Center's activities are burdens of the government...

The second test per Rev. Rul. 85-2 is whether the Center's activities actually lessen the burden of the government. The Center's activities do not differ from those of taxable corporations throughout the state that also serve as transportation and technology providers. The school districts contract with the Center to perform those activities associated with its burden of transporting students and providing technology access. The relationship between the Center and the school districts is more in the nature of a commercial contract for services as opposed to a lessening of a governmental burden. Because the facts show that the school districts are satisfying their burdens by contracting on a commercial basis with the Center for transportation and technology services, then the Center is not lessening their governmental burden.

Conclusion:

The no longer meets the requirements to qualify as exempt from federal income tax under IRC section 501(a) as described in section 501(c)(3). Therefore, its exempt status under 501(c)(3) of the Internal Revenue Code will be revoked.