



Department of the Treasury
Internal Revenue Service

Date: July 28, 2023

Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Name:

ID number

Telephone:

Fax:

Last day to file petition with United States
Tax Court:

October 26, 2023

CERTIFIED MAIL - Return Receipt Requested

Dear _____ :

This is a final determination regarding your foundation classification. This modifies our letter dated _____, in which we determined that you were an organization described in Internal Revenue Code (IRC) Section 501(c)(3). This letter modifies your foundation status to that of Type III Functionally Integrated Supporting Organization described in IRC Sections 509(a)(3), effective _____.

Your tax exempt status under IRC Section 501(c)(3) of the Code is not affected. Grantors and contributors may rely on this determination, unless the Internal Revenue Service publishes a notice to the contrary. Because this letter could help resolve any questions about your private foundation status, please keep it with your permanent records.

We previously provided you a report of examination explaining the proposed modification of your tax-exempt status. At that time, we informed you of your right to contact the Taxpayer Advocate, as well as your appeal rights. On _____, you signed Form 6018, Consent to Proposed Action – Section 7428, in which you agreed to the modification of your foundation classification to that of a Type III Functionally Integrated Supporting Organization described in IRC Section 509(a)(3). This is a final determination letter with regards to your federal tax-exempt status under Section 501(a).

You are required to file Form 990, *Return of Organization Exempt from Income Tax*. Form 990 must be filed by the 15th day of the fifth month after the end of your annual accounting periods. A penalty of \$20 a day is charged when a return is filed late, unless there is a 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. In addition, organizations with gross receipts exceeding \$1,000,000 for any year will be charged a penalty of \$100 a day when a return is filed late; however, the maximum penalty charged cannot exceed \$50,000. These penalties may also be charged if a return is not complete, so be sure your return is complete before you file it.

If you are subject to the tax on unrelated business income under IRC Section 511, you must also file an income tax return on Form 990-T, *Exempt Organization Business Income Tax Return*.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of IRC Section 7428 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 was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment by referring to the enclosed Publication 892. You may write to the courts at the following addresses:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
ustaxcourt.gov

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20005
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

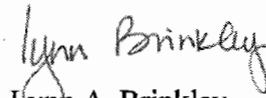
You may also be eligible for help from the Taxpayer Advocate Service (TAS). TAS is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Taxpayer Advocate assistance can't be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in 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.

You can get any of the forms or publications mentioned in this letter by calling 800-TAX- FORM (800-829-3676) or visiting our website at www.irs.gov/forms-pubs.

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

Sincerely,



Lynn A. Brinkley
Director, Exempt Organizations Examinations

Enclosures:
Publication 892



Department of the Treasury

Date:

December 14, 2022

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Hours:

Address:

Manager's contact information:

Name:

ID number:

Telephone:

Response due date:

January 16, 2023

Dear _____ :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to classify your foundation status as a Type III supporting organization under Internal Revenue Code (IRC) Section 509(a)(3).

Your exempt status under IRC Section 501(c)(3) is still in effect.

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a closing letter determining the classification of your foundation status.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a

valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

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 closing letter determining the classification of your foundation status.

Additional information

You can get any of the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can contact the person shown at the top of this letter.

Sincerely,

Denise Gonzalez for

Lynn A. Brinkley
Acting Director, Exempt Organizations
Examinations

Enclosures:

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period ended

ISSUE:

Determine whether _____ qualifies as a Type III functionally integrated supporting organization.

FACTS:

A compliance examination for the year ended _____, for the return form 990-EZ Short Form Return of Organization Exempt from Income Tax was conducted on _____ (hereafter _____).

The _____ was recognized as an organization described in Section 501(c)(3) of the Internal Revenue Code by letter dated _____. It was further classified as an organization described in section 509(a)(3). The final determination letter of foundation status issued by the Internal Revenue Service did not specify whether it is a Type I, II or III supporting organization.

The _____ is registered with the _____, Department of state on _____, to satisfy the purposes and obligations of the Historical Society of _____.

Application for Recognition of Exemption:

A Form 1023 "Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code" was subsequently filed on _____.

On Part III Activities and Operational Information question 1 states: What are or will be the organization's source of financial report the _____ responded:

Question 2 states: Describe the organizations fund-raising program both actual and planned and explain to what extent it has been into effect. The _____ responded:

Question 3 the narrative description Activities and Operational Information states:

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Form 990-EZ and Reported Activities

The form 990-EZ Short form Return of Organization Exempt from Income Tax filed by the _____ for the year beginning _____, through _____, described the _____ primary exempt purpose as:

Trustee Response to Questions regarding their Activities

In their response to Information Document Request #1 dated _____, _____, The Trustee of the _____ provided the following as to the activities conducted by the _____.

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The _____ makes grants to the _____ has been doing so for an exceptionally long time. For the year under exam, the _____ made a grant to the _____ in the amount of \$ _____.

The _____ indicated it is a Type III functionally integrated supporting organization on Schedule A of Form 990-EZ for fiscal year ended _____.

The _____ has not received an initial determination classifying them as a Type I, II or III supporting organization.

Supporting organizations are described in section 509(a)(3) based on the type of relationship they have with their supported organization(s). Under the Pension Protection Act of 2006 (PPA) supporting organizations are classified as Type I, Type II, or Type III supporting organizations.

LAW

IRC § 501 (c)(3) Requires tax exempt entities be organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, to foster national and amateur sports competition and prevention of cruelty to children or animals.

Sections 509(a)(3) of the Code provides that an organization is a supporting organization, and not a private foundation, if the organization is organized and operated exclusively for the benefit of, to perform the functions of or to carry out the purposes of one or more organizations described in section 509(a)(1) or 509(a)(2); is operated, supervised or controlled by or in connection with one or more section 509(a)(1) or 509(a)(2) organizations; and is not controlled by disqualified persons.

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Section 1.509(a)-4(a)(2) of the regulations provides that an organization described in section 509(a)(3) of the Code must be organized and at all times be operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in Section 509(a)(1) or section 509(a)(2).

Organizations described in IRC Section 501(c)(3) that meet the requirements of IRC Section 509(a)(3) are commonly referred to as "supporting organizations."

Section 509(a)(3) of the Code provides that certain "supporting organizations" (in general, organizations that provide support to another section 501(c)(3) organization that is not a private foundation) are classified as public charities rather than private foundations. To qualify as a supporting organization, an organization must meet all three of the following tests:

- (A) it must be organized and always operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more "publicly supported organizations". In general, supported organizations of a supporting organization must be publicly supported charities described in sections 509(a)(1) or (a)(2) (the "organizational and operational tests" – Treasury Regulation 1.509(a)-4(b));
- (B) it must be operated, supervised, or controlled by or in connection with one or more publicly supported organizations (the "relationship test" – Treasury Regulation 1.509(a)-4(f));
- (C) it must not be controlled directly or indirectly by one or more disqualified persons (as defined in section 4946) other than foundation managers and other than one or more publicly supported organizations (the "control test" – Treasury Regulation 1.509(a)-4(j)).

Relationship Test Guidelines:

Treas. Reg. 1.509(a)-4(f)(2) provides that, to satisfy the relationship test, a supporting organization must hold one of three statutorily described close relationships with the supported organization. The organization must be:

- (i) operated, supervised, or controlled by a publicly supported organization (commonly referred to as "Type I" supporting organizations).

Type I Supporting Organizations

A Type I supporting organization must be operated, supervised or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. The relationship between the supported organization(s) and the supporting organization is sometimes described as a parent-subsidiary relationship. Treas. Reg. 1.509(a)-4(g)(1)(i) states that the "operated, supervised, or controlled by" relationship is established if the majority of the officers, directors, or trustees of the supporting organization are appointed or elected by the governing body, members of the governing body, officers acting in their official capacity, or the membership of one or more publicly supported organizations.

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Type II Supporting Organizations

- (ii) supervised or controlled in connection with a publicly supported organization.

Treas. Reg. Section 1.509(a)-4(h) states the distinguishing feature of the “supervised or controlled in connection with” relationship is the presence of common supervision or control among the governing bodies of the supporting and supported organizations. This is often described as a “brother-sister” relationship, as distinguished from the “parent-subsidiary” relationship required for Type I, “operated, supervised, or controlled by” organizations. Type II is also distinguished from the Type III, “operated in connection with,” relationship. The common supervision or control provided in the Type II relationship ensures that the supporting organization will be responsive to the needs of the supported organization.

Type III Supporting Organizations

A Type III supporting organization must be operated in connection with one or more publicly supported organizations. The third relationship type was revised by the Pension Protection Act (PPA) of 2006, which made significant changes in Type III requirements to ensure that supporting organizations are responsive to the needs and demands of and must constitute an integral part of or maintain significant involvement in, their supported organizations. There are two types of Type III supporting organizations:

1. Functionally integrated supporting organizations (FISO)
2. Non-functionally integrated supporting organizations (Non-FISO)

All supporting organizations must pass an organizational test, an operational test, a control test and a relationship test.

In addition to the test that all supporting organization must pass, all type III supporting organizations must satisfy the following.

- Notification Requirement
- Responsiveness Test
- Integral Part Test

Notification Requirement

Type III supporting organizations has a notification requirement that applies to both FISOs and non-FISOs. Treas. Reg. 1.509(a)-4(i)(2) states that for each taxable year, a type III supporting organization must provide the following documents to each of its supported organizations:

- A written notice addressed to a principal officer of the supported organization describing the type and amount of all of the support the supporting organization provided to the supported organization during the supporting organization's taxable year immediately before the taxable year in which the written notice is provided (and during any other taxable year of the supporting ending after _____, for which such support information has not previously been provided);

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- A copy of the supporting organization's most recently filed Form 990, "Return of Organization Exempt from Income Tax," or other annual information return required to be filed under section 6033; and
- A copy of the supporting organization's governing documents in effect on the date of the notification is provided, including its articles of organization and bylaws (if any) and any amendments to those documents, unless the documents have been previously provided and not subsequently amended.

Responsiveness Test

The responsiveness test requires that the Type III supporting organization be responsive to the needs or demands of the publicly supported organizations. In order to meet this test, Treas. Reg. 1.509(a)-4(i)(3)(ii) states that a supporting organization must demonstrate that:

- a. one or more officers, directors, or trustees of the supporting organization are elected or appointed by the board members of the supported organization, or;
- b. one or more board members of the governing body of the supported organization are also officers, directors, or trustees of, or hold other important offices in the supporting organization, or;
- c. the supporting organization's officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization.

Significant Voice:

The supported organization must demonstrate a significant voice in the supporting organization's:

- a. Investment policies
- b. Timing of grants
- c. Manner of making grants
- d. Selection of recipients for grants, and
- e. Otherwise directing the use of the supporting organization's income or assets.

Integral Part Test

Treas. Regs. 1.509(a)-4(i)(1)(iii) provides that, the integral part test requires the Type III supporting organization maintain significant involvement in the operations of one or more publicly supported organizations, and that such publicly supported organizations are in turn dependent upon the supporting organization for the type of support which it provides. There are two alternative methods for satisfying the integral part test: "functionally integrated" or "non-functionally integrated". Both the notification requirement and the responsiveness test are the same for Functionally integrated type III supporting organization (FISOs) and Non- functionally Integrated type III supporting organization (Non-FISOs), the integral part test is different for FISOs and non-FISOs.

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Nellie Callahan Scholarship Fund v. C.I.R., 73 T.C. 626 (1980), holds that a trust whose income was to be used to finance aid for the education of pupils selected from the Winterset Community High School in Winterset, Iowa, satisfied the integral part test because the Winterset Community High School was a named beneficiary of the trust.

FISO:

Treas. Regs. 1.509(a)-4(i)(4) states that a supporting organization will be considered functionally integrated if it engages in activities substantially all of which directly further the exempt purposes of one or more supported organization. The supporting organization must engage in the activities of or carry out the purposes of the supported organization. The activities are those which the supported organization would have otherwise performed. The supporting organization must satisfy one of these three tests for functionally integrated:

1. Activities test
2. Parent of supported organizations
3. Supporting a governmental entity

Test #1: Activities Test (Treas. Reg. (§1.509(a)-4(i)(4)(i)(A))

Treas. Reg. (§1.509(a)-4(i)(4)(i)(A)) states for an organization to satisfy the integral part test for a functionally integrated Type III supporting organization is to engage in activities substantially all of which directly further the exempt purposes of one or more supported organizations to which the supporting organization is responsive and which, but for the involvement of the supporting organization, would normally be engaged in by the supported organization(s).

Direct furtherance prong (Treas. Reg. Section §1.509(a)-4(i)(4)(ii)

- Substantially all of the supporting organization's activities must be direct furtherance activities.
- Direct furtherance activities are conducted by the supporting organization itself, rather than by a supported organization.
- Fundraising, managing non-exempt-use assets, grant-making to organizations, and grant-making to individuals (unless it meets certain requirements) are not direct furtherance activities.

But for prong: Treas. Reg. Section §1.509(a)-4(i)(4)(ii)(A)(2)

In addition, substantially all of such activities must be activities in which, but for the supporting organization's involvement, the supported organization would normally be involved.

Test # 2: Parent of Supported Organizations (Treas. Reg. (§1.509(a)-4(i)(4)(i)(B))

- **Governance:** The supporting organization must have the power to appoint a majority of the officers, directors or trustees of each of its supported organizations.
- **Substantial degree of direction.** In addition, the supporting organization must perform "parent-like" activities by exercising a substantial degree of direction over the policies, programs and activities of the supported organizations.

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Test # 3: Supporting a Governmental Entity (Treas. Reg. §1.509(a)-4(i)(4)(i)(C))

Notice 2014-4, 2014-2 IRB 274) provides interim guidance for supporting organizations that want to qualify as functionally integrated because they are supporting a governmental entity.

Non- Functionally Integrated:

The integral part test for a Non-FISO is in Treas. Reg. Section 1.509(a)-4(i)(5). In general, a non-FISO must satisfy both a distribution requirement (Treas. Reg. Section 1.509(a)-4(i)(5)(ii)), and an attentiveness requirement (Treas. Reg. Section 1.509(a)-4(i)(5)(iii)).

1. The supporting organization must pay substantially all of its income to or for the use of the publicly supported organization(s).
2. The amount of support received by the supported organization(s) must be sufficient to ensure the attentiveness (attentiveness requirement) of such organizations to the operations of the supporting organization.
3. A substantial amount of total support of the supporting organization must go to those publicly supported organizations that meet the attentiveness requirement.

Rev. Rul. 76-208, 1976-1 C.B. 161 defines “substantially all” for purposes of the integral part test as at least 85 percent and prohibits counting accumulating income even if it must be paid to the supported organization.

Treas. Reg. Section 1.509(a)-4(i)(5)(ii)(B) provides a special rule for a non-FISO formed as a trust that, on November 20, 1970, met and continues to meet the requirements of Treas. Reg. Section 1.509(a)-4(i)(9)(i) through (v).

Distribution Requirement:

A Type III Non-FISO must distribute its “distributable amount” each taxable year to or for the use of one or more supported organizations. The distributable amount for a taxable year is an amount equal to or the greater of either:

- a) Eighty-five percent of the supporting organization's adjusted net income for its prior taxable year, reduced by the amount of taxes imposed on the supporting organization under subtitle A of the Internal Revenue Code during the immediately preceding taxable year, or
- b) The “minimum asset amount” (as defined in Treas. Reg. Section 1.509(a)-4 (i)(5)(ii)(C)), which equals 3.5 percent of the excess of the aggregate fair market value of the supporting organization's non-exempt-use assets in the taxable year immediately before the taxable year of the required distribution, over the acquisition indebtedness for the non-exempt-use assets, with certain adjustments.

A Type III Non-FISO to satisfy the distribution requirement by maintaining a certain level of distributions to a supported organization. Those distributions also must be sufficiently important to

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the supported organization to ensure that it pays attention to the supporting organization's role in its operations.

Each taxable year, a Non-FISO must distribute one-third or more of its distributable amount to one or more supported organizations that are attentive to the operations of the supporting organization and to which the supporting organization is responsive as stated in Treas. Reg. Section 1.509(a)-4(i)(5)(iii)(A).

A supported organization is attentive to the operations of the supporting organization during a taxable year if at least one of the following requirements is satisfied:

- a) The supporting organization distributes to the supported organization amounts equaling or exceeding 10% of the supported organization's total support for the prior taxable year. (Treas. Reg. Section 1.509(a)-4(i)(5)(iii)(B)(1)); or
- b) The amount of support received from the supporting organization is necessary to avoid interruption of a function or activity of the supported organization. The support is considered necessary if it is earmarked for a particular program or activity, as long as the program is a substantial one. (Treas. Reg. Section 1.509(a)-4(i)(5)(iii)(B)(2)); or
- c) Based on all facts and circumstances, the amount of support received is a sufficient part of a supported organization's total support to ensure attentiveness. Pertinent factors include the number of supported organizations, the length and nature of relationships, and the purpose to which funds are applied. (Treas. Reg. Section 1.509(a)-4(i)(5)(iii)(B)(3)).

IRC Section 509(a)(3) Guidelines:

To qualify under Type III an organization must meet:

- Organizational Test
- Operational Test
- Control Test

Organizational Test:

Treas. Reg. 1.509(a)-4(b)(1) provides that a supporting organization must be organized exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified supported organizations.

Treas. Reg. 1.509(a)-4(c)(1), provides that to qualify for classification under IRC Section 509(a)(3), a supporting organization's governing instrument must meet the following requirements:

1. The first requirement limits the organization's purposes to supporting one or more supported organizations and may not contain any provisions inconsistent with these purposes.
2. Treas. Reg. Section 1.509(a)-4(c)(1) states that the organization must not empower itself to engage in activities that are not in furtherance of the authorized purposes.

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3. The third requirement calls for the supporting organization to specify the publicly supported organization they are supporting.

4. Treas. Reg. 509(a)-4(c)(1)(iv) states an organization must not be empowered to support or benefit any organization other than the specified publicly supported organizations.

Operational Test:

Treas. Reg. 1.509(a)-4(e)(1) provides that a supporting organization will be regarded as operated exclusively to support one or more specified publicly supported organizations only if it engages solely in activities which may include making payments to or for the use of, or providing services or facilities for, individual members of the charitable class benefited by the specified publicly supported organization.

Treas. Reg. 1.509(a)-4(e)(2) provides that a supporting organization may also satisfy the operational test by using its income to carry on an independent activity or program, which supports or benefits the specified publicly supported organization(s) which is called permissible activities.

Treas. Reg. 1.509(a)-4(e)(3) states that the supporting organization may carry on its own programs designed to support or benefit the specified publicly supported organization. Supporting organizations may also engage in fund raising activities, such as fund-raising dinners and unrelated trade or business to raise funds for the supported organization or their permissible beneficiaries.

A supporting organization must engage solely in activities that support or benefit its supported organization(s). In addition to making direct grants to its supported organization(s), a supporting organization generally may make grants or provide services or facilities to:

- Individual members of the charitable class benefited by its supported organization(s)
- Another supporting organization that supports the same supported organization(s)
- A state college or university described in Internal Revenue Code Section 511(a)(2)(B) (colleges or universities which are government instrumentalities)

Control Test:

To qualify for IRC Section 509(a)(3) classification, Treas. Reg. 1.509(a)-4(j) requires the organization to satisfy a final test, called the control test. It's designed to prevent the supporting organization's being controlled, directly or indirectly, by disqualified persons as defined in IRC

Section 4946, except for Section 509(a)(1) or (2) organizations and a manager of the supporting organization who is not a disqualified person for another reason.

If a person is a disqualified person with respect to a supporting organization, he or she will continue to be a disqualified person even if a supported organization appoints or elects that person to be a director, trustee, or officer of the supporting organization.

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Disqualified persons include the following:

- Substantial contributor
- Certain 20 percent owners
- Family members
- Corporations, partnerships, etc.

TAXPAYER'S POSITION

Taxpayer's position has not been provided.

GOVERNMENT'S POSITION-

The _____ qualifies as a Type III functionally integrated supporting organization described in section 509(a)(3) of the Code for the reasons stated below.

Relationship Test:

Application of Type I Supporting Organization

During the interview held on _____, _____, the representative of the Trustee _____, stated the _____ Board of Directors has not been elected or appointed by officials of the _____. The _____ does not have a governing board and instead, all administrative powers are exercised by the Trustee. As set forth in the Trust indenture, the _____, the supported organization, is empowered to appoint all successor trustees and to fill all vacancies in the position of Trustee. Under _____, the _____ has legal standing to seek the removal of the Trustee in the event of mismanagement or malfeasance. The _____ does not meet the requirements of a Type I supporting organization.

Application of Type II Supporting Organization

During the interview held on _____, _____, the representative of the Trustee _____, stated the _____ does not have a governing board and the Trustee _____ is not on the supported organization's board. This would disqualify the _____ from classifying as a Type II supporting organization.

Application of Notification Requirement

The _____ met the notification requirement. The _____ provided a copy of an annual notice and documents as stated in Treas. Reg. 1.509(a)-4(i)(2) to its supported organization. This information was electronically transmitted on _____, _____, following the close of the taxable year.

Application of Responsiveness Test

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The maintain a close and continuous working relationship with the officers, directors, or trustees of the supported organization, the Trustee () of the holds regular meetings with the supported organization as to what funds are available and what expenses needs paid and provide the supported organization annual statements that contain the investments, income, and expense activities. Under the trust agreement, grants may be made only to the . Additionally, the supported organization has the legal right under the trust agreement to require the Trustee to review the investment policy of the with the supported organization and to require the Trustee in making its investment decisions, to take into consideration the supported organization investment policy. there is numerous correspondence between the trustee and the supported organization as to what funds are available and what expenses needs paid.

The meets the requirement of the responsiveness test.

Application of Integral Part Test

Application of FISO

The is organized and operated as a supporting organization to the . The is responsive to the needs or demands of the within the meaning of Treas. Reg. 1.509(a)-4(i)(3).

By paying the annual income of the , the serves as the predominant source for funding the activities of the supported organization for maintenance of buildings, renovations, the purchase of historical artifacts, and machinery to be used on the property and maintaining the historic and educational value of the property by operating a museum and farm for the residents of , thereby alleviating the from this obligation. If it were not for this , the would have to use its own funds to continue the operations and maintenance of the .

Substantially all, the activities of the directly further the exempt purposes of the to which it is responsive. Additionally, but for the activities the is involved in, the would normally be engaged in these activities themselves. Based on these facts, the satisfies the requirements of a Type III functionally-integrated supporting organization that meet the activities test which is an alternative of the Integral part test.

Application of Non-FISO

The fails to meet the requirements for a non-functionally integrated Type III supporting organization because it does not satisfy the attentiveness and distribution requirement. The does not distribute one third or more of its annual distributable amount the supported organization. The contributed \$, to the during the year under examination.

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IRC Section 509(a)(3) Test:

Application of Organizational Test

The _____ meets the organizational test for a Type III supporting organization because the governing instrument meet the four requirements as stated in Treas. Reg. 1.509(a)-4(c)(1):

1. The governing documents states the purpose of the _____ is and shall always be to support the _____ and to operate in conjunction therewith within the meaning of Section 509(a)(3) of the Internal Revenue Code
2. The governing documents states: Nothing contained herein shall be construed as authorizing the Trustee to administer this _____ in a fashion to support or benefit any organization other than the _____ or to engage in any activities which are not in furtherance of supporting such _____
3. The governing documents specify the supported organization by name. Treas. Reg. 1.509(a)-4(d)(4) provides that if the supporting organization is a Type III supporting organization, it is creating instrument must specify the supported organization by name.
4. The following are restrictions listed in the governing documents of the _____ :
 - a. No part of the net earnings of the Trust shall inure to or be payable to, or for the benefit of any private shareholder or individual and no substantial part of the activities of the Trust shall be the carrying on of propaganda, or otherwise attempting to influence legislation.
 - b. Notwithstanding any other provisions of this charitable Trust Agreement to the contrary, the Trustee shall not have and may not exercise any power given either expressly, by interpretation, or by operation of law, no shall it engage, directly or indirectly, in any activity, that would prevent the Trust from qualifying and continuing to qualify as an organization described in Section 501(c)(3) of the Internal Revenue Code, contributions to which are deductible for federal income, gift, and estate tax purposes under the United States internal revenue laws.
 - c. For purposes of the Trust created hereunder and any amendments of reformation hereto, it is intended that the Historical Society shall be a legal beneficiary of the Trust with the full power to enforce the terms thereof and to exercise all rights granted to a beneficiary under state law.

Application of Operational Test

The _____ meets the operational test because they engage in activities that solely benefit the _____ by providing services and facilities for residents. Such as paying _____

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for lawn and property maintenance, insurance, fencing, road maintenance, improvements or renovations to existing buildings or structures, maintenance and acquisition of all equipment, machinery used in connection with any activity on the property.

Application of Control Test

The is not controlled directly or indirectly by one or more disqualified persons. It meets the control test.

CONCLUSION

The qualify classification as a Type III supporting organization (operated in connection with) relationship test. The operation in connection with relationship requires that the section 509(a)(1) or section 509(a)(2) supported organization be specified by name in the organizations document. The governing documents of the list the by name which satisfies the organizational test.

The does not have a governing board and instead, all administrative powers are exercised by the Trustee. However, the organization will be classified as a supporting organization described in section 509(a)(3) of the Code rather than as public charities described in section 509(a)(1) or 509(a)(2).

The is responsive to the needs and demands of and constitute an integral part of or maintain significant involvement in the supported organization. The is not controlled by a disqualified person; however, the does not satisfy the attentiveness and distribution requirements therefore is not classified as a Non-FISO.

meets the Type III functionally integrated relationship requirement. Its foundation status should be classified as a Type III Functionally Integrated Supporting Organization (FISO) described in Section 509(a)(3) of the Code and Treas. Reg. 1.509(a)-4(i).

The tax exempt status of the under IRC Section 501(c)(3) remains in effect. The effective date of this classification is , .

If you agree to this conclusion, please sign the attached Form 6018.

If you disagree, please submit a statement of your position.