

# WATER SAFETY COUNCIL CHARTER KIT



A Guide For Local Water Safety and Boating Safety Groups

Published by  
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(Wallop/Breaux) Trust Fund administered by the  
United States Coast Guard

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On behalf of the National Water Safety Congress I would like to welcome you to our newest publication. The Congress is committed to the continued development and growth of water safety councils, and this document is one step towards that goal.

The Water Safety Council Charter Kit was first developed in 1980 to assist individuals and organizations with their efforts to organize councils on a local basis. Since that time the function, organization and composition of local water safety councils has changed dramatically. The existing charter kit has lost its effectiveness, due in part to its age but also due to rapidly changing technology. Our commitment to provide a new and effective tool was based on the following:

- The current trend is towards regional water safety councils, which influence water and boating safety issues on a multi-county or even statewide basis. The new charter kit addresses the growth of such regional councils.
- Local water safety councils are declining at an alarming rate, from over 50 in 1990 to less than 20 in 1999. Local councils need updated information, ideas, and sources of assistance to help them survive.
- The new charter kit addresses the use of resources such as the Internet, e-mail, and other electronic media that enhance communication between agencies and individuals;
- There is a need for a blueprint or process for individuals and agencies to follow when trying to start a new water safety council.
- New funding sources have been developed to assist local water safety councils with their programs and projects. This document addresses specific grant programs and other new funding sources for water safety councils.

I have been an officer and member of a water safety council since 1990. I know firsthand the difficulties of not only forming a water safety council, but the effort and commitment needed to keep a council viable and productive. I and the other officers and directors of the National Water Safety Congress hope you will find this a valuable and useful tool in your water safety efforts.

A complete listing of regional vice presidents as well as officers of the National Water Safety Congress can be found in this document. The individuals listed have a wealth of knowledge and information to share with fellow water safety professionals. Utilize this document as a starting point, and feel free to draw on the expertise of our organization in your water safety endeavors.

Steve Fairbanks, President  
National Water Safety Congress



# WATER SAFETY COUNCIL CHARTERING KIT

## TABLE OF CONTENTS



Produced under a grant from the Aquatic Resources  
(Wallop-Breaux) Trust Fund administered by the United  
States Coast Guard

INTRODUCTION

FORMING A LOCAL WATER  
SAFETY COUNCIL

FUNDRAISING

ACTIVITIES OF LOCAL WATER  
SAFETY COUNCILS

CHARTERING PROCESS

RESOURCE LIST

APPENDIX A Sample Bylaws

APPENDIX B Articles of Incorporation

APPENDIX C IRS Information

APPENDIX D NWSC Grant Program

APPENDIX E NSBC Grant Program

APPENDIX F (Future Use)

# NATIONAL WATER SAFETY CONGRESS

## Local Water Safety Council Chartering Kit

### 1. INTRODUCTION

Introduction/Welcome from the President, NWSC

- 1.1 Mission and Purpose of the National Water Safety Congress
- 1.2 Why Are Local Water Safety Councils Important?

### 2. FORMING A LOCAL WATER SAFETY COUNCIL

- 2.1 Assess The Need
- 2.2 How to Recruit and Involve Individuals/Organizations
- 2.3 The First Meeting
- 2.4 Council Structure and Committee Assignments
- 2.5 Bylaws and Constitution
- 2.6 Incorporation as a Nonprofit Organization
  - 2.61 As nonprofit corporation under state law
  - 2.62 As a tax exempt organization under IRS Section 501(c)(3)

### 3. FUNDRAISING

- 3.1 Grantsmanship
  - 3.11 Local Water Safety Council Grant Program
  - 3.12 BOAT US Grant Program
  - 3.13 NSBC Recreational Boating Safety Grant Program
- 3.2 Innovative Fundraising - Tried and True Methods
  - 3.21 National Safe Boating Week Activities
  - 3.22 Training Courses
- 3.3 In-Kind Donations, Charitable Donations, Corporate Sponsors

### 4. ACTIVITIES OF A LOCAL WATER SAFETY COUNCIL

- 4.1 Focus, Focus, Focus
- 4.2 Examples of Successful Projects by Local Water Safety Councils
- 4.3 Legal Lobbying for Nonprofit Organizations – Joan Bondareff

### 5. CHARTERING PROCESS

- 5.1 How to Charter With the National Water Safety Congress
- 5.2 Benefits of Charter Membership With the NWSC
  - 5.21 Networking
  - 5.22 Local Water Safety Council Grant Program
  - 5.23 NWSC Awards Program

### 6. RESOURCE LIST

Information sheets w/address of contact person & E-mail for each organization

- 6.1 Federal Agencies - USCG/USCGA, USACE, TVA
- 6.2 State Agencies
  - NASBLA, State Fish and Game Commissions/Dept. of Natural Resources
- 6.3 Non-Profit Agencies - NWSC, American Red Cross, U.S.Power Squadron, BOAT U.S., NSBC, NASAR
- 6.4 Current Listing of Local Water Safety Councils Chartered with NWSC

Appendix A Sample Bylaws for a Water Safety Council

Appendix B Sample Articles of Incorporation

Appendix C Sample IRS Application Forms for Tax-Exempt Status

Appendix D Grant Application Forms for LWSC Grant Program

Appendix E Grant Application Forms for NSBC RBS Grant Program

## **1.1 Mission and Purpose of the National Water Safety Congress**

The National Water Safety Congress is a non-profit, public service organization formed in 1951 to promote the safe use of the nation's waters for recreational purposes. It is the only national organization dedicated entirely to this single purpose. Our membership includes many of the top water and boating safety professionals in the United States and worldwide.

The NWSC encourages participants in water activities to obtain safety instruction in their field of endeavor. The NWSC promotes water safety through the press, radio, television, and through promotion of the work of other organizations such as the American Red Cross, the U.S. Coast Guard and Coast Guard Auxiliary, the U.S. Power Squadron, the U.S. Army Corps of Engineers and numerous other agencies.

The Congress has taken a leadership role in addressing the growing number of recreation-related boating accidents and associated property damage, drowning, and deaths associated with the huge growth in water-related recreational activities. The established purposes of the National Water Safety Congress include:

- Reducing the number of water-related recreational accidents, injuries, and fatalities in the United States;
- Instill water safety awareness in recreational users of our nation's waters;
- To develop a network of water safety professionals throughout the United States;
- Develop, publish and distribute water safety information;
- Provide meaningful water safety training and education seminars;
- To establish and improve working relationships between Federal, state and local agencies, organizations, and individuals involved in water safety through support and of local water safety councils and the International Boating and Water Safety Summit;
- Recognition of individuals and organizations who have made significant contributions in water safety educational efforts or in preventing accidents or loss of life in conjunction with the use of the nation's lakes and rivers;
- Involvement in the formulation of legislative and regulatory initiatives, including development and passage of resolutions supporting such initiatives.

The National Water Safety Congress obtains its funds from membership dues, sustaining memberships, grants, and registration fees from the annual International Boating and Water Safety Summit. The National Water Safety Congress has been the recipient of numerous Coast Guard grants under the Wallop-Breaux Aquatic Trust Fund program, and has produced a series of audio-visual and printed products in support of water safety.

## **1.2 Why Are Local Water Safety Councils Important?**

Water safety councils are able, because of their nature and composition, to concentrate on water safety problems that are unique to their area or community. Ultimately water safety problems are a local issue and need to be addressed by those local individuals and organizations that have a stake in solving those problems.

The function of a water safety council is to provide a framework within which individuals and organizations can collectively work together towards a common goal. Water safety councils have a synergistic effect – the effect of the council is greater than the effect of any specific individual or organization. It is through this synergism that the true value of water safety councils lie, and the reason that the National Water Safety Congress is committed to developing and fostering water safety councils on the local and regional level.

A local or regional water safety council, tied to a parent organization such as the National Water Safety Congress, can truly expand the scope of their influence not only within their community or region but also across the nation. Through networking local councils can benefit from the knowledge and expertise of other councils who have solved problems similar to those they may be experiencing.

If you were to ask individuals from all eight regions of the National Water Safety Congress to each list the 5 most important water safety problems facing them at the local or regional level, odds are the lists would be remarkably similar. Boating and water safety education, PWC's, PFD's not being worn, lack of coordination and cooperation between agencies, and adequate training of personnel in search and rescue operations would place high on each individual's list. The problems are not unique; the solutions that are being found by local and regional water safety councils every year to address these problems are unique. Water safety councils are unique in that they provide a local solution to a local problem by utilizing not only local resources but also the resources of other councils and the National Water Safety Congress.

## **2. FORMING A LOCAL WATER SAFETY COUNCIL**

### **2.1 Assess The Need**

Does your area need a water safety council? What problems can local councils address? What are your local problems relating to boating and water safety? Are they education-related or enforcement-related, or both? What is the level of cooperation that currently exists between organizations and individuals charged with water safety?

These are all preliminary questions that need to be asked and information that needs to be gathered prior to inviting individuals and agencies to the initial organization meeting of your council.

### **2.2 How To Recruit and Involve Individuals/Organizations**

Bring together a select committee comprised of one individual from each organization that has a major role in boating and water safety in your area. These individuals will generally be from agencies that have management, enforcement, or education responsibilities in your locality. Corps of Engineers, fish and game departments, law enforcement agencies, U.S. Power Squadron units, and U.S. Coast Guard Auxiliary flotillas will usually comprise the members of the select committee. This meeting should be during the day at a location and time convenient for the identified individuals.

The purpose of this meeting is twofold: First, establish the need for a local water safety council and secure at least the initial support of those agencies and organizations that comprise the select committee. Second, have the select committee brainstorm and list other individuals or organizations that have either an interest or a stake in boating and water safety. From such a session you should be able to begin developing the answers to the questions posed in Section 2.1, and identify the individuals who are the “movers and shakers” involved in water and boating safety in your locality. Such organizations may include:

Fire departments (volunteer and paid)	Area ambulance services
Search and rescue squads	Area hospitals
Emergency management agencies	Dive rescue units
County Sheriff, local police departments	Highway Patrol or State Police
American Red Cross	Schools
Aquatic centers/swimming pools	City parks and recreation departments
Concessionaires	Private business (bait/tackle shops, marina owners, boat sales/service shops)
Sailing clubs	Public officials (mayors, council, city administrators)
Local media	
Local U.S. Coast Guard Auxiliary units	
Civil Air Patrol units	



### 2.3 The First Meeting

One or two individuals from the select committee should prepare the list of names of individuals to invite to the first or organizational meeting of the council. The invitations should reach the invitees 7-10 days prior to the date of the meeting. If invitations are sent earlier people will forget, and if sent later will not give individuals enough time to put the meeting in their calendars. Follow up the written invitation with a personal phone call to give the invitee a chance to ask questions and gain more information. Answering a question or two might make the difference between agency participation or agency indifference. If they choose to not participate in the first organizational meeting, ask them if you may keep them on the mailing list so that they may be informed of future meetings, activities, and events.

The first meeting should draw a significant number of attendees, if for no other reason than curiosity. Don't be surprised if you get 25-30 individuals at the first meeting. The chair for the meeting should be an individual from the select committee who is outgoing, personable, and can keep the meeting focused on the objectives outlined by the select committee.

Development of an **agenda** is critical. An agenda will help to keep the meeting focused and on-target, and should accomplish the following:

- Reiterate the purpose of the meeting and outline the objectives for the meeting;
- Identify potential problem areas and areas of cooperation which a water safety council could address
- Provide a forum for agency representatives to introduce themselves and explain the mission and efforts of their organization as related to boating and water safety;
- Establish a date/time for a second meeting

The primary objective of the meeting should revolve around one issue: "Why do we need to establish a water safety council?" A discussion of the questions in 2.1 above should lead the group to discuss local problems related to boating and water safety, and should result in some initial goals for the organization. These goals may include:

- Promotion of boating and water safety on a local level;
- Provide a forum for agencies and individuals to discuss concerns and enhance cooperative efforts;
- Coordination of water patrol activities and efforts;
- Cooperative effort for National Safe Boating Week events.

The key is that the goals for the water safety council address **LOCAL** issues, not national issues. As you are able to build upon successful projects or efforts, the group can expand the influence of the council to include other localities or regions.

Once goals are established, they will provide the common ground for cooperation and the structure on which the water safety council will be built.

The Second Meeting. Don't be surprised or discouraged if the attendance at the second meeting of the council is 25-40% of those who attended the first meeting. This is part of the natural evolution process of a council. The key is still to identify those 5-10 movers and shakers from the significant stakeholders; they will form the nucleus of an effective water safety council. As stated before, keep others on the mailing list so that they may keep informed of council activities and have the opportunity to be involved should conditions change.

## **2.4 Council Structure and Committee Assignments**

Council Structure. The structure of the water safety council should remain simple during the first 1-2 years of the organization. Obviously, officers are necessary to efficiently operate and guide the council in its activities. Officers are also necessary to form a Board of Directors for the organization, as the Board of Directors will develop and approve the initial bylaws of the organization (or corporation if that route is pursued).

Most councils are organized with the following officers:

- President – presides at all meetings and serves as the “CEO” of the council
- Vice-President – assists the President and performs the duties in the absence of the President.
- Secretary – keeps records, minutes, and all other papers of the council
- Treasurer – custodian of all funds for the council, issues payments and maintains accurate records

Board of Directors. The Board of Directors is the group charged with the operation of the water safety council when formed as a non-profit corporation. The Board of Directors is usually made up of the four officers and two At-Large directors elected at the same time as the officers. The Board has specific powers granted to non-profit corporations by the state in which the council is incorporated. You should check with the Secretary of State's office in your state for specific powers and responsibilities of the Board of Directors.

Committee Structure. Committees should align themselves with the established goals and objectives of the water safety council. Committees should consist of 3-4 individuals and a committee chairperson. The bylaws of the organization should specify what committees are authorized and their function. Committee chairs may be appointed by the President or elected by the committee from its members.

A suggested committee structure for a water safety council might include:

- Law Enforcement/SAR Committee – coordinate search and rescue programs
- Education Committee – develop education strategies and programs
- Publicity or Public Relations Committee – charged with publicizing the programs and efforts of the council
- Projects Committee – apply for grants and develop projects for the council

Other committees may be added as the need arises and the council mission expands.

Ad Hoc Committees. The bylaws should give the President the authority to appoint Ad Hoc committees to deal with specific issues. Ad Hoc committees are generally short-term and formed to deal with a specific task or issue facing the water safety council. Ad Hoc committees that exist for more than one year should be reviewed by the President; should the mission of the committee still be valid, thought should be given to changing its status to a permanent committee.

## 2.5 Bylaws and Constitution

The initial bylaws of the water safety council should be developed by the Board of Directors and presented to the membership for ratification. Bylaws establish the structure and function of the council, and may consist of the following components:

- Purpose of the Organization
- Powers
- Membership
- Officers and Committees
- Meetings
- Amendments

A generic sample of bylaws for a water safety council may be found in Appendix A.

## 2.6 Incorporation as a Nonprofit Organization

Most of the following information has been taken from the Iowa Secretary of State website page dealing with nonprofit corporations. The Iowa Secretary of State website can be accessed at [www.sos.state.ia.us/business/nonprofcorp.html](http://www.sos.state.ia.us/business/nonprofcorp.html). This site gives excellent information on the process of nonprofit incorporation.

A nonprofit corporation is one in which no part of the income or profit of the corporation is distributed to the corporation's members, directors or officers except where allowed by the specific language of each state's code. A nonprofit is also forbidden from issuing shares of stock to its members. Instead a nonprofit may issue certificates of membership to its members. A nonprofit may be allowed to pay reasonable compensation to its members, directors, or officers for services rendered, but is extremely uncommon for water safety councils.

There are several benefits to forming a nonprofit corporation. Nonprofits may obtain a tax-exempt status under Internal Revenue Code section 501(c)(3). This tax-exempt status also allows people and organizations that make contributions to the nonprofit to take a tax deduction for their contributions. **Full tax benefits are only available to nonprofit corporations organized for charitable, scientific, educational, literary, or religious purposes.**

Forming a nonprofit involves two distinct steps. A nonprofit needs to file articles of incorporation with the Secretary of State in the state in which incorporation is desired. It also needs to secure federal income tax exemption by filing the appropriate forms with the Internal Revenue Service (see **Section 2.62** below).

## **2.61 Incorporation as a Nonprofit Corporation Under State Law**

As stated in Section 2.6 above, a water safety council seeking to incorporate as a nonprofit corporation must do so in the state in which the council resides, and according to the applicable codes of your state. Nonprofit incorporation generally falls under the responsibility of the Secretary of State's office for the state in which the water safety council is located. Standard forms to incorporate as a nonprofit can be requested from the secretary of state's office, and usually require a fee be included when filing the forms. Most secretary of state offices also have websites in which additional information, sample articles of incorporation, and references to applicable state codes can be found. A sample Articles of Incorporation from Iowa, and a copy of an application for Articles of Incorporation in the State of Virginia can be found in **Appendix B**. It is beyond the scope of this guide to detail the process of non-profit incorporation for each state. The internet is an excellent source for incorporation information.

As a general rule Articles of Incorporation set forth:

1. The name of the corporation and the chapter of the applicable state Code under which incorporated.
2. The period of duration if for a limited period, or perpetual duration in the absence of any statement to the contrary.
3. The purpose(s) for which the corporation is organized.
4. The regulation of the internal affairs of the corporation, including any provision for distribution of assets on dissolution or final liquidation of assets.
5. The address of its initial registered office including street and number, the name of the county, in which the registered office is located, and the name of the initial registered agent at the address. (The registered agent is usually the President, and the address **CANNOT** be a post office box.)
6. The number of directors constituting the initial board of directors and the names and addresses of those board members.
7. The date on which the corporate existence shall begin, usually the date on which the secretary of state issues the certificate of incorporation.

Dissolution of the Corporation. The applicable state code sets forth the procedure by which a nonprofit corporation may voluntarily dissolve. Such dissolution may depend on whether there are members entitled to vote, or only a board of directors.

Dissolution of a nonprofit corporation without members is normally accomplished through the adoption of a resolution to dissolve by a majority vote of the directors in office.

Where there are members entitled to vote, the membership must be given written notice that a meeting has been called to consider dissolution of the corporation. A 2/3 vote of the members present at such a meeting shall be required to adopt a resolution to dissolve the nonprofit corporation.

Reporting. States may require specific reporting requirements for nonprofit corporations. Some states have yearly reporting requirements, other states have biennial reporting. The report should be made on the forms prescribed for that purpose furnished by the secretary of state's office, state corporation commission, or government office having jurisdiction over corporations. **You should check the specific requirements for your state.**

Personal Liability. The nonprofit incorporation of the water safety council may yield personal liability protection for directors, officers, employees, members or volunteers of the corporation. Such persons are as a rule NOT liable for the corporation's debts or obligations, or for claims based upon an "act or omission of the person which was performed in the discharge of the person's duties". Specific exceptions to this protection deal with "acts or omissions not made in good faith or which involve intentional misconduct or knowing violation of the law, or transactions in which the person derives an improper personal benefit". **You should check the specific code for your state dealing with nonprofit corporations to determine extent of liability protection.**

## **2.62 Tax-Exempt Status under IRS Section 501(c)(3)**

Most of the information contained in this section was derived from Publication 557, Tax-Exempt Status for Your Organization, Chapter 3. Section 501(c)(3) Organizations, published by the Internal Revenue Service. This publication may be downloaded from the IRS site at [www.irs.gov](http://www.irs.gov). Applicable parts of this publication as well as the pertinent forms can be found in **Appendix C**.

Please note, the process for applying and receiving IRS 501(c)(3) tax-exempt status may become a **complicated** and **difficult** process for the water safety council member or committee given the responsibility. An officer of the Midwest Regional Water Safety Council was able to secure the services of a professor at the Drake University School of Law pro bono (fancy words for free!) who handled the paperwork and liaison with the Internal Revenue Service. If you have a lawyer in your community who is an avid boater or sportsman you may have a source of assistance in your quest for tax-exempt status for your council.

In brief, your council must file Form 1023, Application for Recognition of Exemption, with the Internal Revenue Service. Form 1023 and the accompanying statements must show that all of the following are true:

1. The organization is organized exclusively for, and will be operated exclusively for, one or more of the purposes (charitable, religious, educational, scientific or literary) specified in the introduction to Chapter 3, Section 501(c)(3) Organizations.

2. No part of the organization's net earnings will inure to the benefit of private shareholders or individuals. Your application must establish that your organization is not operated or organized for the benefit of private interests.

3. The organization will not, as a substantial part of its activities, attempt to influence legislation or participate to any extent in a political campaign for or against any candidate for public office.

In general, the following must accompany the Form 1023 as supporting documentation:

- A copy of the water safety council Articles of Incorporation showing approval by the appropriate state official.
- A copy of the water safety council bylaws.

**Effective Date of Exemption.** If your council applies for and is granted tax-exempt status within 15 months from the month that the council was organized, the council's exemption will be retroactive to the date of organization. If application is made after the 15-month window, the tax-exempt status will be effective only for the period after the IRS receives the application.

**Organizations Not Required to File Form 1023.** Any organization, other than a private foundation, normally having annual gross receipts of not more than \$5,000 is exempt automatically if they meet the requirements of Section 501(c)(3). However, if your gross receipts exceed \$5,000 in any year, you must file Form 1023 within 90 days after the end of the year in which receipts exceeded \$5,000.

**If by this point you are totally confused, it merely reinforces the point that water safety councils who wish to pursue IRS tax-exempt status should seek professional assistance. Many water safety councils have chosen to charter with the National Water Safety Congress and as a member take advantage of the tax-exempt status of our organization.**

### **3. FUNDRAISING**

The most common reason given for failure of local water safety councils is lack of funding to accomplish projects and programs. This section will deal with several methods of securing funding for local water safety councils through grants, in-kind donations, and corporate sponsors.

#### **3.1 Grants**

Every community or region usually has some access to local or state grant programs. The key is to locate these sources of grant funds and vigorously pursue potential donors. States that have licensed gambling often require licensees to provide a percentage of their profits as grants to local non-profit agencies, and these grant programs can run into the tens of thousands of dollars.

Listed below are three sources of grant funds for water safety and boating safety projects that are available to water safety councils nationwide. Further information on these organizations can be found in the Resource List in Section 6.

##### **3.11 National Water Safety Congress Local Water Safety Council Grant Program**

The primary function of the Water Safety Council Grant Program is to encourage local efforts in water safety education, training, and other activities. The Congress realizes that funding is a critical element for many local water safety councils, and that many excellent ideas and programs are not implemented due to lack of funds. In selecting proposals to fund, the Water Safety Council Liaison Committee looks for projects that:

- Promote community water safety education efforts
- Provide model programs that can be duplicated by other councils/community groups
- Offer creative programs and foster new ideas for solving intractable problems
- Use organization funds to complement or match grant funds
- Involve various volunteer and community groups in the water safety community and general public
- Solve water safety problems unique to your area
- Have the greatest potential to affect water safety problems or issues on a regional or national scale

Organizations who wish to participate in our grants program must submit their completed application for review by February 28 of each year. If you have any questions or need additional information, please contact the regional vice-president for your region.

See Appendix D for a copy of application and criteria

### **3.12 BOAT US Grant Program**

The Boat US Foundation for Boating Safety and Clean Water was founded in 1981 to promote safety education in the changing and rapidly growing recreational boating community. The foundation is a 501(c)(3) nonprofit organization supported by small donations from boat owners.

In 1988, the Foundation launched an innovative Grassroots Grant Program to support volunteers with community-based boating safety projects. Grants of up to \$5000 are awarded to groups nationwide for one-year projects. During each annual grant cycle, the Foundation receives about 200 applications. About 30 groups per year are selected to receive a share of the grant funds. The foundation makes at least \$45,000 available each year for grassroots programs that solve specific problems and can be adopted by other groups across the country to fit their boating safety needs. To be eligible for grant funding, your organization must be volunteer, nonprofit, and non-governmental. Award limits are set at \$5000 to ensure project diversity.

If you have questions regarding the program contact the Program Administer at Boat US, (410) 897-0949 or for more information or application go to [www.boatus.com/foundation](http://www.boatus.com/foundation).

### **3.13 National Safe Boating Council Recreational Boating Safety Grant Program**

The purpose of the Local RBS Grant Program is to further the North American Safe Boating Campaign's efforts to reduce accidents and enhance the boating experience through public education, marketing, outreach, and the advancement and promotion of safer boating to selected groups. With funding from the Program, local efforts that are addressing boating safety concerns will be identified and grants will be awarded to improve those efforts.

Such programs may include sponsorship of a hands-on boating program for a youth group, supplying money to purchase billboard posters and leverage additional free billboard space for a local flotilla or chapter, or sponsoring a local adaptive boating training session for instructors.

The goal of the Local RBS Grant Program is to reduce boating safety accidents and enhance the boating experience by distributing grants for local recreational boating safety projects and programs. These programs should include, but not be limited to, the following:

- Improve the quality or quantity of essential safe boating services or materials;
- Provide funds to small local non-profit groups to build on and support the national campaign's effort to enhance safe boating; and
- Develop innovative ideas that can be replicated by groups in other areas to improve boating safety.



- Provide an opportunity to improve boating safety for specialized activities, including but not limited to paddlesports (including canoeing and kayaking), and sportsmen programs.
- Children’s programs or adaptive boating for the disabled.

Sample application and additional information can be found in Appendix E.

For more information or a copy of their application, you can contact the National Safe Boating Council at [www.safeboatingcouncil.org](http://www.safeboatingcouncil.org).

### **3.2 Innovative Fundraising – Tried and True Methods**

#### **Midwest Regional Water Safety Council**

The Midwest Regional Water Safety Council (MRWSC) is comprised of 10 different agencies within the state of Iowa. The group focused on two areas of emphasis – education and water/ice rescue training. With these two goals in mind, the council pursued the following activities.

**National Safe Boating Week Breakfast.** The council decided to host a boater’s breakfast during National Safe Boating Week. The council would provide a free breakfast to boaters and at the same time provide Vessel Safety Exams (VSE’s) and water and boating safety information. Several council members contacted the local Hy-Vee grocery chain and were able to obtain donations of pancake mix, juice, and coffee. The breakfast was held on the Saturday of NSBW from 8-11 AM, and drew over 70 boaters. A can was placed on the picnic table labeled “Free Will Donation To Promote Boating Safety in Iowa”, and generated over \$250 in donations. Boaters got a hot breakfast, the council earned some much needed cash.

**River Rescue/Ice Rescue Training.** The MRWSC recognized the lack of a consistent training curriculum for river and ice rescue in Iowa. The council contacted the Ohio Department of Natural Resources as a source of curriculum and training. 14 council members paid \$100.00 each to pay the expenses of 6 Ohio DNR instructors to come to central Iowa to put on a 3 day river rescue class based on Ohio DNR standards. The following year 6 of these trained council members were sponsored by the MRWSC to travel to Ohio and take the instructor’s course from the Ohio DNR. These individuals came back and served as the nucleus of instructors for the MRWSC river rescue training program. Courses are offered at \$75 for a 4-day river rescue class and \$50 for a two-day ice rescue class to provide cost-effective training for fire, EMS and law enforcement agencies. To date the MRWSC has trained over 650 individuals in river rescue and ice rescue while earning approximately \$3,000 a year to support council programs.

### **3.3 Charitable or In-Kind Donations and Corporate Sponsors**

There are resources within your local community available to assist your council with its water safety efforts. Many individuals and organizations may not be able to donate cash to your efforts, but may have other resources useful to the council.

**In-Kind Donations.** One water safety council wanted to pursue 501 (C) (3) Federal tax exempt status for their council, but was intimidated by the paperwork. One of the water safety council members was a faculty member for a local university, and persuaded a friend who was a professor in the university's law school to take on the task "pro bono", or free, on behalf of the water safety council. The group gained tax-exempt status for their water safety council and the professor received an award from the council for his work.

Another water safety council wanted to implement an infant and toddler infant PFD loan program. Several of the council members went to the local Wal Mart store and discussed the program with the manager. He was extremely supportive of the idea, and received approval from the corporate headquarters of Wal Mart to donate enough infant and toddler life jackets to serve 8 loaner sites across the state. This was the start of the organization's successful Infant PFD Loan Program, and was expanded the following year with a grant from the BOAT U.S. Foundation. The only cost to the organization was the volunteer labor to organize the project and purchase of 8 storage bins to store the PFD's at the sites.

A water safety council was asked to host a two-day PWC river rescue class that Kawasaki would make available to the area at no cost. The big problem was that the river temperature in May was barely over 60 degrees and the participants would be in and on the river for 8-9 hours per day. A local dive shop was contacted and agreed to provide wet suits for all participants at a significantly reduced cost. The training class was a success, the participants were protected from hypothermia, and the local dive shop received some great publicity in the local newspapers when the media covered the event on the weekend. By the way, the owner of the dive shop joined the council!!

Meeting space is often available to non-profit groups free of charge through libraries, fire departments, Federal agencies such as the Corps of Engineers, or local organizations such as the American Legion, Lions Club, or city hall.

**Corporate Sponsors.** Some water safety councils find monetary support from local businesses and organizations with interest in water based recreation but not direct participation in the efforts. One council sends an annual corporate sponsorship letter and dues invoice to related businesses with good response. Some examples of those businesses are Marinas, Government Agencies, Tourist Commissions, Chambers of Commerce and Emergency Organizations. Attached is an example of the recruitment letter.

## SOUTHEASTERN KENTUCKY AREA WATER SAFETY COUNCIL

«FirstName» «LastName»  
«JobTitle»  
«Company»  
«Address»  
«City», «State» «PostalCode»

Dear «Title» «LastName»:

On behalf of the Southeastern Kentucky Area Water Safety Council, I would like to encourage your participation and membership in our organization. The Water Safety Council is a local non-profit, public service organization which was formed to promote water safety, publish and distribute water safety materials, promote and encourage cooperation between agencies and organizations involved in water related activities, and also to participate in the National Water Safety Congress.

Some of our past activities include distributing water safety materials to marinas on area lakes, conducting courtesy boat inspections during National Safe Boating Week, staffing booths at local festivals and displaying water safety billboards throughout the region. Scheduled activities for this year are the 2<sup>nd</sup> Annual Key Chain Giveaway and the 3<sup>rd</sup> Annual T-shirt Reward Project, which rewards children and teenagers for wearing their life jackets at area lakes. Promotional items will be distributed during courtesy boat inspections and regular lake patrol by Corps of Engineers Park Rangers, US Forest Service Officers, and Kentucky Fish and Wildlife Conservation Officers.

The Water Safety Council has the potential to greatly improve the safety of our area's lakes and rivers and enhance public awareness. However, without the cooperation and support from individuals and companies who are willing to make a difference, our accomplishments will be limited. I hope you will support this organization by becoming an active member. Enclosed you will find a membership application including dues amounts. When you become a member you will receive a copy of the by-laws, minutes from the last meeting and notification of future meetings.

Please help us by joining in our efforts to enhance Water Safety in Southeastern Kentucky. If you have any questions, you can call me at (XXX) XXX-XXXX.

Sincerely,

**Secretary**

## **4. ACTIVITIES OF A LOCAL WATER SAFETY COUNCIL**

### **4.1 FOCUS, FOCUS, FOCUS**

The second most common reason given for the failure of a local water safety council is that the group tried to do too much, in essence tried to be everything for every organization. Water safety councils that have been successful usually have two or more of the following qualities with regards to their activities:

- They focus on one or two issues or projects initially, and build on the success of those projects;
- Through consensus they identify the most pressing problem, and focus the group's efforts on that problem until resolved;
- They have a core group of 5-10 members from different agencies who are committed to boating and water safety issues. Five committed people can achieve the initial success often needed to draw others into the organization
- Activities are chosen based on a collaborative process, not directed by the needs of one person or one agency

### **4.2 EXAMPLES OF SUCCESSFUL PROJECTS BY LOCAL WATER SAFETY COUNCILS FUNDED UNDER THE NWSC GRANT PROGRAM**

The following is a partial list of projects that were funded by the National Water Safety Congress since 1998. Most of these projects would be able to be replicated by your council in your area.

1998

Regional Water Safety Council – Used a grant of \$970 to purchase four puppets, stage, and life jackets to upgrade a water safety puppet show given in a four county area of Ohio.

SE Kentucky Water Safety Council – Used a grant of \$710 to initiate a program to reward children and teen-agers for wearing their life jackets by giving away T-shirts during courtesy boat inspections. They also procured local donations to assist with the cost of the program.

Golden Triangle Water Safety Council – Used grant funds of \$320 to purchase a TV/VCR used by council members when conducting water safety programs and presentations.

Grenada Lake Water Safety Council – Expanded “Thunder on the Water” Safe Boating Festival conducted during National Safe Boating Week. Grant funds enabled the group to expand advertising and promotion of the event with over 100,000 persons attending the two-day event.

Sardis/Enid Lakes Water Safety Council – Received \$825 to place a full color billboard along the main access road to Sardis Lake. The road serves as the direct access for boaters, swimmers, and other lake users.

1999

SE Colorado Water Safety Council – Purchased training aids for use during state boat operator courses offered by the council. Included were training videos, a TV/VCR, and assorted demonstration items to improve both the quality and availability of such programs.

Midwest Regional Water Safety Council – Received a grant to expand a successful water safety trading card program to all parts of the state of Iowa. The grant allowed the program to be expanded to all organizations represented within the council and resulted in the distribution of over 20,000 trading cards to children across the state.

Desert Valley Water Safety Council – Received \$1,000 to supplement local donations used to host a 2-day water safety fair at Lake Mead. The event attracted over 2,000 attendees.

Golden Triangle Water Safety Council – Used a \$250 grant to purchase 1,000 book covers containing a water safety message and distributed to area elementary students attending water safety programs.

SE Kentucky Water Safety Council – Received a grant to purchase key chains to reward life jacket wear and operators at courtesy boat inspections.

2000

Midwest Regional Water Safety Council – Received a grant of \$1,500 to conduct a statewide effort during National Safe Boating Week at 5 of the largest lakes and reservoirs in Iowa. All three Federal reservoirs were targeted as well as the two largest state managed lakes in Iowa. The campaign presented a statewide, unified boating and water safety message, courtesy marine examinations, and prizes for boat operators and children who wear life jackets.

SE Kentucky Water Safety Council – Received two grants. One was for a \$900 grant to purchase key chains to reward life jacket wear and operators at courtesy boat inspections. The second project used a \$1000 grant continue a program to reward children and teenagers for wearing their life jackets by giving away T-shirts during courtesy boat inspections. They also procured local donations to assist with the cost of the program.

Grenada Lake Association – Received a \$1,500 grant to purchase promotional items to give away at the Thunder on the Water, Safe Boating Festival.

Richard B. Russell WSC – Received three different grants totaling \$3400. One grant was the purchase a computer and safety software to use in a large visitor center. The second

grant was to develop and distribute a filmstrip on water safety to show at local theaters during previews for G rated movies. The third grant was to print a Water Safety Rules sticker that was given out to grade school students who complete a local safety course.

## 2001

Desert Valley Water Safety Council – Received grant funds to place billboard ads in support of National Safe Boating Week. They also received a grant to develop and print posters for boating and water safety for distribution in the Lake Mead area and the adjacent metropolitan area of Las Vegas.

Smith Mountain Lake Association – Received a \$900 grant to produce a water safety film with local and state agencies that dealt with specific boating and water safety problems that they were experiencing on Smith Lake. Grant funding allowed the council to mass produce CD's that could be distributed to local boaters and other groups.

Central Ohio Safe Boating Council – Received a grant to fund placement of ring buoys at several area marinas to improve the level of safety. Grant funds were also used to procure water safety trading cards containing a water safety message that the member agencies could distribute to children and others.

City of Randolph Recreation and Parks – Received a grant of \$1500 to develop a swimming and water safety program for their city. The city had experienced several water related fatalities and used grant funds to increase awareness of water safety.

Midwest Regional WSC – Received a \$1000 to assist with the purchase of a PWC robotic boat for boating and water safety education. Other sponsors such as Polaris and a local maritime museum had contributed matching funds towards the purchase.

## 2002

Projects funded under the National Water Safety Congress Grant Program can be found at our website, [www.watersafetycongress.org](http://www.watersafetycongress.org).

Project 4.3 Legal Lobbying For Nonprofit Organizations — Joan Bondareff

**Communicating with Congress — Effectively and Legally**

**Presentation to the**

**2001 International Boating & Water Safety Summit**

**April 11, 2001, Nashville, Tennessee**

**By**

**Joan M. Bondareff, Counsel, National Safe Boating Council and  
Of Counsel, Dyer, Ellis & Joseph**

**I have been asked to speak today about the interesting topic of how to communicate with Congress, both effectively and legally. It's of particular interest to me because I spent close to eight years working on Capitol Hill for the former House Committee on Merchant Marine and Fisheries as Committee Counsel. This Committee, which was eliminated in 1994 when the Republicans took control of the House, had jurisdiction over many important maritime programs, including the Coast Guard and boating safety. In my opinion, there really hasn't been as good a focal point in Congress for maritime issues since 1994. But, I digress.**

**From my former position, I learned how important it is for interest groups - public and otherwise - to have a presence on Capitol Hill. I also learned which lobbyists I could trust and which I couldn't. At the end of the day, a staffer has to come to her own conclusions and form her own opinions on what recommendations to make to her boss, the Member of Congress, on a specific issue, but it certainly helped to hear from educated lobbyists about their concerns. In fact, if we didn't hear from lobbyists, it would be difficult, if not impossible, to make informed judgments about issues affecting those lobbyists and their clients. After all, the squeaky wheel does get the oil.**

**Messages**

**Therefore, I am here to communicate three important messages to those of you who represent non-profit organizations — which most of you do —**

- 1. Non-profit organizations, so-called 501(c)(3) organizations— can and do engage in lobbying of Federal and State legislatures.  
And, the 1976 Tax Reform Act made it easier to do so.**
- 2. If a nonprofit organization decides it wants to lobby Congress, it has to know the rules governing lobbying, and structure its activities to comply with Federal tax laws and regulations.**
- 3. Finally, there are good reasons to lobby Congress on boating safety issues. You are the experts in the field, and Congress should hear from you.**



## **Why lobby in the Public Interest?**

Here's as good a reason as I've ever read as to why nonprofit organizations should lobby. It's a statement from David Cohen, Co-Director of the Advocacy Institute, an organization which works to strengthen the advocacy capacity of social justice organizations to set their public agenda.

A public interest lobbyist helps create what social analysts call the "civic balance," allowing the public interest to be incorporated into public policy. A public interest lobbyist helps balance the many self interests that, naturally enough, push policy in ways that benefit narrow parts of the population. There's nothing inherently wrong with pursuing self interests. It has a legitimate voice in our process. Each of us has our own specific interests. But these self interests create a cacophony of special interests that must be balanced by people and groups that pursue the public interest.<sup>1</sup>

## **What is Lobbying?**

So your organization decides it may be in its interest to begin a lobbying effort. The first question is what specifically is lobbying? Is what my organization wants to do actually constitute lobbying?

Lobbying consists of communications that are intended to influence specific legislation.<sup>2</sup> Legislation is action by a legislative body including the "introduction, amendment, enactment, defeat, or repeal of acts, bills, resolutions, or similar items."

Lobbying is distinguished from advocacy, in the vernacular of the IRS. Advocacy is a communication that both refers to and reflects a view on specific legislation but does not contain a direct encouragement to recipients to take action with regard to the specific legislation.<sup>3</sup>

Legislative bodies are Congress, state and local legislatures, and the general public with respect to initiatives, referenda or proposed constitutional amendments. Typically, it does not constitute lobbying to appear before a judicial, executive or administrative body such as an agency or a school or zoning board. Therefore, an organization would not be influencing legislation if it proposed, for example, to a Park Authority that it purchase a particular tract of land for a new park, even though such an attempt would necessarily require the Park Authority eventually to seek appropriations to support a new park.<sup>4</sup>

Under section 501(c)(3) of the Internal Revenue Code there are certain circumstances where nonpartisan analysis, study, or research of matters pertaining to legislation may be educational and will not be considered attempts to influence legislation. This occurs where the material is available

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<sup>1</sup> "The Nonprofit Lobbying Guide," 2d. Ed., by Bob Smucker, publ. by Independent Sector (hereafter Independent Sector, at 94-95).

<sup>2</sup> From "Worry-Free Lobbying for Nonprofits," a Handbook for Funders and Grantees published by the Alliance for Justice.

<sup>3</sup> From "Lobbying Issues," by Judith E. Kindell and John F. Reilly, of the Internal Revenue Service, on the IRS web site, at 304 (hereafter IRS).

<sup>4</sup> "Lobbying Issues," a guide to lobbying by Judith Kindell and John Francis Reilly, attorneys for the Internal Revenue Service, from the IRS' web page, at page 271.

to the public, governmental bodies, officials, and employees, and where the organization does not advocate the adoption or rejection of legislation. But, be careful with this exception. For example, in the case of Roberts Dairy Company v. Commissioner, 195 F. 2d 948 (8<sup>th</sup> Cir. 1952), cert. den. 344 U.S. 865 (1952), the organization prepared and distributed materials to inform its members and the public of certain tax disparities between business organizations. The court, apparently looking beyond the actual material distributed, held that since the ultimate objective was the revision of the tax laws, the organization was attempting to influence legislation.

Generally, if an organization appears before a legislative committee to discuss legislation, that action will be considered an attempt to influence legislation. However, where the organization appears before a committee in response to an official, i.e. written, request for testimony, this is not considered lobbying. The IRS has ruled that a university's tax-exempt status would not be jeopardized when, in response to an official request, it sent representatives who could advise a Congressional committee on the possible effects of specific legislation.<sup>5</sup> In other words, if the National Safe Boating Council received a written request from the Chairman of the Coast Guard Subcommittee to appear and testify on boating safety legislation, this would not fall within the rubric of lobbying. On the other hand, if the Executive Director of the NSBC decided to meet with Chairman LoBiondo and urge his support of specific legislation, it would be lobbying.

Other examples from lobbying are the following:

1. **Contacts with executive branch employees or legislators in support of or opposition to proposed regulations.<sup>6</sup>**
2. **Lobbying by volunteers where the nonprofit organization has not incurred any expenses associated with the volunteers' lobbying.**
3. **A nonprofit's communications to its members on legislation as long as the nonprofit doesn't directly encourage its members or other to lobby. For example, the NSBC Newsletter *Anchorline* can discuss pending legislation, but as long as the editor doesn't call for the members to take action, the newsletter would not be an example of lobbying.**
4. **A nonprofit's response to written requests from a legislative body (not a single legislator) for technical advice on pending legislation.**
5. **So-called self-defense activity, i.e., lobbying legislators on matters that may affect the organization's own existence, powers, tax exempt status, etc.**
6. **Making available the results of nonpartisan analysis, study, or research on a legislative issue that presents a sufficiently full and fair exposition of the pertinent facts to enable the audience to form an independent opinion.**
7. **A nonprofit's discussion of broad social, economic, and similar policy issues whose resolution would require legislation as long as the discussion does not address the merits of specific legislation.**

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<sup>5</sup> See Rev. Rule 70-449.

<sup>6</sup> This would be lobbying, however, under the Lobbying Disclosure Act. See discussion below.

Because a 501(c)(3) organization, generally a charitable organization, is created under the tax laws for the purpose of being tax-exempt and to receive non-taxable contributions, the question whether a charitable or non-profit organization can lobby is strictly a matter of whether it expends money on lobbying activities as the IRS has defined those activities. **If there is no expenditure, there is no lobbying.** Further, acts undertaken by individuals acting on their own, and not in their official capacity, do not constitute lobbying. The IRS will apply agency principles to determine when to attribute the activities of individuals and volunteers to an organization.

Prior to 1976, the limitation on the lobbying activities of IRC 510(c)(3) organizations was the “no substantial part of an organization’s activities constitute carrying on propaganda or otherwise attempting to influence legislation.” This was a fairly subjective test, as you can imagine, and it probably acted to discourage charitable organizations from lobbying because they didn’t really know what and how much expenditure would force them to lose their tax-exempt status.

### **Tax Reform Act of 1976**

In 1976, Congress enacted IRC sections 501(h) and 4911 to remedy some of the problems that had arisen under the vague standard of the 1934 law. Section 501(h) allows eligible charities to elect to be governed by the new standards. It is a simple matter to file an election form with the IRS (IRS Form 5768). Once the charity elects to be governed by this provision, it must comply with specific dollar limits on its lobbying activities. The standards are clear — the limits are quantifiable. Therefore, there should no longer be any guesstimates of whether a 501(c)(3) charity has met the substantial activity test.

The new law sets specific dollar limits, calculated as a percentage of the charity’s total exempt purpose expenditures, on the amount it may spend on attempts to influence legislation without losing its exempt status or incurring penalty taxes. Exempt purpose expenditures are typically the organization’s budget minus some fundraising and capital costs.

Lobbying, under the new law, only occurs when there is an expenditure of funds for an activity that otherwise meets the criteria of lobbying, i.e. for the purpose of attempting to influence legislation.<sup>7</sup>

The law also distinguishes between and sets specific limits on two different types of lobbying — *direct lobbying* and *grassroots lobbying*. More generous limits apply to direct lobbying. *Direct lobbying* means communication that your organization has about legislation (1) with legislators or government officials who participate in the formulation of legislation and (2) with its own members. Direct lobbying includes visiting a congressperson about a bill and being in contact with your organization’s members and urging them to contact legislators. The term *grassroots lobbying* means any attempt to influence legislation through an attempt to affect the opinion of the general public. The ceiling for a nonprofit’s spending on grassroots lobbying is one-fourth of the total allowable expenditures.

It is important to note that a nonprofit can make any public statement it likes about a legislative issue without having the costs counted against its grassroots lobbying limit — as long as it avoids what is known as a “call to action” by its members. The IRS regulations have identified the

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<sup>7</sup> Independent Sector at page 51.

following mass-media advertisement as one that normally would not be considered grassroots lobbying because it lacks such a call to action. The sample ad reads as follows:

**The State Assembly is considering a bill to make gun ownership illegal. This outrageous legislation would violate your constitutional rights and the rights of other law-abiding citizens. If this legislation is passed, you and your family will be criminals if you want to exercise your right to protect yourselves.<sup>8</sup>**

There is one exception to this rule — the regulations provide that the same mass-media advertisement would be counted as lobbying if published just before a vote on certain legislation that has elicited a high degree of public awareness.

Overall, there is a cap of \$1 million on total lobbying expenditures allowed for tax-exempt charities who elect to file under 501(h).<sup>9</sup> And, within this cap, \$250,000 is the total allowable limit for grassroots lobbying. However, the \$1 million cap applies to the most well-endowed of the charitable organizations and lesser limits apply to smaller organizations. I have included in the paper a chart that contains the exact limits on lobbying depending on the size and budget of your tax-exempt organization.

Lobbying Ceilings Under the 1976 Lobby Law		
Exempt-Purpose Expenditures	Total Lobbying Expenditures	Amount of Total Allowable for Grassroots Lobbying
Up to \$500,000	20% of exempt-purpose expenditures	One-quarter
\$500,000 - \$1 million	\$100,000 + 15% of excess over \$500,000	\$25,000 + 3.76% of excess over \$500,000
\$1 million - \$1.5 million	\$175,000 + 10% of excess over \$1 million	\$43,750 + 2.5% of excess over \$1 million
\$1.5 million - \$17 million	\$225,000 + 5% of excess over \$1.5 million	\$56,250 + 1.25% of excess over \$1.5 million
Over \$17 million	\$1 million	\$250,000

The 1976 Tax Reform Act also added additional and less stringent sanctions for charities exceeding the new lobbying expenditure limits. The initial sanction is a 25 percent excise tax on the amount of money spent on lobbying in any year in excess of the ceiling. The ultimate sanction, loss of exempt status, is only available if spending normally exceeds 150 percent of either the overall or the grassroots limit.

<sup>8</sup> IRS at 300

<sup>9</sup> Because of this limitation, if you are an especially large charitable organization, such as the Red Cross, you will not make this election but continue to be governed under the substantial activity test.

## **What Funds Can a Nonprofit Organization Use for Lobbying?**

Since nonprofits are exactly that, not-for-profit organizations, the next question is where to raise the money for lobbying. At the outset, you have to know there is an absolute ban on lobbying with federally appropriated funds. This applies to federal grants, contracts and cooperative agreements.<sup>10</sup>

There is also an absolute ban on political campaigning by 501(c)(3) organizations.<sup>11</sup>

On the other hand, federal grantees can lobby if they use their membership dues and other non-federal receipts for this purpose. It is important if this is the case for the organizations to maintain separate accounting records and to basically treat the two organizations as separate, including having separate Board meetings. Boards — and staff — can overlap provided you clearly delineate the two Board meetings, have separate meetings, or better yet, meetings on different dates, keep separate minutes and records. The bottom line is you have to show a clear distinction, on your books, of the federal dollars and how they are spent, and the private funds and how they are spent. For example, if you have a computer purchased with federal funds, don't write lobbying letters on this computer. It is also important to track time and overhead costs separately. Assign a certain percentage of your overhead to the lobbying activities. The same goes for newsletter costs.

Can you receive foundation funds and still lobby? The answer, in principle, is yes. The 1990 IRS final regulations, concerning the lobbying activities of electing charities, clearly reaffirm that it is legally permissible for private foundations to make grants to 501(c)(3) organizations that lobby. On the other hand, private foundations, in a abundance of caution, often restrict their funds so that recipients cannot lobby with them. In general, private foundations —

1. Must not earmark or designate or direct a grant to a public charity for lobbying.
2. May make general support grants to charities whether or not the charities are currently lobbying, have lobbied in the past, have made the 501(h) election, or even use the grant for lobbying purposes. The only prohibition is on earmarking the grant for lobbying.
3. Can give specific project grants to fund projects that include lobbying, as long as an individual foundation's total grants for the same project and year do not exceed the amount the grantee has budgeted for the non-lobbying portion of the project.

Although many private foundations do prohibit their grantees from using their grants to lobby, many do not. For example, as Anna Faith Jones, President of the Boston Foundation and Chair of the Board of the Council on Foundations says:

**“For us, it's a basic democratic principle. People who are affected by public policies ought to be involved in designing them and making them work.”**

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<sup>10</sup> Nonprofit federal grantees are covered by OMB Circular A-122, Cost Principles for Nonprofit Organizations. Using federal grant funds for unallowable expenses can result in suspension of the grant, debarment from future grants, and repayment of the federal money.

<sup>11</sup> A 501(c)(3) charity can not endorse, contribute to, work for, or otherwise support a candidate for public office, nor can it oppose one. This prohibition does not apply to individual members of the organization.

## **Reporting Lobbying Expenditures to the IRS and Lobbying Disclosure Act**

Organizations that lobby are required to report their lobbying expenditures to the IRS on Form 990. You have to make a good-faith effort to keep track of your lobbying expenditures.<sup>12</sup>

The Lobbying Disclosure Act took effect January 1, 1996. If your organization has at least one employee who devotes at least 20 percent of his or her time to “lobbying activities,” and spends \$20,000 or more every six months on such activities, your organization is required to register and file reports under the Act. This Act only applies to lobbying related to the federal government, and contains a broader definition of lobbying. Reports have to be filed with the Secretary of the Senate and the Clerk of the House of Representatives.<sup>13</sup>

### **Setting up a Separate 501(c)(4) Lobbying Organization**

If a charitable organization does considerable lobbying, it may want to create a separate 501(c)(4) organization. A 501(c)(4) organization can also do campaigning — if it’s not the primary purpose of the organization. The organization is tax-exempt, but the contributors can’t take charitable deductions for their contributions.

Organizations that are tax-exempt under Section 501(c)(4) do not have limits on lobbying on behalf of their exempt purpose. A 1983 Supreme Court decision, Regan v. Taxation With Representation of Washington, said that the First Amendment requires that 501(c)(3) organizations be permitted to lobby indirectly through 501(c)(4) organizations. The Supreme Court decision made clear that all the IRS can require by way of separation between a nonprofit and its 501(c)(4) lobbying affiliate is that the affiliate be separately incorporated and that it keep records adequate to show that tax-deductible contributions are not used to pay for lobbying.

In effect, a 501(c)(3) organization can set up and run a 501(c)(4) organization if the latter can raise its own hard money, i.e., attract nondeductible contributions. In fact, a nonprofit and its 501(c)(4) affiliate may have identical priorities and boards of directors, and may share personnel office space and facilities. But, the 501(c)(4) organization must be run as a separate legal entity and must pay all its costs with nondeductible funds. Therefore, the two organizations must keep good records, showing that they properly divide costs for office space, staff time, equipment, and so on, so that the 501(c)(3) organization does not in effect subsidize the 501(c)(4) organization.<sup>14</sup>

As noted previously, organizations that are tax-exempt under Section 501(c)(3) may not endorse, work for, pay the costs of, or otherwise support or oppose a candidate for public office. They are also not permitted to establish political action committees (PACs). At the same time, a 501(c)(4) organization may set up a PAC.

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<sup>12</sup> Independent Sector at 74-75.

<sup>13</sup> Independent Sector at 75-76.

<sup>14</sup> Independent Sector at 68-69.

## How to Conduct an Effective Lobbying Campaign

Once the 510(c)(3) charitable organization has decided to lobby, has established a separate funding stream for lobbying, has made the 501(h) election, and/or has decided to create a separate 501(c)(4) organization, the next step is of course to hire the lobbyist and get going on your campaign.

I will spend a little time going through the steps of an effective lobbying campaign. I will focus on a bill before the U.S. Congress since this is what I am most familiar with. The details of how a bill becomes law is explained very well in this little book, "How Our Laws Are Made." I brought some copies with me and won't insult your intelligence by reading from it.

The general steps I consider important for lobbying Congress are as follows:

1. Know the issue. Do your research and pick the issue that matters most to your organization.
2. Develop a position. Apply the KISS principle.
3. Identify those Members of Congress who are interested in the issue, and develop a relationship with them and their staffs.
4. Work with a coalition of organizations that support your position. There is strength in numbers.
5. Develop bipartisan and bicameral support for your position. Especially with this Congress, which is virtually equally divided in the Senate, and favors Republicans by a small margin in the House, it is important to cultivate Members from both sides of the aisle. And work with both the House and the Senate.
6. As Former Speaker Tip O'Neill once said, all politics are local. It's important to know the issue from the local point of view. What are the boating laws in your State and how will federal legislation affect those laws and programs? Get your members involved. They know their Representatives the best and will make the best impression on them. After all, these are the folks who sent them to Congress in the first place.
7. Know the art of compromise. It is often better to get half a loaf of bread this year and go back for the second half next year than to get nothing at all. This of course depends on your issue and position.
8. Don't ignore the Administration. Especially where the White House and Congress are controlled by the same party, it is important to get Executive Branch support for your position. If it's not in the Bush budget, it will be harder — but not impossible — to get it into the budget at the end of the day.

- 9. Finally, don't give up. Persistence does pay off. It often takes more than one or two Congresses to get your policies enacted into law. Keep the course, be persistent, be on the right side of an issue, and some day you will get there. I have seen this happen. Often, events from the real world coincide and make your position seem inevitable. The passage of a new law doesn't happen overnight, no matter how good your ideas are.**

**These are just a few pointers on how to conduct an effective lobbying campaign. I'm sure others have their ideas.**

### **Conclusions**

**The bottom line is that nonprofit organizations can and do play a major part in lobbying Congress. Whether lobbying is something your organization wants to do depends on your goals and resources. You are able to elect to lobby. Whether you do is up to you.**

**See you on Capitol Hill!**



## **5. CHARTERING PROCESS**

### **5.1 Benefits of Charter Membership With the National Water Safety Congress**

Your water safety council can benefit in numerous ways by chartering with the National Water Safety Congress. Your membership provides you with many opportunities to become involved with water and boating safety issues on the regional and national level. A brief discussion of charter membership benefits follows.

#### **National Recognition**

As a member of the National Water Safety Congress, your Council will receive national recognition as a member of an organization that has taken and continues to take a leading role in promoting water safety issues in the United States. The strength of the Congress is the diversity that brings together a coalition of individuals and groups involved in many aspects of water safety, rather than focusing only on one issue.

#### **Water Safety Journal**

As a member of the National Water Safety Congress your Council will receive The Water Safety Journal, a nationally recognized and internationally distributed publication produced by the National Water Safety Congress. The Water Safety Journal provides a forum for your council to publicize its activities that reaches a diverse segment of the water safety community. The Journal also allows local councils to keep up to date with activities of other water safety councils and share successful program ideas.

#### **National Awards Program**

The National Water Safety Congress presents awards each year to individuals, organizations, and councils who have made significant contributions to water safety at the local, regional, and national level. Local water safety councils can use this program to recognize the efforts of their individual members and organizations. Award winners receive an attractive plaque and are invited to the awards ceremony held as part of the annual International Boating and Water Safety Summit.

#### **International Boating and Water Safety Summit**

The National Water Safety Congress and the National Safe Boating Council co-sponsor the annual International Boating and Water Safety Summit. The IBWSS is the largest boating and water safety conference in the United States, and brings participants from all over the United States and all over the world. Over 530 participants in the 2001 summit in Nashville, Tennessee represented 46 states and 5 foreign countries at the most successful Summit to date.

#### **Local Water Safety Council Grant Program**

In 1998 the National Water Safety Congress initiated the Local Water Safety Council Grant Program. The NWSC recognized that local water safety councils lacked funds to implement water safety programs or initiatives at the local level, and funded a grant program to help local councils meet this need. In both 1998 and 1999 the NWSC made \$3,000 in grants available to local councils to support their programs and activities. With

the assistance of a Wallop-Breaux grant from the United States Coast Guard, the NWSC will award a total of up to \$9,000 in grants in 2000 to local water safety councils that are members of the National Water Safety Congress. Application forms can be found in the Appendix at the end of the charter kit information.

### **Technical Assistance**

As a member organization of the National Water Safety Congress you have access to individuals who can provide technical assistance in the formation and operation of a local water safety council. All of the members of the Local Water Safety Council Liaison Committee of the NWSC are members of successful water safety councils. These individuals can provide you with assistance on all facets of developing and maintaining water safety councils, including fundraising, gaining tax-exempt status, bylaws and constitution development, and grant writing.

Affiliation with the NWSC may extend the Congress's IRS tax exempt status to your council, providing that your council is incorporated as a non-profit organization and established for public service purposes.

## **5.2 How To Charter With The National Water Safety Congress**

Local water safety councils who wish to charter with the National Water Safety Congress should fill out the application for membership that can be found in the Appendix at the end of this document. In addition to the benefits mentioned above, chartering with the NWSC will allow us to provide other services and information to your council on a timely basis through e-mail, written correspondence, and phone contact.

Local water safety councils pay a one-time fee of \$25.00, and this fee entitles member organizations to all the benefits of membership. In addition, your membership helps to strengthen the National Water Safety Congress and provide a strong, unified voice on water and boating safety issues.

## **6. RESOURCE LIST OF AGENCIES INVOLVED IN BOATING AND WATER SAFETY**

### **6.1 Federal Agencies**

#### **United States Coast Guard, Office of Boating Safety**

Commandant (G-OPB)  
U.S. Coast Guard Headquarters  
2100 2<sup>nd</sup> Street, SW  
Washington, D.C. 20593-0001  
Toll-free Coast Guard Infoline at 1-800-368-5647  
1-800-368-5647  
[www.uscg.mil](http://www.uscg.mil) or [www.uscgboating.org](http://www.uscgboating.org)

The U.S. Coast Guard Office of Boating Safety is dedicated to improving the knowledge, skills, and abilities of recreational boaters with the ultimate goal of reducing the loss of life, injuries and property damage that occur on U.S. waterways.

#### **United States Coast Guard Auxiliary**

Martin L. Phillips  
The Auxiliary Center  
9449 Watson Industrial Park  
St. Louis, MO 63126-1575

The United States Coast Guard Auxiliary was established by Congress in 1939 to assist the Coast Guard in promoting boating safety. Auxiliarists assist the Coast Guard in non-law enforcement programs such as public education, vessel safety checks, safety patrols, and search and rescue.

#### **U. S. Army Corps of Engineers**

441 G Street, NW  
Washington, D.C. 20314  
202-761-0008  
<http://watersafety.usace.army.mil/contacts.htm>

The U. S. Army Corps of Engineers is the leading provider of water-based recreation nationwide and the second leading provider of recreation on Federally managed lands. The Corps has a dedicated focus on water safety educational outreach and resources may be accessed through the above website.

**Tennessee Valley Authority**

400 W. Summit Hill Dr.  
Knoxville, TN 37902-1449  
865-632-2101  
[www.TVA.com](http://www.TVA.com)

TVA achieves excellence in public service for the good of the people of the Tennessee Valley by supporting sustainable economic development, supplying affordable, reliable power, and managing a thriving river system. TVA personnel are actively involved in the management of water resources and recreation areas and the promotion of boating and water safety on managed lands.

**National Park Service**

1849 C Street, NW  
Washington, D.C. 20240  
202-208-6843  
[www.nps.gov](http://www.nps.gov)

The National Park Service preserves unimpaired the natural and cultural resources and values of the national park system for the enjoyment, education, and inspiration of this and future generations. The National Park Service is responsible for the enforcement of boating laws and promotion of boating and water safety on NPS lands in conjunction with their state and local partners.

**Federal Energy Regulatory Commission**

888 First Street NE  
Washington, D. C. 20426  
202-219-2722  
[www.ferc.fed.us](http://www.ferc.fed.us)

Hydroelectric projects are recognized throughout the country for the recreational opportunities they present. FERC works with the licensees to promote water and public safety at over 1600 hydroelectric projects nationwide.

## **6.2 State Agencies**

### **National Association of State Boating Law Administrators**

1500 Leestown Rd, Suite 330

Lexington, KY 40511

859-225-9487

[www.nasbla.org](http://www.nasbla.org)

NASBLA's mission is to protect, promote, and enhance safe and enjoyable boating on our nation's waters and to foster partnerships and cooperation among recreational boating safety interests. This website provides a wide variety of information on state boating enforcement and safety programs and serves as an excellent entry site for information at the state level.

## **6.3 Non-Profit Organizations**

### **National Water Safety Congress**

P.O. Box 173

73 White Bridge Road, Suite 103

Nashville, TN 37205

[www.watersafetycongress.org](http://www.watersafetycongress.org)

The National Water Safety Congress is a non-profit organization dedicated to promoting recreational water safety on the nation's lakes, rivers, and waterways. The NWSC website provides information on the Congress's activities and programs and is a good source for links to other organizations.

### **National Safe Boating Council**

P.O. Box 10581

Delaware, OH 43015-1058

740-666-3009

[www.safeboatingcouncil.org](http://www.safeboatingcouncil.org)

The mission of the NSBC is to reduce accidents and enhance the boating experience. Their website contains numerous links to other organizations and resources and provides information on the North American Safe Boating Campaign and other boating safety initiatives.

**U.S. Power Squadrons**

P.O.Box 3042  
Raleigh, NC 27622  
Call Toll Free 1-888-FOR-USPS  
[www.usps.org](http://www.usps.org)

The United States Power Squadron is the world's largest non-profit boating organization and is dedicated to making boating safer and more enjoyable by teaching classes in seamanship, navigation, and related subjects. This organization is an excellent source for boating education classes.

**BoatUS Foundation**

880 S. Pickett Street  
Alexandria, VA 22304  
703-823-9550  
1-800-395-2628  
[www.boatus.com/foundation](http://www.boatus.com/foundation)

The Boat U.S. Foundation for Boating Safety and Clean Water promotes safe and environmentally sensitive boating with the purpose of reducing accidents and fatalities while increasing the stewardship of water resources.

**American Red Cross**

430 17<sup>th</sup> Street NW, Garden Level  
Washington, D.C. 20006  
202-434-4098  
[www.redcross.org](http://www.redcross.org)

The American Red Cross, through its Health and Safety Services branch, provides training in how to be safe in, on, and around the water. They are an excellent source for general water safety information.

**National Association of Search and Rescue**

4500 Southgate Place, Suite 100  
Chantilly, VA 20151-1714  
703-222-6277  
[www.nasar.org](http://www.nasar.org)

NASAR is a non-profit membership association dedicated to search and rescue, disaster aid, emergency medicine and awareness education. This organization serves as an excellent entry point for information on water-based search and rescue training.

**National Safe Kids Coalition**

**Drowning Prevention**

1301 Pennsylvania Avenue, NW

Suite 1000

Washington, D.C.20004

202-662-0600

[www.safekids.org](http://www.safekids.org)

This website provides good information on children and drowning, and has educational materials about water safety for sale in their Resource Catalog.

**Virginia Water Safety Coalition**

[www.watersafety.org](http://www.watersafety.org)

The Virginia Water Safety Coalition is a group of aquatic professionals and volunteers dedicated to improving the safety of people around and in the water through education about water safety. Individual Coalition members can be contacted through their website.

## 6.4 Local Water Safety Councils Chartered with NWSC

### **Stonewall Jackson Lake WSC**

Route 3, Box 370  
Weston, WV 26452-9677

### **Burnsville Lake/Braxton Co. WSC**

Route 5, Box 347  
Burnsville, WV 26335

### **New River WSC**

c/o Bluestone Lake  
701 Main Street  
Hinton, VA 2151

### **Summersville Lake WSC**

Route 2, Box 470  
Summersville, WV 26651

### **Smith Mountain Lake**

P. O. Box 950  
Moneta, VA 24121  
703-297-4146

### **Savanah District WSC**

Richard B. Russell Lake  
Elbertson, GA 30635  
404-283-8731

### **Falls Lake WSC**

Falls Lake Management Center  
Wake Forest, NC 27587-1405

### **Wilkes Recreational WSC**

Kerr Scott Reservoir  
Wilkesboro, NC 28697

### **Jordan Lake WSC**

B. Everett Jordan Lake  
Moncure, NC 27559-0144

### **Phillpott Fair Stone WSC**

Phillpott Lake  
Route 6, Box  
Bassett, VA 24055-8617  
703-638-5311

### **Kerr-Buggs Island WSC**

John H. Kerr Reservoir  
Boydton, VA 23917-9801

### **Southeastern Kentucky Water Safety Council**

1433 Laurel Lake Road  
London, KY 40744

### **Painsville Lake WSC**

Route 40, Box 520  
Staffordsville, KY 41256

### **Mosquito Lake WSC**

29618 Warren-Meadville Rd.  
Cortland, OH 44410

### **Dewey Lake WSC**

HC70, Box 540  
Van Lear, KY 41265

### **Nolin Regional WSC**

c/o Nolin Lake  
2150 Nolin  
Brownsville, KY 42210

### **Barren River Regional WSC**

11088 Finney Road  
Glasgow, KY 42171

### **Dillon Lake WSC**

4969 Dillon Dam Road  
Zanesville, OH 43701



**Center Hill WSC**  
P.O. Box 55  
Silver Point, TN 38582

**Grenada Lake WSC**  
Grenada Lake Field Office  
Grenada, MS 39801-0903

**Sardis/Enid Lake WSC**  
Sardis Lake Field Office  
Sardis, MS 38666-0186

**Huntsville/Madison Co. WSC**  
516 Seaborn Drive  
Huntsville, AL 35806

**Tenn-Tom Water Safety Council**  
3606 West Plymouth Road  
Columbus, MS 39701

**USACE Lower Mississippi Valley  
Division**  
P.O. Box 80  
Vicksburg, MS 39180

**Southeast Colorado WSC**  
John Martin Reservoir  
Hasty, CO 81044

**San Juan County Field Health Office**  
74 W. Animas  
Farmington, NM 87401

**Lake Francis Case WSC**  
P.O. Box 109  
Pickstown, SD 57367

**Midwest Regional WSC**  
5600 NW 78th Ave.  
Johnston, IA 50131-0694  
515-276-4656

**Oregon Water Safety Council**  
211 SE 80th St.  
Portland, OR 97215

**Madera WSC**  
Hensley Lake  
P.O. Box 85  
Raymond, CA 93653

**Tulare WSC**  
Lake Kaweah  
P.O. Box 34  
Lemon Cove, CA 93244

**Desert Valley WSC**  
P.O. Box 61667  
Boulder City, NV 89005

**Lanier Water Safety Council**  
P.O. Box 567  
Buford, GA 30515

**Gold Country Water Safety Council**  
P.O. Box 6  
Smartsville, CA 95977

**Community LifeTeam Volunteer  
Assn.**  
119 S. Cameron Street  
P.O. Box 284  
Harrisburg, PA 17108

**Water Safety Council of Fresno Co.**  
5469 E. Olive Avenue  
Fresno, CA 93727

**Harvey and Bernice Jones Center For  
Families**  
P.O. Box 2035  
922 E. Emma Avenue  
Springdale, AR 72765

**Central Ohio Safe Boating Council**  
102 W. Heffner St.  
Delaware, OH 43015

**Southwest Missouri Regional Water  
Safety Council**  
10992 Highway T  
Wappapello, MO 63966-9603

**Southeastern Oklahoma State**  
**University**  
1405 N. 4<sup>th</sup> Avenue  
PMB 4232  
Durant, OK 74701-0609

APPENDIX A

SAMPLE BYLAWS FOR WATER SAFETY COUNCILS

**(insert name) WATER SAFETY COUNCIL**

**BYLAWS**

**ARTICLE 1. Purposes of Organization**

1. The name of this organization shall be the *(insert name)* Water Safety Council (hereafter known as the Council).
  
2. The *(insert name)* Water Safety Council is a not-for-profit public service organization formed to:
  - A. Promote boating and water safety in the *(add area or region)* by providing a forum for member agencies and individuals to develop and deliver joint programs to the public;
  - B. Serve as a local (or regional) source for boating and water safety information for the public or local news media;
  - C. Support local and regional efforts to promote National Safe Boating Week;
  - D. Encourage cooperation, networking, and communication between the member agencies of the council as well as other organizations in the area.

*(Add other purposes that may be specific to your organization)*

**ARTICLE 2. Powers**

1. This Council shall have the power to accept gifts of money and other property consistent with the purposes for which said Council is created. Upon approval of a majority vote of the voting members of the Council, this Council may be empowered to apply for and receive funds from other sources including grants, training funds, and special projects funding at the local, state, and Federal level.
  
2. The Council shall have the power to do all things necessary to carry out the objectives and purposes for which the Council has been created within the limits of funds available.

**ARTICLE 3. Membership**

1. The membership of the Council shall consist of any agency, organization, or person interested in promoting boating and water safety through education, training, or law enforcement.
  
2. Voting members. Each individual or organization represented on the Council shall have one vote. A simple majority vote shall be sufficient to conduct Council business.

Membership fees shall be \$\_\_\_\_\_ per individual/organization and due in \_\_\_\_\_ of each year. (*Insert specific language on dues structure for your organization.*)

#### **ARTICLE 4. Officers and Committees**

1. The officers of the Council shall be President, Vice President, Secretary, and Treasurer. Two members of the Council shall be elected as Directors At-Large, and together with the officers shall comprise the Board of Directors of the Council.
2. Officers and Directors At Large shall be nominated by an Ad Hoc nominations committee appointed by the President at least 30 days prior to the date of elections. Elections shall be held every \_\_\_\_\_ year(s) with board members elected by the current membership. The term of all board members shall commence on the first day of \_\_\_\_\_, 200\_, with terms to run for \_\_\_\_\_ year(s).
3. The President shall preside at all meetings of the Council and Board of Directors. The President shall have general supervision over all Council activities, programs, and other work of the Council and perform such other duties as assigned as they pertain to the office.
4. The Vice President shall assist the President and, in the absence of the President, shall discharge the duties of the President. The Vice President may be assigned any special duties or projects as directed by the President.
5. The Secretary shall keep a correct record of all proceedings of each meeting (either general or board meeting) of the Council and shall have charge of all records and papers of the Council except such as are assigned to others.
6. The Treasurer shall be the custodian of all funds of the Council and shall keep an itemized account of all receipts and expenditures and file vouchers of their payment. The Treasurer shall disburse Council funds only by order of the Council or Board of Directors as authorized by a simple majority vote of those present. Such votes shall be recorded in the official minutes of the meeting.
7. Directors At Large shall be responsible for representing the general membership of the Council, be elected from the general membership, and have the same status as officers on the Board of Directors. Directors At Large may be assigned specific duties or functions at the discretion of the President.
8. The Board of Directors shall have the power to transact the business of the Council, and a simple majority vote shall be sufficient to conduct business including expenditure of funds.

9. When an officer of the Council or member of the Board of Directors severs his/her connection with the Council, the office held shall become vacant. Vacancies in any elected office shall be filled by action of the Board of Directors for the unexpired term.

10. The President shall appoint chairpersons of the following standing committees:

*(Insert your specific committees)*

The committee chairs shall be assigned by the President, chosen from the membership at large, and ratified by the Board of Directors.

#### **ARTICLE 5. Meetings**

1. Regular meetings shall be held as mutually agreed by the membership. The Board of Directors is empowered to call special meetings as necessary. The President of the Council may call and conduct meetings of the Board of Directors as needed. No quorum shall be required to conduct business of the Council or Board of Directors.

2. Meetings shall be conducted in accordance with Roberts Rules of Order not in conflict with the bylaws.

#### **ARTICLE 6. Amendments**

The bylaws of this Council may be amended, repealed, altered in whole or in part by a simple majority vote of the members present and voting.

---

President, *(Insert name of water safety council)*

**ATTEST:**

APPENDIX B

SAMPLE ARTICLES OF INCORPORATION



**CHESTER J. CULVER**  
*Secretary of State*  
*State of Iowa*

**APPLICATION FOR  
 RESERVATION  
 OF NAME**

TO THE SECRETARY OF STATE OF THE STATE OF IOWA:

The undersigned applies to reserve exclusive use of a business organization name, pursuant to the (check one)

Iowa Business Corporation Act (profit corporations).

Iowa Nonprofit Corporation Act (nonprofit corporations).

Iowa Limited Partnership Act

Iowa Limited Liability Companies Act

1. The name to be reserved is \_\_\_\_\_ Enter the name here \_\_\_\_\_

2. The name and address of the applicant is

Name \_\_\_\_\_ Enter the name here \_\_\_\_\_

Address \_\_\_\_\_ Enter the street address here \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Enter the city, state and zip here \_\_\_\_\_

Signature \_\_\_\_\_

Type or print name & title \_\_\_\_\_ Enter your name and title here \_\_\_\_\_

Date \_\_\_\_\_ Enter todays date here \_\_\_\_\_

**NOTES:**

1. The filing fee is \$10.00.
2. Make checks payable to Secretary of State.
3. The information you provide will be open to public inspection under *Iowa Code* chapter 22.11. 4

SECRETARY OF STATE  
 Corporations Division  
 Lucas Building  
 Des Moines, Iowa 50319

Phone: 515/281-5204  
 FAX: 515/242-5953



## DISCLAIMER

**CHOOSING AN APPROPRIATE FORM OF BUSINESS REQUIRES CAREFUL CONSIDERATION OF MANY ISSUES. THIS SAMPLE ARTICLES OF INCORPORATION PROVIDES BASIC INFORMATION ON SOME OF THE KEY ASPECTS TO CONSIDER IN YOUR ARTICLES. IT IS MERELY DESIGNED TO ASSIST PROSPECTIVE ENTREPRENEURS IN THE EARLIEST STAGES OF BUSINESS DEVELOPMENT. THIS SAMPLE IS NOT A SUBSTITUTE FOR PROFESSIONAL ADVICE. PERSONS CONTEMPLATING STARTING A BUSINESS ARE STRONGLY ENCOURAGED TO CONSULT LEGAL, FINANCIAL AND TAX ADVISORS. [CLICK HERE TO FIND AN ATTORNEY.](#)**

## ARTICLES OF INCORPORATION OF [NAME OF NONPROFIT COROPORATION]

TO THE SECRETARY OF STATE OF THE STATE OF IOWA

The undersigned, acting as incorporator of a corporation organized under the Iowa Nonprofit Corporation Act, Chapter 504A of the 1999 Code of Iowa, as amended, hereby adopt the following Articles of Incorporation for such corporation:

### ARTICLE I

1.01 The name of the Corporation is [insert name].

### ARTICLE II REGISTERED OFFICE AND REGISTERED AGENT

2.01 The address of the Registered Office of the Corporation is [address], and the name of its initial Registered Agent at such address is [name of registered agent].

### ARTICLE III OBJECTS AND PURPOSES

3.01 The Corporation is organized exclusively for charitable, educational, religious or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and to promote and advance such purposes by any activity in which a nonprofit corporation organized under the Iowa Non Profit Corporation Act may engage, exclusively, either directly or by engaging in activities that support or benefit one or more supported organizations as permitted under Section 509(a)(3) of the Code.

3.02 Without limiting the generality of the foregoing, the principal purpose of the Corporation shall be to engaged in activities to promote reading, including but not limited to support of public libraries and their reading programs.

ARTICLE IV  
MEMBERSHIP

4.01 The Corporation shall have no members.

ARTICLE V  
CONDUCT OF BUSINESS

5.01 The affairs of and business of the Corporation shall be managed and conducted by the Board of Directors. The number of members of the Board of Directors shall be fixed by the Bylaws.

ARTICLE VI  
NONLIABILITY/INDEMNIFICATION

6.01 No director, officer, employee or member of the corporation shall as such, be liable on its debts or obligations and no director, officer, member or other volunteer shall be personally liable as such, for any claim based upon an act or omission of such person performed in the discharge of such persons' duties except (1) for any breach of the duty of loyalty to the Corporation, (2) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, or (3) for any transactions from which such person derive an improper personal benefit.

6.02 Except for any prohibition against indemnification specifically set forth in these bylaws or in Chapter 504A, Code of Iowa, at the time indemnification is sought, this Corporation shall indemnify any person who is or was a director, officer, employee, member or volunteer of this Corporation, or any such person who), while a director, officer, employee, member or volunteer of this Corporation, is serving or has served, at the request of this Corporation, as a director, officer, partner, member, manager, trustee, employee, or agent of another corporation, partnership, limited liability company, joint venture, trust, other enterprise, or employee benefit plan to the fullest extent possible, against expenses, including attorney fees, judgments, fines, settlements and reasonable expenses, actually incurred by such person relating to his conduct as a director, officer, employee, member, or volunteer of this Corporation, or as a director, officer, partner, trustee, employee, or agent of such other corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan, except that the mandatory indemnification required by this sentence shall not apply (1) to a breach of such persons duty of loyalty-to the Corporation, (2) for acts or omissions not in good faith or which involve intentional misconduct or knowing -violation of the law, or (3) for any transaction from which such person derived an improper personal benefit. The foregoing right of indemnification shall also inure to the benefit of any such indemnified person's heirs, executors, personal representatives, and administrators.

ARTICLE VII  
CORPORATE SEAL

7.01 The Corporation shall have no corporate seal.

ARTICLE VIII  
CORPORATE PERIOD

8.01 The corporate period shall be perpetual unless the Corporation is sooner dissolved or terminated as otherwise provided by law.

ARTICLE IX  
BYLAWS

9.01 The Board of Directors of the Corporation may adopt Bylaws not inconsistent with these Articles.

ARTICLE X  
ACTIVITIES/POWERS

10.01 No part of the net earnings of the Corporation shall inure to the benefit of or be distributed to, its members, directors, officers, or other private person, except that the Corporation shall be authorized and have power to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof. No substantial part of the activities of the Corporation shall be the carrying on or propaganda, or otherwise attempting to influence legislation, and -the Corporation shall not participate in or intervene in (including publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provisions of these Articles, the - Corporation shall not carry on any other activities not permitted to be carried on by:

(a) A corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law);

(b) A Corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue Law).

10.02 Except as otherwise provided herein, the Corporation shall have unlimited power to engage in and to do any lawful act concerning any and all lawful purposes for which the Corporation may be organized under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the 1999 Code of Iowa, as amended.

ARTICLE XI  
DISSOLUTION

11.01 Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all of the liabilities of the Corporation, distribute all remaining assets of the Corporation to an organization or organizations that qualify for tax exempt status under Section 501 (c) (3) of the Code (or the corresponding provisions of any future United States Internal Revenue law). Any such assets not so disposed of shall be disposed of by the Iowa District Court in and for [county] exclusively for such purposes or to such organization or organizations as said Court shall determine qualify for tax exempt status under Section 501 (c) (3) of the Code (or the corresponding provisions of any future United States Internal Revenue law).

ARTICLE XII  
INITIAL DIRECTORS

12.01 The initial Board of Directors shall be composed of one (1) member. The name and address of the person who is to serve as the initial Director is: [name and address].

ARTICLE XIII  
INCORPORATORS

13.01 The name and address of the sole incorporator is [name and address]

Dated at [location], Iowa, this \_\_\_\_ day of \_\_\_\_\_, 2000



SCC819  
(05/02)

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

ARTICLES OF INCORPORATION  
VIRGINIA NONSTOCK CORPORATION

The undersigned, pursuant to Chapter 10 of Title 13.1 of the Code of Virginia, state(s) as follows:

1. The name of the corporation is:  
\_\_\_\_\_.

2. The corporation is to have no members.  **Mark this box, if applicable.**  
**OR**  
The corporation is to have the following class(es) of members:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

3. The directors of the corporation shall be elected or appointed as follows:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

4. A. The name of the corporation's initial registered agent is  
\_\_\_\_\_.

B. The initial registered agent is **(mark appropriate box)**:  
(1) an individual who is a resident of Virginia **and**  
 an initial director of the corporation.  
 a member of the Virginia State Bar.

**OR**  
(2)  a domestic or foreign stock or nonstock corporation, limited liability company, or registered limited liability partnership authorized to transact business in Virginia.

5. A. The corporation's initial registered office address, which is identical to the business office of the initial registered agent, is:  
\_\_\_\_\_, VA \_\_\_\_\_.  
(number/street) (city or town) (zip code)

B. The registered office is physically located in the  city **or**  county of \_\_\_\_\_.

6. The initial directors are:

NAME(S)	ADDRESS(ES)
_____	_____
_____	_____
_____	_____
_____	_____

7. INCORPORATOR(S):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**SIGNATURE(S)** **PRINTED NAME(S)**

See instructions on the reverse.

## NOTE

**When preparing articles of incorporation, the information must be in the English language, typewritten or printed in black, legible and reproducible.**

This form contains the minimum number of provisions required by Virginia law to be set forth in the articles of incorporation of a nonstock corporation. This form **may not** be submitted with an attachment. If additional provisions are desired, (e.g., to state the purpose(s) for which the corporation is organized), then the **complete** articles of incorporation, including the additional provisions, must be typewritten or printed on white, opaque paper 8 1/2" by 11" in size, using only one side of a page. A minimum of a 1" margin must be provided on the left, top and bottom margins of a page and 1/2" at the right margin.

For information concerning language which should be included in order to obtain tax-exempt status under the Internal Revenue Code, you are referred to Internal Revenue Service Publication 557, "Tax-Exempt Status for Your Organization."

You can download this form from our website at [www.state.va.us/scc/division/clk/index.htm](http://www.state.va.us/scc/division/clk/index.htm).

## INSTRUCTIONS

- 1. Name:** The name of the corporation may not contain any word or phrase which indicates or implies that it is organized for the purpose of conducting any business other than a business which it is authorized to conduct. See § 13.1-829 of the Code of Virginia.
- 2. Members:** If the corporation is to have no members, a statement to that effect must be included in the articles. If the corporation is to have one or more classes of members, set forth the designation of such class(es) and the qualifications and rights of the members of each class, including voting rights, or provide that such membership provisions will be set forth in the corporation's bylaws. See §§ 13.1-819 and 13.1-837 of the Code of Virginia.
- 3. Director selection:** The articles must include a statement of the manner by which directors shall be elected or appointed, and a designation of ex officio directors, if any. See §§ 13.1-819 and 13.1-855 of the Code of Virginia.
- 4. Registered agent:** A. Provide the name of the registered agent. The corporation may not serve as its own registered agent. See §§ 13.1-819 and 13.1-833 of the Code of Virginia.  
B. Check one of the boxes to indicate the qualification of the registered agent. The registered agent must be one of the options listed. No other person or entity may serve as the registered agent.
- 5. Registered office:** A. The location of the registered office must be identical to the business office of the registered agent. See § 13.1-833 of the Code of Virginia. The address of the registered office must include a street address. A rural route and box number may only be used if no street address is associated with the registered office's location. A post office box is only acceptable for towns / cities that have a population of 2,000 or less if no street address or rural route and box number is associated with the registered office's location.  
B. Provide the name of the county or independent city where the registered office is physically located. Counties and independent cities in Virginia are separate local jurisdictions. See §§ 13.1-819 and 13.1-833 of the Code of Virginia.
- 6. Directors:** If the registered agent's status in 4.B is that of initial director, then the names and addresses of the initial directors must be included in the articles of incorporation. A corporation can have directors immediately upon formation **only** if they are named in the articles of incorporation.
- 7. Incorporator(s):** One or more persons must sign the articles of incorporation in this capacity. See § 13.1-804 of the Code of Virginia.

***It is a Class 1 misdemeanor for any person to sign a document he knows is false in any material respect with intent that the document be delivered to the Commission for filing.***

**Submit the original, signed articles, to the Clerk of the State Corporation Commission, P. O. Box 1197, Richmond, Virginia 23218-1197, (Street address: 1300 E. Main Street, Tyler Building, 1<sup>st</sup> floor, Richmond, Virginia 23219), along with a check for the charter and filing fees for the total amount of \$75.00, payable to the State Corporation Commission. PLEASE DO NOT SEND CASH. If you have any questions, please call (804) 371-9733 or toll-free in Virginia, 1-866-722-2551.**

APPENDIX C

SAMPLE IRS APPLICATION FORMS FOR  
TAX-EXEMPT STATUS

REFERENCE PUBLICATION 557, TAX-EXEMPT STATUS  
FOR YOUR ORGANIZATION  
INTERNAL REVENUE SERVICE

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

*Note: If exempt status is approved, this application will be open for public inspection.*

Read the instructions for each Part carefully.

**A User Fee must be attached to this application.**

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

**Complete the Procedural Checklist on page 8 of the instructions.**

**Part I Identification of Applicant**

<b>1a</b> Full name of organization (as shown in organizing document)	<b>2</b> Employer identification number (EIN) (If none, see page 3 of the <b>Specific Instructions</b> .)  : : :
<b>1b</b> c/o Name (if applicable)	<b>3</b> Name and telephone number of person to be contacted if additional information is needed  (        )
<b>1c</b> Address (number and street)	Room/Suite
<b>1d</b> City, town, or post office, state, and ZIP + 4. If you have a foreign address, see <b>Specific Instructions</b> for Part I, page 3.	<b>4</b> Month the annual accounting period ends  <b>5</b> Date incorporated or formed
<b>1e</b> Web site address	<b>6</b> Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)
<b>7</b> Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach an explanation.	
<b>8</b> Is the organization required to file Form 990 (or Form 990-EZ)? . . . . . <input type="checkbox"/> N/A <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the <b>Specific Instructions</b> ).	
<b>9</b> Has the organization filed Federal income tax returns or exempt organization information returns? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.	

**10** Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

a  Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.

b  Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.

c  Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

**Please Sign Here** \_\_\_\_\_  
(Signature) (Type or print name and title or authority of signer) (Date)



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**Part II** Activities and Operational Information

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- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

- 
- 2 What are or will be the organization's sources of financial support? List in order of size.

- 
- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.
-

**Part II** Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.

b Annual compensation

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? . . . . .  Yes  No  
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See **Specific Instructions** for Part II, Line 4d, on page 3.) . . . . .  Yes  No  
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? . . . . .  Yes  No  
Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? . . . . .  Yes  No  
If either of these questions is answered "Yes," explain.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? . . . . .  Yes  No  
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? . . . . .  Yes  No  
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

**Part II** Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? . . . .  Yes  No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? . . . . .  Yes  No

b Is the organization a party to any leases? . . . . .  Yes  No

If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? . . . . .  Yes  No

If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? . . . . .  N/A  Yes  No

If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? . . . . .  N/A  Yes  No

If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? . . . . .  Yes  No

If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? . . . . .  Yes  No

If "Yes," explain fully.

**Part III** Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? . . . . .  Yes  No  
If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

**Exceptions**—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? . . . . .  Yes  No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? . . . . .  Yes  No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? . . .  Yes  No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here  and attach a completed page 1 of Form 1024 to this application.

**Part III** Technical Requirements (Continued)

- 7** Is the organization a private foundation?  
 **Yes** (Answer question 8.)  
 **No** (Answer question 9 and proceed as instructed.)

- 8** If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?  
 **Yes** (Complete Schedule E.)  
 **No**

After answering question 8 on this line, go to line 14 on page 7.

- 9** If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

**THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:**

- |          |  |  |
|----------|--|--|
| <b>a</b> | <input type="checkbox"/> As a church or a convention or association of churches<br>(CHURCHES MUST COMPLETE SCHEDULE A.)  | Sections 509(a)(1)<br>and 170(b)(1)(A)(i)                          |
| <b>b</b> | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.)   | Sections 509(a)(1)<br>and 170(b)(1)(A)(ii)                         |
| <b>c</b> | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.)                                      | Sections 509(a)(1)<br>and 170(b)(1)(A)(iii)                        |
| <b>d</b> | <input type="checkbox"/> As a governmental unit described in section 170(c)(1).  | Sections 509(a)(1)<br>and 170(b)(1)(A)(v)                          |
| <b>e</b> | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in <b>a</b> through <b>d</b> , <b>g</b> , <b>h</b> , or <b>i</b> (MUST COMPLETE SCHEDULE D.)   | Section 509(a)(3)  |
| <b>f</b> | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety.  | Section 509(a)(4)  |
| <b>g</b> | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit.  | Sections 509(a)(1)<br>and 170(b)(1)(A)(iv)                         |
| <b>h</b> | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.  | Sections 509(a)(1)<br>and 170(b)(1)(A)(vi)                         |
| <b>i</b> | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2)  |
| <b>j</b> | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of <b>h</b> or <b>i</b> . The organization would like the IRS to decide the proper classification.   | Sections 509(a)(1)<br>and 170(b)(1)(A)(vi)<br>or Section 509(a)(2) |

**If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.**

**Part III** Technical Requirements (Continued)

- 10** If you checked box **h, i, or j** in question 9, has the organization completed a tax year of at least 8 months?  
 **Yes**—Indicate whether you are requesting:  
 A definitive ruling. (Answer questions 11 through 14.)  
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)  
 **No**—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here  and:  
**a** Enter 2% of line 8, column (e), Total, of Part IV-A . . . . . \_\_\_\_\_  
**b** Attach a list showing the name and amount contributed by each person (other than a governmental unit or “publicly supported” organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line **12a** above.

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here  and:  
**a** For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each “disqualified person.” (For a definition of “disqualified person,” see **Specific Instructions**, Part II, Line 4d, on page 3.)  
**b** For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a “disqualified person”) whose payments to the organization were more than \$5,000. For this purpose, “payer” includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

<b>14</b> Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. <b>Do not submit blank schedules.</b> )	Yes	No	If “Yes,” complete Schedule:
Is the organization a church? . . . . .			A
Is the organization, or any part of it, a school? . . . . .			B
Is the organization, or any part of it, a hospital or medical research organization? . . . . .			C
Is the organization a section 509(a)(3) supporting organization? . . . . .			D
Is the organization a private operating foundation? . . . . .			E
Is the organization, or any part of it, a home for the aged or handicapped? . . . . .			F
Is the organization, or any part of it, a child care organization? . . . . .			G
Does the organization provide or administer any scholarship benefits, student aid, etc.? . . . .			H
Has the organization taken over, or will it take over, the facilities of a “for profit” institution? . . . .			I

**Part IV Financial Data**

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

**A. Statement of Revenue and Expenses**

		Current tax year	3 prior tax years or proposed budget for 2 years			
		(a) From ..... to	(b) .....	(c) .....	(d) .....	(e) TOTAL
<b>Revenue</b>	1	Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions) . . . . .				
	2	Membership fees received . . . . .				
	3	Gross investment income (see instructions for definition) . . . . .				
	4	Net income from organization's unrelated business activities not included on line 3 . . . . .				
	5	Tax revenues levied for and either paid to or spent on behalf of the organization . . . . .				
	6	Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge) . . . . .				
	7	Other income (not including gain or loss from sale of capital assets) (attach schedule) . . . . .				
	8	<b>Total</b> (add lines 1 through 7) . . . . .				
	9	Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22 . . . . .				
	10	<b>Total</b> (add lines 8 and 9) . . . . .				
	11	Gain or loss from sale of capital assets (attach schedule) . . . . .				
	12	Unusual grants . . . . .				
	13	<b>Total</b> revenue (add lines 10 through 12) . . . . .				
<b>Expenses</b>	14	Fundraising expenses . . . . .				
	15	Contributions, gifts, grants, and similar amounts paid (attach schedule) . . . . .				
	16	Disbursements to or for benefit of members (attach schedule) . . . . .				
	17	Compensation of officers, directors, and trustees (attach schedule) . . . . .				
	18	Other salaries and wages . . . . .				
	19	Interest . . . . .				
	20	Occupancy (rent, utilities, etc.) . . . . .				
	21	Depreciation and depletion . . . . .				
	22	Other (attach schedule) . . . . .				
	23	<b>Total</b> expenses (add lines 14 through 22) . . . . .				
	24	Excess of revenue over expenses (line 13 minus line 23) . . . . .				

**Part IV** Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date .....
<b>Assets</b>		
1	Cash . . . . .	1
2	Accounts receivable, net . . . . .	2
3	Inventories . . . . .	3
4	Bonds and notes receivable (attach schedule) . . . . .	4
5	Corporate stocks (attach schedule) . . . . .	5
6	Mortgage loans (attach schedule) . . . . .	6
7	Other investments (attach schedule) . . . . .	7
8	Depreciable and depletable assets (attach schedule) . . . . .	8
9	Land . . . . .	9
10	Other assets (attach schedule) . . . . .	10
11	<b>Total assets</b> (add lines 1 through 10) . . . . .	11
<b>Liabilities</b>		
12	Accounts payable . . . . .	12
13	Contributions, gifts, grants, etc., payable . . . . .	13
14	Mortgages and notes payable (attach schedule) . . . . .	14
15	Other liabilities (attach schedule) . . . . .	15
16	<b>Total liabilities</b> (add lines 12 through 15) . . . . .	16
<b>Fund Balances or Net Assets</b>		
17	Total fund balances or net assets . . . . .	17
18	<b>Total liabilities and fund balances or net assets</b> (add line 16 and line 17) . . . . .	18

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation . . . . .



**Consent Fixing Period of Limitation Upon  
Assessment of Tax Under Section 4940 of the  
Internal Revenue Code**

(Rev. September 1998)

Department of the Treasury  
Internal Revenue Service

(See instructions on reverse side.)

**To be used with  
Form 1023. Submit  
in duplicate.**

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

(Exact legal name of organization as shown in organizing document)	}	and the	District Director of Internal Revenue, or Assistant Commissioner (Employee Plans and Exempt Organizations)
(Number, street, city or town, state, and ZIP code)			

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year .....  
*(Month, day, and year)*

Name of organization (as shown in organizing document)	Date
Officer or trustee having authority to sign	Type or print name and title
Signature ►	

**For IRS use only**

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date
---	------

By ►

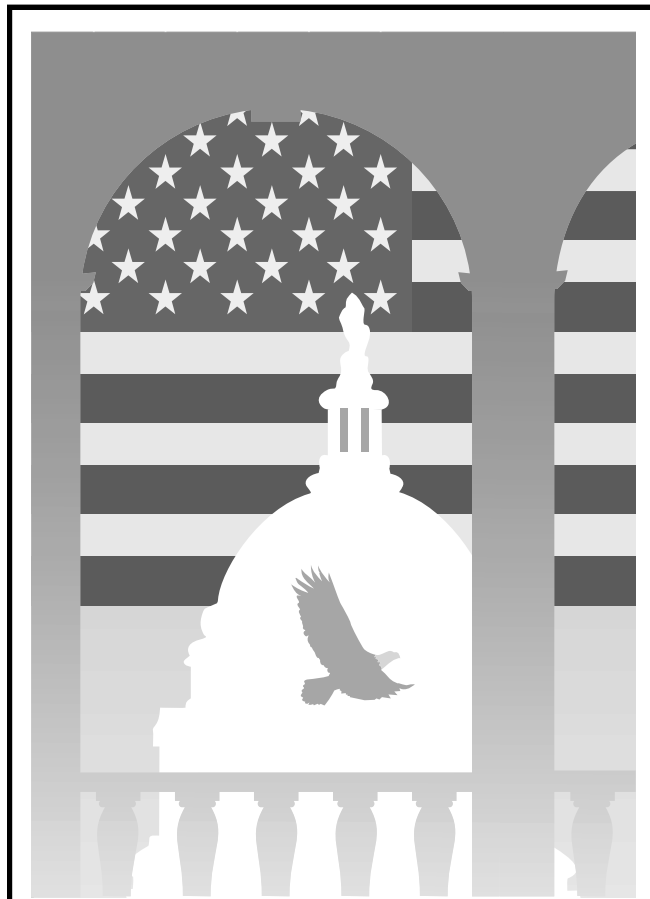


Department  
of the  
Treasury

Internal  
Revenue  
Service

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# Tax-Exempt Status for Your Organization



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## Contents

<b>Introduction</b> .....	2
<b>Chapter 1. Application, Approval, and Appeal Procedures</b> .....	2
Application Procedures .....	2
Forms Required .....	2
Required Inclusions .....	3
Miscellaneous Procedures .....	3
Rulings and Determination Letters ..	4
Effective Date of Exemption .....	4
Revocation or Modification of Exemption .....	4
Appeal Procedures .....	5
Appeals Office Consideration ....	5
Headquarters Consideration .....	5
Administrative Remedies .....	5
Appeal to Courts .....	5
Group Exemption Letter .....	6
Central Organization Application Procedure .....	6
Keeping the Group Exemption Letter in Force .....	7
Events Causing Loss of Group Exemption .....	7
<b>Chapter 2. Filing Requirements and Required Disclosures</b> .....	7
Annual Information Returns .....	8
Unrelated Business Income Tax Return .....	9
Employment Tax Returns .....	9
Political Organization Income Tax Return .....	9
Reporting Requirements for a Political Organization .....	10
Donee Information Return .....	11
Information Provided to Donors .....	11
Report of Cash Received .....	12
Public Inspection of Exemption Applications, Annual Returns, and Political Organization Reporting Forms .....	12
Required Disclosures .....	14
Solicitation of Nondeductible Contributions .....	14
Sales of Information or Services Available Free From Government .....	14
Dues Used for Lobbying or Political Activities .....	14
Miscellaneous Rules .....	14
<b>Chapter 3. Section 501(c)(3) Organizations</b> .....	15
Contributions .....	15
Application for Recognition of Exemption .....	15
Articles of Organization .....	17
Educational Organizations and Private Schools .....	20
Organizations Providing Insurance ..	22
Other Section 501(c)(3) Organizations .....	22
Private Foundations and Public Charities .....	24
Lobbying Expenditures .....	43
<b>Chapter 4. Other Section 501(c) Organizations</b> .....	45
501(c)(4) — Civic Leagues and Social Welfare Organizations ..	45
501(c)(5) — Labor, Agricultural, and Horticultural Organizations .....	46

501(c)(6) — Business Leagues, Etc. ....	46
501(c)(7) — Social and Recreation Clubs .....	47
501(c)(8) and 501(c)(10) — Fraternal Beneficiary Societies and Domestic Fraternal Societies .....	48
501(c)(4), 501(c)(9), and 501(c)(17) — Employees' Associations ....	48
501(c)(12) — Local Benevolent Life Insurance Associations, Mutual Irrigation and Telephone Companies, and Like Organizations .....	50
501(c)(13) — Cemetery Companies	51
501(c)(14) — Credit Unions and Other Mutual Financial Organizations .....	52
501(c)(19) — Veterans' Organizations .....	53
501(c)(20) — Group Legal Services Plan Organizations .....	53
501(c)(21) — Black Lung Benefit Trusts .....	53
501(c)(2) — Title-Holding Corporations for Single Parents	54
501(c)(25) — Title-Holding Corporations for Multiple Parents .....	54
501(c)(26) — State-Sponsored High-Risk Health Coverage Organizations .....	55
501(c)(27) — State-Sponsored Workers' Compensation Reinsurance Organizations .....	55
<b>Chapter 5. How To Get Tax Help .....</b>	<b>55</b>
<b>Organization Reference Chart .....</b>	<b>57</b>
<b>Index .....</b>	<b>59</b>

## Introduction

This publication discusses the rules and procedures for organizations that seek recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code (the Code). It explains the procedures you must follow to obtain an appropriate ruling or determination letter recognizing your organization's exemption, as well as certain other information that applies generally to all exempt organizations. To qualify for exemption under the Code, your organization must be organized for one or more of the purposes specifically designated in the Code. Organizations that are exempt under section 501(a) of the Code include those organizations described in section 501(c). Section 501(c) organizations are covered in this publication.

Chapter 1 provides general information about the procedures for obtaining recognition of tax-exempt status.

Chapter 2 contains information about annual filing requirements and other matters that may affect your organization's tax-exempt status.

Chapter 3 contains detailed information on various matters affecting section 501(c)(3) organizations, including a section on the determination of private foundation status.

Chapter 4 includes separate sections for specific types of organizations described in section 501(c).

**Organizations not discussed in this publication.** Certain organizations that may qualify for exemption are not discussed in this publication, although they are included in the *Organization Reference Chart* found on page 57 of this publication. These organizations (and the Code sections that apply to them) are as follows.

Corporations organized under Acts of Congress .....	501(c)(1)
Teachers' retirement fund associations .....	501(c)(11)
Mutual insurance companies .....	501(c)(15)
Corporations organized to finance crop operations .....	501(c)(16)
Employee funded pension trusts (created before June 25, 1959) .....	501(c)(18)
Withdrawal liability payment fund .....	501(c)(22)
Veterans' organizations (created before 1880) .....	501(c)(23)
Religious and apostolic associations ...	501(d)
Cooperative hospital service organizations .....	501(e)
Cooperative service organizations of operating educational organizations ....	501(f)

Section 501(c)(24) organizations (section 4049 ERISA trusts) are neither discussed in the text nor listed in the *Organization Reference Chart*.

Likewise, farmers' cooperative associations that qualify for exemption under section 521, qualified state tuition programs described in section 529, and pension, profit-sharing, and stock bonus plans described in section 401(a) are not discussed in this publication. If you think your organization falls within one of these categories, contact the Internal Revenue Service (IRS) for any additional information you need. For telephone assistance, call **1-877-829-5500**.

Check the *Table of Contents* at the beginning of this publication to determine whether your organization is described in this publication. If it is, read the chapter (or section) that applies to your type of organization for the specific information you must give when applying for recognition of exemption.

**Organization Reference Chart.** This chart, located on page 57, enables you to locate at a glance the section of the Code under which your organization might qualify for exemption. It also shows the required application form and, if your organization meets the exemption requirements, the annual return to be filed (if any), and whether or not a contribution to your organization will be deductible by a donor. It also describes each type of qualifying organization and the general nature of its activities.

You may use this chart to determine the Code section that you think applies to your organization. Any correspondence with the IRS (in requesting forms or otherwise) will be expedited if you indicate in your correspondence the appropriate Code section.

**Comments and suggestions.** We welcome your comments about this publication and your suggestions for future editions.

You can e-mail us while visiting our web site at [www.irs.gov/help/email2.html](http://www.irs.gov/help/email2.html).

You can write to us at the following address:

Internal Revenue Service  
 Technical Publications Branch  
 W:CAR:MP:FP:P  
 1111 Constitution Ave. NW  
 Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would

include your daytime phone number, including the area code, in your correspondence.

# 1. Application, Approval, and Appeal Procedures

## Introduction

If your organization is one of the organizations described in this publication and is seeking recognition of tax-exempt status from the IRS, you should follow the procedures described in this chapter and the instructions that accompany the appropriate application forms.

For information on section 501(c)(3) organizations, see chapter 3. If your organization is seeking exemption under one of the other paragraphs of section 501(c), see chapter 4.

## Topics

This chapter discusses:

- Application procedures that generally apply to all organizations discussed in this publication, including the application forms,
- Rulings and determination letters (approvals/disapprovals),
- Appeal procedures available if an adverse determination letter is proposed, and
- Group exemption letters.

## Application Procedures

Oral requests for recognition of exemption will not be considered by the IRS. Your application for tax-exempt status must be in writing using the appropriate forms as discussed below.

## Forms Required

Most organizations seeking recognition of exemption from federal income tax must use specific application forms prescribed by the IRS. Two forms currently required by the IRS are **Form 1023**, *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, and **Form 1024**, *Application for Recognition of Exemption Under Section 501(a)*. For information about how to obtain the latest revision, see chapter 5.

Forms 1023 and 1024 contain instructions and checklists to help you provide the information required to process your application. Incomplete applications will not be processed.

**Change in accounting period.** The procedures that an organization must follow to change its accounting period differ for an individual organization and for a central organization that seeks a group change for its subordinate organizations.

**Individual organizations** that wish to change annual accounting periods generally need only file an information return for the short period indicating that a change is being made. However, if the organization has changed its accounting period within the previous 10 years, it must file **Form 1128, Application to Adopt, Change, or Retain a Tax Year**. Form 1128 is attached to the short period return. See Revenue Procedure 85-58.

**Central organizations** may obtain approval for a group change in annual accounting period for their subordinate organizations on a group basis only by filing Form 1128 with the Ogden Service Center. The address is given on page 7 under *Information Required Annually*. For more information, see Revenue Procedure 76-10, as modified by Revenue Procedure 79-3 or later update.

**Form 1128** must be filed by the 15th day of the 5th month following the close of the short period.

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## 3.

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# Section 501(c)(3) Organizations

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## Introduction

An organization may qualify for exemption from federal income tax if it is organized and operated exclusively for one or more of the following purposes.

Charitable.

Religious.

Educational.

Scientific.

Literary.

Testing for public safety.

Fostering national or international amateur sports competition (but only if none of its activities involve providing athletic facilities or equipment; however, see *Amateur Athletic Organizations*, later in this chapter).

The prevention of cruelty to children or animals.

To qualify, the organization must be a corporation, community chest, fund, or foundation. A trust is a fund or foundation and will qualify. However, an individual or a partnership will not qualify.

**Examples.** Qualifying organizations include:

Nonprofit old-age homes,

Parent-teacher associations,

Charitable hospitals or other charitable organizations,

Alumni associations,

Schools,

Chapters of the Red Cross or Salvation Army,

Boys' or Girls' clubs, and

Churches.

**Child care organizations.** The term **educational purposes** includes providing for care of children away from their homes if substantially all the care provided is to enable individuals (the parents) to be gainfully employed and the services are available to the general public.

**Instrumentalities.** A state or municipal instrumentality may qualify under section 501(c)(3) if it is organized as a separate entity from the governmental unit that created it and if it otherwise meets the organizational and operational tests of section 501(c)(3). Examples of a qualifying instrumentality might include state schools, universities, or hospitals. However, if an organization is an integral part of the local government or possesses governmental powers, it does not qualify for exemption. A state or municipality itself does not qualify for exemption.

## Topics

This chapter discusses:

- Contributions to 501(c)(3) organizations
- Applications for recognition of exemption
- Educational organizations and certain other 501(c)(3) organizations
- Private foundations and public charities
- Lobbying expenditures

## Useful Items

You may want to see:

### Forms (and Instructions)

- 1023** Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
- 8718** User Fee for Exempt Organization Determination Letter Request

See chapter 5 for information about getting publications and forms.

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## Contributions

Contributions to domestic organizations described in this chapter, except organizations testing for public safety, are deductible as charitable contributions on the donor's federal income tax return.

**Fundraising events.** If the donor receives something of value in return for the contribution, a common occurrence with fundraising efforts, part or all of the contribution may not be deductible. This may apply to fundraising activities such as charity balls, bazaars, banquets, auctions, concerts, athletic events, and solicitations for membership or contributions when merchandise or benefits are given in return for payment of a specified minimum contribution.

If the donor receives or expects to receive goods or services in return for a contribution to your organization, the donor cannot deduct any part of the contribution unless the donor intends to, and does, make a payment greater than the fair market value of the goods or services. If a deduction is allowed, the donor can deduct only the part of the contribution, if any, that is more than the fair market value of the goods or services received. You should determine in advance the fair market value of any goods or services to be given to contributors and tell them, when you publicize the fundraising event or solicit their contributions, how much is deductible and how much is for the goods or services. See *Disclosure of Quid Pro Quo Contributions* in chapter 2.

**Exemption application not filed.** Donors may not deduct any charitable contribution to an organization that is required to apply for recognition of exemption but has not done so.

**Separate fund—contributions to which are deductible.** An organization that is exempt from federal income tax other than as an organization described in section 501(c)(3) may, if it desires, establish a fund, separate and apart from its other funds, exclusively for religious, charitable, scientific, literary, or educational purposes, fostering national or international amateur sports competition, or for the prevention of cruelty to children or animals.

If the fund is organized and operated exclusively for these purposes, it may qualify for exemption as an organization described in section 501(c)(3), and contributions made to it will be deductible as provided by section 170. A fund with these characteristics must be organized in such a manner as to prohibit the use of its funds upon dissolution, or otherwise, for the general purposes of the organization creating it.

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## Application for Recognition of Exemption

This discussion describes certain information to be provided upon application for recognition of exemption by all organizations created for any of the purposes described earlier in this chapter. For example, the application must include a conformed copy of the organization's articles of incorporation, as discussed under *Articles of Organization* later in this chapter. See the organization headings that follow for specific information your organization may need to provide.

**Form 1023.** Your organization must file its application for recognition of exemption on Form 1023. See chapter 1 and the instructions accompanying Form 1023 for the procedures to follow in applying. Some organizations are not required to file Form 1023. These are discussed later in this section.

Form 1023 and accompanying statements must show that all of the following are true.

- 1) The organization is organized exclusively for, and will be operated exclusively for, one or more of the purposes (charitable, religious, etc.) specified in the introduction to this chapter.

- 2) No part of the organization's net earnings will inure to the benefit of private shareholders or individuals. You must establish that your organization will not be organized or operated for the benefit of private interests, such as the creator or the creator's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests.
- 3) The organization will not, as a substantial part of its activities, attempt to influence legislation (unless it elects to come under the provisions allowing certain lobbying expenditures) or participate to any extent in a political campaign for or against any candidate for public office. See *Political activity*, next, and *Lobbying Expenditures*, near the end of this chapter.

**Political activity.** If any of the activities (whether or not substantial) of your organization consist of participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for public office, your organization will not qualify for tax-exempt status under section 501(c)(3). Such participation or intervention includes the publishing or distributing of statements.

Whether your organization is participating or intervening, directly or indirectly, in any political campaign on behalf of (or in opposition to) any candidate for public office depends upon all of the facts and circumstances of each case. Certain voter education activities or public forums conducted in a non-partisan manner may not be prohibited political activity under section 501(c)(3), while other so-called voter education activities may be prohibited.



If your organization is uncertain as to the effect of its voter education activities, you should request a letter ruling from the Internal Revenue Service. Send the request to:

Exempt Organizations  
Internal Revenue Service  
Commissioner, TE/GE  
Attention: T:EO:RA  
P.O. Box 27720, McPherson Station  
Washington, DC 20038

Requests may also be hand delivered between the hours of 8:15 a.m. and 5:00 p.m. to:

Courier's Desk  
Internal Revenue Service  
Attention: T:AS  
1111 Constitution Avenue, N.W.  
Washington, DC 20224

A receipt will be given at the courier's desk. The package should be marked: RULING REQUEST SUBMISSION.

**Effective date of exemption.** Most organizations described in this chapter that were organized after October 9, 1969, will not be treated as tax exempt unless they apply for recognition of exemption by filing Form 1023. These organizations will not be treated as tax exempt for any period before they file Form 1023, unless they file the form within 15 months from the end of the month in which they were organized. If the organization files

the application within this 15-month period, the organization's exemption will be recognized retroactively to the date it was organized. Otherwise, exemption will be recognized only for the period after the IRS receives the application. The date of receipt is the date of the U.S. postmark on the cover in which an exemption application is mailed or, if no postmark appears on the cover, the date the application is stamped as received by the IRS.

**Private delivery service.** If a private delivery service designated by the IRS, rather than the U.S. Postal Service, is used to deliver the application, the date of receipt is the date recorded or marked by the private delivery service. At the time this publication was printed, the following private delivery services had been designated by the IRS.

- Airborne Express (Airborne): Overnight Air Express Service, Next Afternoon Service, and Second Day Service.
- DHL Worldwide Express (DHL): DHL "Same Day" Service, and DHL USA Overnight.
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, and FedEx 2Day.
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2nd Day Air, and UPS 2nd Day Air A.M.

**Amendments to enabling instrument required.** If an organization is required to alter its activities or to make **substantive amendments** to its enabling instrument, the ruling or determination letter recognizing its exempt status will be effective as of the date the changes are made. If only a **nonsubstantive amendment** is made, exempt status will be effective as of the date it was organized, if the application was filed within the 15-month period, or the date the application was filed.

**Extensions of time for filing.** There are two ways organizations seeking exemption can receive an extension of time for filing Form 1023.

- 1) **Automatic 12-month extension.** Organizations will receive an automatic 12-month extension if they file an application for recognition of exemption with the IRS within 12 months of the original deadline. To get this extension, an organization must add the following statement at the top of its application: "Filed Pursuant to Section 301.9100-2."
- 2) **Discretionary extensions.** An organization that fails to file a Form 1023 within the extended 12-month period will be granted an extension to file if it submits evidence (including affidavits) to establish that:
  - a) It acted reasonably and in good faith, and
  - b) Granting a discretionary extension will not prejudice the interests of the government.

**How to show reasonable action and good faith.** An organization acted reasonably and showed good faith if at least one of the following is true.

- 1) The organization requests relief before its failure to file is discovered by the IRS.

- 2) The organization failed to file because of intervening events beyond its control.
- 3) The organization exercised reasonable diligence (taking into account the complexity of the return or issue and the organization's experience in these matters) but was not aware of the filing requirement.
- 4) The organization reasonably relied upon the written advice of the IRS.
- 5) The organization reasonably relied upon the advice of a qualified tax professional who failed to file or advise the organization to file Form 1023. An organization cannot rely on the advice of a tax professional if it knows or should know that he or she is not competent to render advice on filing exemption applications or is not aware of all the relevant facts.

**Not acting reasonably and in good faith.** An organization has not acted reasonably and in good faith under the following circumstances.

- 1) It seeks to change a return position for which an accuracy-related penalty has been or could be imposed at the time the relief is requested.
- 2) It was informed of the requirement to file and related tax consequences, but chose not to file.
- 3) It uses hindsight in requesting relief. The IRS will not ordinarily grant an extension if specific facts have changed since the due date that makes filing an application advantageous to an organization.

**Prejudicing the interest of the government.** Prejudice to the interest of the government results if granting an extension of time to file to an organization results in a lower total tax liability for the years to which the filing applies than would have been the case if the organization had filed on time. Before granting an extension, the IRS may require the organization requesting it to submit a statement from an independent auditor certifying that no prejudice will result if the extension is granted.

The interests of the Government are ordinarily prejudiced if the tax year in which the application should have been filed (or any tax year that would have been affected had the filing been timely) are closed by the statute of limitations before relief is granted. The IRS may condition a grant of relief on the organization providing the IRS with a statement from an independent auditor certifying that the interests of the Government are not prejudiced.

**Procedure for requesting extension.** To request a discretionary extension, an organization must submit (to the IRS address shown on Form 8718) the following.

- A statement showing the date Form 1023 was required to have been filed and the date it was actually filed.
- Any documents relevant to the application.
- An affidavit describing in detail the events that led to the failure to apply and to the discovery of that failure. If the organization relied on a tax professional's advice, the affidavit must describe the engagement and responsibilities of the profes-

sional and the extent to which the organization relied on him or her.

- This affidavit must be accompanied by a dated declaration, signed by an individual who has personal knowledge of the facts and circumstances, who is authorized to act for the organization, which states, "Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete."
- Detailed affidavits from individuals having knowledge or information about the events that led to the failure to make the application and to the discovery of that failure. This includes the organization's return preparer, and any accountant or attorney, knowledgeable in tax matters, who advised the taxpayer on the application. The affidavits must describe the engagement and responsibilities of the individual and the advice that he or she provided.
- These affidavits must include the name, current address, and taxpayer identification number of the individual, and be accompanied by a dated declaration, signed by the individual, which states: "Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete."
- The organization must state whether the returns for the tax year in which the application should have been filed or any tax years that would have been affected by the application had it been timely made is being examined by the IRS, an appeals office, or a federal court. The organization must notify the IRS office considering the request for relief if the IRS starts an examination of any such return while the organization's request for relief is pending.
- The organization, if requested, has to submit copies of its tax returns, and copies of the returns of other affected taxpayers.

A request for this relief is a request that must be submitted as a request for a letter ruling and be accompanied by the applicable user fee.

**More information.** For more information about these procedures, see sections 301.9100-1, 301.9100-2, and 301.9100-3 of the regulations.

**Notification from IRS.** Organizations filing Form 1023 and satisfying all requirements of section 501(c)(3) will be notified of their exempt status in writing.

## Organizations Not Required To File Form 1023

Some organizations are not required to file Form 1023.

These include:

- Churches, interchurch organizations of local units of a church, conventions or

associations of churches, or integrated auxiliaries of a church, such as a men's or women's organization, religious school, mission society, or youth group.

- Any organization (other than a private foundation) normally having annual gross receipts of not more than \$5,000 (see *Gross receipts test*, later).

These organizations are exempt automatically if they meet the requirements of section 501(c)(3).

### Filing Form 1023 to establish exemption.

If the organization wants to establish its exemption with the IRS and receive a ruling or determination letter recognizing its exempt status, it should file Form 1023. By establishing its exemption, potential contributors are assured by the IRS that contributions will be deductible. A subordinate organization (other than a private foundation) covered by a group exemption letter does not have to submit a Form 1023 for itself.

**Private foundations.** See *Private Foundations and Public Charities*, later, in this chapter, for more information about the additional notice required from an organization in order for it not to be presumed to be a private foundation and for the additional information required from a private foundation claiming to be an operating foundation.

**Gross receipts test.** For purposes of the gross receipts test, an organization normally does not have more than \$5,000 annually in gross receipts if:

- 1) During its first tax year the organization received gross receipts of \$7,500 or less,
- 2) During its first 2 years the organization had a total of \$12,000 or less in gross receipts, and
- 3) In the case of an organization that has been in existence for at least 3 years, the total gross receipts received by the organization during the immediately preceding 2 years, plus the current year, are \$15,000 or less.

An organization with gross receipts more than the amounts in the gross receipts test, unless otherwise exempt from filing Form 1023, must file a Form 1023 within 90 days after the end of the period in which the amounts are exceeded. For example, an organization's gross receipts for its first tax year were less than \$7,500, but at the end of its second tax year its gross receipts for the 2-year period were more than \$12,000. The organization must file Form 1023 within 90 days after the end of its second tax year.

If the organization had existed for at least 3 tax years and had met the gross receipts test for all prior tax years but fails to meet the requirement for the current tax year, its tax-exempt status for the prior years will not be lost even if Form 1023 is not filed within 90 days after the close of the current tax year. However, the organization will not be treated as a section 501(c)(3) organization for the period beginning with the current tax year and ending with the filing of Form 1023.

**Example.** An organization is organized and operated exclusively for charitable purposes and is not a private foundation. It was incorporated on January 1, 1996, and files returns on a calendar-year basis. It did not file a Form 1023. The organization's gross receipts during the years 1996 through 1999 were as follows:

1996 .....	\$3,600
1997 .....	2,900
1998 .....	400
1999 .....	12,600

The organization's total gross receipts for 1996, 1997, and 1998 were \$6,900. Therefore, it did not have to file Form 1023 and is exempt for those years. However, for 1997, 1998, and 1999 the total gross receipts were \$15,900. Therefore, the organization must file Form 1023 within 90 days after the end of its 1999 tax year. If it does not file within this time period, it will not be exempt under section 501(c)(3) for the period beginning with tax year 1999 and ending when the Form 1023 is received by the IRS. The organization, however, will not lose its exempt status for the tax years ending before January 1, 1999.

The IRS will consider applying the Commissioner's discretionary authority to extend the time for filing Form 1023. See the procedures for this extension discussed earlier.

## Articles of Organization

Your organization must include a conformed copy of its articles of organization with the application for recognition of exemption. This may be its trust instrument, corporate charter, articles of association, or any other written instrument by which it is created.

### Organizational Test

The articles of organization **must** limit the organization's purposes to one or more of those described at the beginning of this chapter and **must not** expressly empower it to engage, other than as an insubstantial part of its activities, in activities that do not further one or more of those purposes. These conditions for exemption are referred to as the **organizational test**.

Section 501(c)(3) is the provision of law that grants exemption to the organizations described in this chapter. Therefore, the organizational test may be met if the purposes stated in the articles of organization are limited in some way by reference to section 501(c)(3).

The requirement that your organization's purposes and powers must be limited by the articles of organization is **not satisfied** if the limit is contained only in the bylaws or other rules or regulations. Moreover, the organizational test is **not satisfied** by statements of your organization's officers that you intend to operate only for exempt purposes. Also, the test is not satisfied by the fact that your actual operations are for exempt purposes.

In interpreting an organization's articles, the law of the state where the organization was created is controlling. If an organization contends that the terms of its articles have a different meaning under state law than their generally accepted meaning, such meaning must be established by a clear and convincing reference to relevant court decisions, opinions of the state attorney general, or other appropriate state authorities.

The following are **examples** illustrating the organizational test.

**Example 1.** Articles of organization state that an organization is formed exclusively for literary and scientific purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. These articles appropriately

limit the organization's purposes. The organization meets the organizational test.

**Example 2.** An organization, by the terms of its articles, is formed to engage in research without any further description or limitation. The organization will not be properly limited as to its purposes since all research is not scientific. The organization does not meet the organizational test.

**Example 3.** An organization's articles state that its purpose is to receive contributions and pay them over to organizations that are described in section 501(c)(3) and exempt from taxation under section 501(a). The organization meets the organizational test.

**Example 4.** If a stated purpose in the articles is the conduct of a school of adult education and its manner of operation is described in detail, such a purpose will be satisfactorily limited.

**Example 5.** If the articles state the organization is formed for charitable purposes, without any further description, such language ordinarily will be sufficient since the term charitable has a generally accepted legal meaning. On the other hand, if the purposes are stated to be charitable, philanthropic, and benevolent, the organizational requirement will **not** be met since the terms philanthropic and benevolent have no generally accepted legal meaning and, therefore, the stated purposes may, under the laws of the state, permit activities that are broader than those intended by the exemption law.

**Example 6.** If the articles state an organization is formed to promote American ideals, or to foster the best interests of the people, or to further the common welfare and well-being of the community, without any limitation or provision restricting such purposes to accomplishment only in a charitable manner, the purposes will **not** be sufficiently limited. Such purposes are vague and may be accomplished other than in an exempt manner.

**Example 7.** A stated purpose to operate a hospital does not meet the organizational test since it is not necessarily charitable. A hospital may or may not be exempt depending on the manner in which it is operated.

**Example 8.** An organization that is expressly empowered by its articles to carry on social activities will **not** be sufficiently limited as to its power, even if its articles state that it is organized and will be operated exclusively for charitable purposes.

## Dedication and Distribution of Assets

Assets of an organization must be permanently **dedicated** to an exempt purpose. This means that should an organization dissolve, its assets must be **distributed** for an exempt purpose described in this chapter, or to the federal government or to a state or local government for a public purpose. If the assets could be distributed to members or private individuals or for any other purpose, the organizational test is not met.

**Dedication.** To establish that your organization's assets will be permanently dedicated to an exempt purpose, the articles of organization should contain a provision insuring their distribution for an exempt purpose

in the event of dissolution. Although reliance may be placed upon state law to establish permanent dedication of assets for exempt purposes, your organization's application probably can be processed much more rapidly if its articles of organization include a provision insuring permanent dedication of assets for exempt purposes.

**Distribution.** Revenue Procedure 82-2, 1982-1 C.B. 367, identifies the states and circumstances in which the IRS will not require an express provision for the distribution of assets upon dissolution in the articles of organization. The procedure also provides a sample of an acceptable dissolution provision for organizations required to have one.

If a **named beneficiary** is to be the distributee, it must be one that would qualify and would be exempt within the meaning of section 501(c)(3) at the time the dissolution takes place. Since the named beneficiary at the time of dissolution may not be qualified, may not be in existence, or may be unwilling or unable to accept the assets of the dissolving organization, a provision should be made for distribution of the assets for one or more of the purposes specified in this chapter in the event of any such contingency.

## Sample Articles of Organization

The following are examples of a charter (Draft A) and a declaration of trust (Draft B) that contain the required information as to purposes and powers of an organization and disposition of its assets upon dissolution. You should bear in mind that requirements for these instruments may vary under applicable state law.

See page 25 for the special provisions required in a private foundation's governing instrument in order for it to qualify for exemption.

### Draft A

**Articles of Incorporation** of the undersigned, a majority of whom are citizens of the United States, desiring to form a Non-Profit Corporation under the Non-Profit Corporation Law of \_\_\_\_\_, do hereby certify:

**First:** The name of the Corporation shall be \_\_\_\_\_.

**Second:** The place in this state where the principal office of the Corporation is to be located is the City of \_\_\_\_\_, \_\_\_\_\_ County.

**Third:** Said corporation is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

**Fourth:** The names and addresses of the persons who are the initial trustees of the corporation are as follows:

Name \_\_\_\_\_ Address \_\_\_\_\_

**Fifth:** No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or other-

wise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

If reference to federal law in articles of incorporation imposes a limitation that is invalid in your state, you may wish to substitute the following for the last sentence of the preceding paragraph: "Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation."

**Sixth:** Upon the dissolution of the corporation, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

In witness whereof, we have hereunto subscribed our names this \_\_\_ day of \_\_\_\_\_ 20\_\_.

### Draft B

The \_\_\_\_\_ Charitable Trust. Declaration of Trust made as of the \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, of \_\_\_\_\_, and \_\_\_\_\_, of \_\_\_\_\_, who hereby declare and agree that they have received this day from \_\_\_\_\_, as Donor, the sum of Ten Dollars (\$10) and that they will hold and manage the same, and any additions to it, in trust, as follows:

**First:** This trust shall be called "The \_\_\_\_\_ Charitable Trust."

**Second:** The trustees may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Declaration of Trust; but no gift, bequest or devise of any such property shall be received and accepted if it is conditioned or limited in such manner as to require the disposition of the income or its principal to any person or organization other than a "charitable organization" or for other than "charitable purposes" within the meaning of such terms as defined in Article Third of this Declaration of Trust, or as shall in the opinion of the trustees, jeopardize the federal income tax exemption of this trust pursuant to section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

**Third:** A. The principal and income of all property received and accepted by the trustees to be administered under this Declaration of Trust shall be held in trust by them, and the trustees may make payments or distributions from income or principal, or both, to or for the use of such charitable organizations, within the meaning of that term as defined in paragraph C, in such amounts and for such charitable purposes of the trust as the trustees shall from time to time select and determine; and the trustees may make payments or distributions from income or principal, or both, directly for such charitable purposes, within the meaning of that term as defined in paragraph D, in such amounts as the trustees shall from time to time select and determine without making use of any other charitable organization. The trustees may also make payments or distributions of all or any part of the income or principal to states, territories, or possessions of the United States, any political subdivision of any of the foregoing, or to the United States or the District of Columbia but only for charitable purposes within the meaning of that term as defined in paragraph D. Income or principal derived from contributions by corporations shall be distributed by the trustees for use solely within the United States or its possessions. No part of the net earnings of this trust shall inure or be payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of this trust shall be the carrying on of propaganda, or otherwise attempting, to influence legislation. No part of the activities of this trust shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

B. The trust shall continue forever unless the trustees terminate it and distribute all of the principal and income, which action may be taken by the trustees in their discretion at any time. On such termination, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. The donor authorizes and empowers the trustees to form and organize a nonprofit corporation limited to the uses and purposes provided for in this Declaration of Trust, such corporation to be organized under the laws of any state or under the laws of the United States as may be determined by the trustees; such corporation when organized to have power to administer and control the affairs and property and to carry out the uses, objects, and purposes of this trust. Upon the creation and organization of such corporation, the trustees are authorized and empowered to convey, transfer, and deliver to such corporation all the property and assets to which this trust may be or become entitled. The charter, bylaws, and other provisions for the organization and management of such corporation and its affairs and property shall be such as the trustees shall determine, consistent with the provisions of this paragraph.

C. In this Declaration of Trust and in any amendments to it, references to "charitable organizations" or "charitable organization" mean corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, whether under the laws of the United States,

any state or territory, the District of Columbia, or any possession of the United States, organized and operated exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which do 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. It is intended that the organization described in this paragraph C shall be entitled to exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

D. In this Declaration of Trust and in any amendments to it, the term "charitable purposes" shall be limited to and shall include only religious, charitable, scientific, literary, or educational purposes within the meaning of those terms as used in section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, but only such purposes as also constitute public charitable purposes under the law of trusts of the State of \_\_\_\_\_.

**Fourth:** This Declaration of Trust may be amended at any time or times by written instrument or instruments signed and sealed by the trustees, and acknowledged by any of the trustees, provided that no amendment shall authorize the trustees to conduct the affairs of this trust in any manner or for any purpose contrary to the provisions of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. An amendment of the provisions of this Article Fourth (or any amendment to it) shall be valid only if and to the extent that such amendment further restricts the trustees' amending power. All instruments amending this Declaration of Trust shall be noted upon or kept attached to the executed original of this Declaration of Trust held by the trustees.

**Fifth:** Any trustee under this Declaration of Trust may, by written instrument, signed and acknowledged, resign his office. The number of trustees shall be at all times not less than two, and whenever for any reason the number is reduced to one, there shall be, and at any other time there may be, appointed one or more additional trustees. Appointments shall be made by the trustee or trustees for the time in office by written instruments signed and acknowledged. Any succeeding or additional trustee shall, upon his or her acceptance of the office by written instrument signed and acknowledged, have the same powers, rights and duties, and the same title to the trust estate jointly with the surviving or remaining trustee or trustees as if originally appointed.

None of the trustees shall be required to furnish any bond or surety. None of them shall be responsible or liable for the acts or omissions of any other of the trustees or of any predecessor or of a custodian, agent, depository or counsel selected with reasonable care.

The one or more trustees, whether original or successor, for the time being in office, shall have full authority to act even though one or more vacancies may exist. A trustee may, by appropriate written instrument, delegate all or any part of his or her powers to another or others of the trustees for such periods and

subject to such conditions as such delegating trustee may determine.

The trustees serving under this Declaration of Trust are authorized to pay to themselves amounts for reasonable expenses incurred and reasonable compensation for services rendered in the administration of this trust, but in no event shall any trustee who has made a contribution to this trust ever receive any compensation thereafter.

**Sixth:** In extension and not in limitation of the common law and statutory powers of trustees and other powers granted in this Declaration of Trust, the trustees shall have the following discretionary powers.

a) To invest and reinvest the principal and income of the trust in such property, real, personal, or mixed, and in such manner as they shall deem proper, and from time to time to change investments as they shall deem advisable; to invest in or retain any stocks, shares, bonds, notes, obligations, or personal or real property (including without limitation any interests in or obligations of any corporation, association, business trust, investment trust, common trust fund, or investment company) although some or all of the property so acquired or retained is of a kind or size which but for this express authority would not be considered proper and although all of the trust funds are invested in the securities of one company. No principal or income, however, shall be loaned, directly or indirectly, to any trustee or to anyone else, corporate or otherwise, who has at any time made a contribution to this trust, nor to anyone except on the basis of an adequate interest charge and with adequate security.

b) To sell, lease, or exchange any personal, mixed, or real property, at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to the trust property, as they consider advisable, whether or not such leases or contracts may extend beyond the duration of the trust.

c) To borrow money for such periods, at such rates of interest, and upon such terms as the trustees consider advisable, and as security for such loans to mortgage or pledge any real or personal property with or without power of sale; to acquire or hold any real or personal property, subject to any mortgage or pledge on or of property acquired or held by this trust.

d) To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, promissory notes, releases, and other instruments, sealed or unsealed, incident to any transaction in which they engage.

e) To vote, to give proxies, to participate in the reorganization, merger or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, depository, voting trustees, or otherwise, and in this connection to delegate authority to such committee, depository, or trustees and to deposit securities with them or transfer securities to them; to pay assessments levied on securities or to exercise subscription rights in respect of securities.

f) To employ a bank or trust company as custodian of any funds or securities and to delegate to it such powers as they deem appropriate; to hold trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the trust property is at all times identified as such



on the books of the trust; to keep any or all of the trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, investment agents, and any special services, and to pay the reasonable compensation and expenses of all such services in addition to the compensation of the trustees.

**Seventh:** The trustees' powers are exercisable solely in the fiduciary capacity consistent with and in furtherance of the charitable purposes of this trust as specified in Article Third and not otherwise.

**Eighth:** In this Declaration of Trust and in any amendment to it, references to "trustees" mean the one or more trustees, whether original or successor, for the time being in office.

**Ninth:** Any person may rely on a copy, certified by a notary public, of the executed original of this Declaration of Trust held by the trustees, and of any of the notations on it and writings attached to it, as fully as he might rely on the original documents themselves. Any such person may rely fully on any statements of fact certified by anyone who appears from such original documents or from such certified copy to be a trustee under this Declaration of Trust. No one dealing with the trustees need inquire concerning the validity of anything the trustees purport to do. No one dealing with the trustees need see to the application of anything paid or transferred to or upon the order of the trustees of the trust.

**Tenth:** This Declaration of Trust is to be governed in all respects by the laws of the State of \_\_\_\_\_.

Trustee \_\_\_\_\_  
Trustee \_\_\_\_\_

## Educational Organizations and Private Schools

If your organization wants to obtain recognition of exemption as an educational organization, you must submit complete information as to how your organization carries on or plans to carry on its educational activities, such as by conducting a school, by panels, discussions, lectures, forums, radio and television programs, or through various cultural media such as museums, symphony orchestras, or art exhibits. In each instance, you must explain by whom and where these activities are or will be conducted and the amount of admission fees, if any. You must submit a copy of the pertinent contracts, agreements, publications, programs, etc.

If you are organized to conduct a school, you must submit full information regarding your tuition charges, number of faculty members, number of full-time and part-time students enrolled, courses of study and degrees conferred, together with a copy of your school catalog. See also *Private Schools*, discussed later.

## Educational Organizations

The term **educational** relates to:

- 1) The instruction or training of individuals for the purpose of improving or developing their capabilities, or

- 2) The instruction of the public on subjects useful to individuals and beneficial to the community.

**Advocacy of a position.** Advocacy of a particular position or viewpoint may be educational if there is a sufficiently full and fair exposition of pertinent facts to permit an individual or the public to form an independent opinion or conclusion. The mere presentation of unsupported opinion is not educational.

**Method not educational.** The method used by an organization to develop and present its views is a factor in determining if an organization qualifies as educational within the meaning of section 501(c)(3). The following factors may indicate that the method is not educational.

- 1) The presentation of viewpoints unsupported by facts is a significant part of the organization's communications.
- 2) The facts that purport to support the viewpoint are distorted.
- 3) The organization's presentations make substantial use of inflammatory and disparaging terms and express conclusions more on the basis of emotion than of objective evaluations.
- 4) The approach used is not aimed at developing an understanding on the part of the audience because it does not consider their background or training.

Exceptional circumstances, however, may exist where an organization's advocacy may be educational even if one or more of the factors listed above are present.

**Qualifying organizations.** The following types of organizations may qualify as educational:

- 1) An organization, such as a primary or secondary school, a college, or a professional or trade school, that has a regularly scheduled curriculum, a regular faculty, and a regularly enrolled student body in attendance at a place where the educational activities are regularly carried on,
- 2) An organization whose activities consist of conducting public discussion groups, forums, panels, lectures, or other similar programs,
- 3) An organization that presents a course of instruction by correspondence or through the use of television or radio,
- 4) A museum, zoo, planetarium, symphony orchestra, or other similar organization, and
- 5) A nonprofit children's day-care center.

**College book stores, cafeterias, restaurants, etc.** These and other on-campus organizations should submit information to show that they are controlled by and operate for the convenience of the faculty and student body or by whom they are controlled and whom they serve.

**Alumni association.** An alumni association should establish that it is organized to promote the welfare of the university with which it is affiliated, is subject to the control of the university as to its policies and destination of funds, and is operated as an integral part of the university or is otherwise organized

to promote the welfare of the college or university. If your association does not have these characteristics, it may still be exempt as a social club if it meets the requirements described in chapter 4, under 501(c)(7) — *Social and Recreation Clubs*.

**Athletic organization.** This type of organization must submit evidence that it is engaged in activities such as directing and controlling interscholastic athletic competitions, conducting tournaments, and prescribing eligibility rules for contestants. If it is not so engaged, your organization may be exempt as a social club described in chapter 4. Raising funds to be used for travel and other activities to interview and persuade prospective students with outstanding athletic ability to attend a particular university does not show an exempt purpose. If your organization is not exempt as an educational organization, see *Amateur Athletic Organizations*, later in this chapter.

## Private Schools

Every private school filing an application for recognition of tax-exempt status must supply the IRS (on Schedule B, Form 1023) with the following information.

- 1) The racial composition of the student body, and of the faculty and administrative staff, as of the current academic year. (This information also must be projected, so far as may be feasible, for the next academic year.)
- 2) The amount of scholarship and loan funds, if any, awarded to students enrolled and the racial composition of students who have received the awards.
- 3) A list of the school's incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.
- 4) A statement indicating whether any of the organizations described in item (3) above have an objective of maintaining segregated public or private school education at the time the application is filed and, if so, whether any of the individuals described in item (3) are officers or active members of those organizations at the time the application is filed.
- 5) The public school district and county in which the school is located.

**How to determine racial composition.** The racial composition of the student body, faculty, and administrative staff may be an estimate based on the best information readily available to the school, without requiring student applicants, students, faculty, or administrative staff to submit to the school information that the school otherwise does not require. Nevertheless, a statement of the method by which the racial composition was determined must be supplied. The identity of individual students or members of the faculty and administrative staff should not be included with this information.

A school that is a state or municipal instrumentality (see *Instrumentalities*, near the beginning of this chapter), whether or not it qualifies for exemption under section 501(c)(3), is not considered to be a private school for purposes of the following discussion.

## Racially Nondiscriminatory Policy

To qualify as an organization exempt from federal income tax, a private school must include a statement in its charter, bylaws, or other governing instrument, or in a resolution of its governing body, that it has a racially nondiscriminatory policy as to students and that it does not discriminate against applicants and students on the basis of race, color, or national or ethnic origin. Also, the school must circulate information that clearly states the school's admission policies. A racially nondiscriminatory policy toward students means that the school admits the students of any race to all the rights, privileges, programs, and activities generally accorded or made available to students at that school and that the school does not discriminate on the basis of race in administering its educational policies, admission policies, scholarship and loan programs, and athletic and other school-administered programs.

The IRS considers discrimination on the basis of race to include discrimination on the basis of color or national or ethnic origin.

The existence of a racially discriminatory policy with respect to the **employment of faculty and administrative staff** is indicative of a racially discriminatory policy as to students. Conversely, the absence of racial discrimination in the employment of faculty and administrative staff is indicative of a racially nondiscriminatory policy as to students.

A policy of a school that favors **racial minority groups** with respect to admissions, facilities and programs, and financial assistance is not discrimination on the basis of race when the purpose and effect of this policy is to promote establishing and maintaining the school's nondiscriminatory policy.

A school that selects students on the basis of **membership in a religious denomination or unit** is not discriminating if membership in the denomination or unit is open to all on a racially nondiscriminatory basis.

**Policy statement.** The school must include a statement of its racially nondiscriminatory policy in all its brochures and catalogs dealing with student admissions, programs, and scholarships. Also, the school must include a reference to its racially nondiscriminatory policy in other written advertising that it uses to inform prospective students of its programs.

**Publicity requirement.** The school must make its racially nondiscriminatory policy known to all segments of the general community served by the school. Selective communication of a racially nondiscriminatory policy that a school provides solely to leaders of racial groups will not be considered an effective means of communication to make the policy known to all segments of the community. To satisfy this requirement, the school must use one of the following two methods.

**Method one.** The school may publish a notice of its racially nondiscriminatory policy in a **newspaper** of general circulation that serves all racial segments of the community. Such publication must be repeated at least once annually during the period of the school's solicitation for students or, in the absence of a solicitation program, during the school's registration period. When more than one community is served by a school, the school may publish the notice in those news-

papers that are reasonably likely to be read by all racial segments in the communities that the school serves.

If this method is used, the notice must meet the following printing requirements.

- 1) It must appear in a section of the newspaper likely to be read by prospective students and their families.
- 2) It must occupy at least 3 column inches.
- 3) It must have its title printed in at least 12 point bold face type.
- 4) It must have the remaining text printed in at least 8 point type.

The following is an acceptable example of the notice:

### NOTICE OF NONDISCRIMINATORY POLICY AS TO STUDENTS

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

**Method two.** The school may use the **broadcast media** to publicize its racially nondiscriminatory policy if this use makes the policy known to all segments of the general community the school serves. If the school uses this method, it must provide documentation showing that the means by which this policy was communicated to all segments of the general community was reasonably expected to be effective. In this case, appropriate documentation would include copies of the tapes or scripts used and records showing that there was an adequate number of announcements. The documentation also would include proof that these announcements were made during hours when they were likely to be communicated to all segments of the general community, that they were long enough to convey the message clearly, and that they were broadcast on radio or television stations likely to be listened to by substantial numbers of members of all racial segments of the general community. Announcements must be made during the period of the school's solicitation for students or, in the absence of a solicitation program, during the school's registration period.

**Exceptions.** The publicity requirements will not apply in the following situations.

**First,** if for the preceding 3 years the enrollment of a parochial or other church-related school consists of students at least 75% of whom are members of the sponsoring religious denomination or unit, the school may make known its racially nondiscriminatory policy in whatever newspapers or circulars the religious denomination or unit uses in the communities from which the students are drawn. These newspapers and circulars may be distributed by a particular religious denomination or unit or by an association that represents a number of religious organizations of the same denomination. If, however, the school advertises in newspapers of general circulation in the community or communities from which its students are drawn and the second exception (discussed next) does not apply to the school, then it must comply with either of the publicity requirements explained earlier.

**Second,** if a school customarily draws a substantial percentage of its students nationwide, worldwide, from a large geographic section or sections of the United States, or from local communities, and if the school follows a racially nondiscriminatory policy as to its students, the school may satisfy the publicity requirement by complying with the instructions explained, earlier, under **Policy statement**.

The school may demonstrate that it follows a racially nondiscriminatory policy either by showing that it currently enrolls students of racial minority groups in meaningful numbers or, except for local community schools, when minority students are not enrolled in meaningful numbers, that its promotional activities and recruiting efforts in each geographic area were reasonably designed to inform students of all racial segments in the general communities within the area of the availability of the school. The question as to whether a school demonstrates such a policy satisfactorily will be determined on the basis of the facts and circumstances of each case.

The IRS recognizes that the failure by a school drawing its students from local communities to enroll racial minority group students may not necessarily indicate the absence of a racially nondiscriminatory policy when there are relatively few or no such students in these communities. Actual enrollment is, however, a meaningful indication of a racially nondiscriminatory policy in a community in which a public school or schools became subject to a desegregation order of a federal court or are otherwise expressly obligated to implement a desegregation plan under the terms of any written contract or other commitment to which any federal agency was a party.

The IRS encourages schools to satisfy the publicity requirement by using either of the methods described earlier, even though a school considers itself to be within one of the **Exceptions**. The IRS believes that these publicity requirements are the most effective methods to make known a school's racially nondiscriminatory policy. In this regard, it is each school's responsibility to determine whether either of the exceptions apply. Such responsibility will prepare the school, if it is audited by the IRS, to demonstrate that the failure to publish its racially nondiscriminatory policy in accordance with either one of the publicity requirements was justified by one of the exceptions. Also, a school must be prepared to demonstrate that it has publicly disavowed or repudiated any statements purported to have been made on its behalf (after November 6, 1975) that are contrary to its publicity of a racially nondiscriminatory policy as to students, to the extent that the school or its principal official was aware of these statements.

**Facilities and programs.** A school must be able to show that all of its programs and facilities are operated in a racially nondiscriminatory manner.

**Scholarship and loan programs.** As a general rule, all scholarship or other comparable benefits obtainable at the school must be offered on a racially nondiscriminatory basis. This must be known throughout the general community being served by the school and should be referred to in its publicity. Financial assistance programs, as well as scholarships and loans made under financial assistance programs, that favor members

of one or more racial minority groups and that do not significantly detract from or are designed to promote a school's racially nondiscriminatory policy will not adversely affect the school's exempt status.

**Certification.** An individual authorized to take official action on behalf of a school that claims to be racially nondiscriminatory as to students must certify **annually**, under penalties of perjury, on Schedule A (Form 990) or **Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax**, whichever applies, that to the best of his or her knowledge and belief the school has satisfied all requirements that apply, as previously explained.

Failure to comply with the guidelines ordinarily will result in the proposed revocation of the exempt status of a school.



**Recordkeeping requirements.** With certain exceptions, given later, each exempt private school must maintain the following records for a minimum period of 3 years, beginning with the year after the year of compilation or acquisition.

- 1) Records indicating the racial composition of the student body, faculty, and administrative staff for each academic year.
- 2) Records sufficient to document that scholarship and other financial assistance is awarded on a racially nondiscriminatory basis.
- 3) Copies of all materials used by or on behalf of the school to solicit contributions.
- 4) Copies of all brochures, catalogs, and advertising dealing with student admissions, programs, and scholarships. (Schools advertising nationally or in a large geographic segment or segments of the United States need only maintain a record sufficient to indicate when and in what publications their advertisements were placed.)

The racial composition of the student body, faculty, and administrative staff may be determined in the same manner as that described at the beginning of this section. However, a school may not discontinue maintaining a system of records that reflects the racial composition of its students, faculty, and administrative staff used on November 6, 1975, unless it substitutes a different system that compiles substantially the same information, without advance approval of the IRS.

The IRS does not require that a school release any personally identifiable records or personal information except in accordance with the requirements of the Family Educational Rights and Privacy Act of 1974. Similarly, the IRS does not require a school to keep records prohibited under state or federal law.

**Exceptions.** The school does not have to independently maintain these records for IRS use if both of the following are true.

- 1) Substantially the same information has been included in a report or reports filed

with an agency or agencies of federal, state, or local governments, and this information is current within 1 year.

- 2) The school maintains copies of these reports from which this information is readily obtainable.

If these reports do not include all of the information required, as discussed earlier, records providing such remaining information must be maintained by the school for IRS use.

**Failure to maintain records.** Failure to maintain or to produce the required records and information, upon proper request, will create a presumption that the organization has failed to comply with these guidelines.

## Organizations Providing Insurance

An organization described in section 501(c)(3) or 501(c)(4) may be exempt from tax only if no substantial part of its activities consist of providing commercial-type insurance.

However, this rule does not apply to state-sponsored organizations described in sections 501(c)(26) or 501(c)(27), which are discussed in chapter 4, or to charitable risk pools, discussed next.

## Charitable Risk Pools

A charitable risk pool is treated as organized and operated exclusively for charitable purposes if it:

- 1) Is organized and operated only to pool insurable risks of its members (not including risks related to medical malpractice) and to provide information to its members about loss control and risk management,
- 2) Consists only of members that are section 501(c)(3) organizations exempt from tax under section 501(a),
- 3) Is organized under state law authorizing this type of risk pooling,
- 4) Is exempt from state income tax (or will be after qualifying as a section 501(c)(3) organization),
- 5) Has obtained at least \$1,000,000 in startup capital from nonmember charitable organizations,
- 6) Is controlled by a board of directors elected by its members, and
- 7) Is organized under documents requiring that:
  - a) Each member be a section 501(c)(3) organization exempt from tax under section 501(a),
  - b) Each member that receives a final determination that it no longer qualifies under section 501(c)(3) notify the pool immediately, and
  - c) Each insurance policy issued by the pool provide that it will not cover events occurring after a final determination described in (b).

## Other Section 501(c)(3) Organizations

In addition to the information required for all organizations, as described earlier, you should include any other information described in this section.

## Charitable Organizations

If your organization is applying for recognition of exemption as a charitable organization, it must show that it is organized and operated for purposes that are beneficial to the public interest. Some examples of this type of organization are those organized for:

- Relief of the poor, the distressed, or the underprivileged,
- Advancement of religion,
- Advancement of education or science,
- Erection or maintenance of public buildings, monuments, or works,
- Lessening the burdens of government,
- Lessening of neighborhood tensions,
- Elimination of prejudice and discrimination,
- Defense of human and civil rights secured by law, and
- Combating community deterioration and juvenile delinquency.

The rest of this section contains a description of the information to be provided by certain specific organizations. This information is in addition to the **required inclusions** described in chapter 1, and other statements requested on Form 1023. Each of the following organizations must submit the information described.

**Charitable organization supporting education.** Submit information showing how your organization supports education — for example, contributes to an existing educational institution, endows a professorial chair, contributes toward paying teachers' salaries, or contributes to an educational institution to enable it to carry on research.

**Scholarships.** If the organization awards or plans to award scholarships, complete Schedule H of Form 1023. Submit the following also.

- 1) Criteria used for selecting recipients, including the rules of eligibility.
- 2) How and by whom the recipients are or will be selected.
- 3) If awards are or will be made directly to individuals, whether information is required assuring that the student remains in school.
- 4) If awards are or will be made to recipients of a particular class, for example, children of employees of a particular employer—
  - a) Whether any preference is or will be accorded an applicant by reason of the parent's position, length of employment, or salary,

## Organization Reference Chart

Section of 1986 Code	Description of organization	General nature of activities	Application Form No.	Annual return required to be filed	Contributions allowable
501(c)(1)	Corporations Organized Under Act of Congress (including Federal Credit Unions)	Instrumentalities of the United States	No Form	None	Yes, if made for exclusively public purposes
501(c)(2)	Title-Holding Corporation For Exempt Organization	Holding title to property of an exempt organization	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations	Activities of nature implied by description of class of organization	1023	990 <sup>1</sup> or 990EZ <sup>8</sup> , or 990-PF	Yes, generally
501(c)(4)	Civic Leagues, Social Welfare Organizations, and Local Associations of Employees	Promotion of community welfare; charitable, educational or recreational	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No, generally <sup>2,3</sup>
501(c)(5)	Labor, Agricultural, and Horticultural Organizations	Educational or instructive, the purpose being to improve conditions of work, and to improve products and efficiency	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, Etc.	Improvement of business conditions of one or more lines of business	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(7)	Social and Recreation Clubs	Pleasure, recreation, social activities	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(8)	Fraternal Beneficiary Societies and Associations	Lodge providing for payment of life, sickness, accident, or other benefits to members	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(9)	Voluntary Employees' Beneficiary Associations	Providing for payment of life, sickness, accident, or other benefits to members	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(10)	Domestic Fraternal Societies and Associations	Lodge devoting its net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accident benefits to members	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes, if for certain Sec. 501(c)(3) purposes
501(c)(11)	Teachers' Retirement Fund Associations	Teachers' association for payment of retirement benefits	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, Etc.	Activities of a mutually beneficial nature similar to those implied by the description of class of organization	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(13)	Cemetery Companies	Burials and incidental activities	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes, generally
501(c)(14)	State-Chartered Credit Unions, Mutual Reserve Funds	Loans to members	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(15)	Mutual Insurance Companies or Associations	Providing insurance to members substantially at cost	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(16)	Cooperative Organizations to Finance Crop Operations	Financing crop operations in conjunction with activities of a marketing or purchasing association	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(17)	Supplemental Unemployment Benefit Trusts	Provides for payment of supplemental unemployment compensation benefits	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(18)	Employee-Funded Pension Trust (created before June 25, 1959)	Payment of benefits under a pension plan funded by employees	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No <sup>2</sup>
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces	Activities implied by nature of organization	1024	990 <sup>1</sup> or 990EZ <sup>8</sup>	No, generally <sup>7</sup>
501(c)(21)	Black Lung Benefit Trusts	Funded by coal mine operators to satisfy their liability for disability or death due to black lung diseases	No Form <sup>6</sup>	990-BL	No <sup>4</sup>

Organization Reference Chart (continued)

Section of 1986 Code	Description of organization	General nature of activities	Application Form No.	Annual return required to be filed	Contributions allowable
501(c)(22)	Withdrawal Liability Payment Fund	To provide funds to meet the liability of employers withdrawing from a multi-employer pension fund	No Form <sup>6</sup>	990 or 990EZ <sup>8</sup>	No <sup>5</sup>
501(c)(23)	Veterans Organization (created before 1880)	To provide insurance and other benefits to veterans	No Form <sup>6</sup>	990 or 990EZ <sup>8</sup>	No, generally <sup>7</sup>
501(c)(25)	Title-Holding Corporations or Trusts with Multiple Parents	Holding title and paying over income from property to 35 or fewer parents or beneficiaries	1024	990 or 990EZ	No
501(c)(26)	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals	Provides health care coverage to high-risk individuals	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No
501(c)(27)	State-Sponsored Workers' Compensation Reinsurance Organization	Reimburses members for losses under workers' compensation acts	No Form <sup>6</sup>	990 <sup>1</sup> or 990EZ <sup>8</sup>	No
501(d)	Religious and Apostolic Associations	Regular business activities. Communal religious community	No Form	1065 <sup>9</sup>	No <sup>2</sup>
501(e)	Cooperative Hospital Service Organizations	Performs cooperative services for hospitals	1023	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes
501(f)	Cooperative Service Organizations of Operating Educational Organizations	Performs collective investment services for educational organizations	1023	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes
501(k)	Child Care Organization	Provides care for children	1023	990 or 990EZ <sup>8</sup>	Yes
501(n)	Charitable Risk Pools	Pools certain insurance risks of 501(c)(3) organizations	1023	990 <sup>1</sup> or 990EZ <sup>8</sup>	Yes
521(a)	Farmers' Cooperative Associations	Cooperative marketing and purchasing for agricultural producers	1028	990-C	No
527	Political organizations	A party, committee, fund, association, etc., that directly or indirectly accepts contributions or makes expenditures for political campaigns	No Form	1120-POL <sup>10</sup> 990 or 990EZ <sup>8</sup>	No

<sup>1</sup> For exceptions to the filing requirement, see chapter 2 and the form instructions.

<sup>2</sup> An organization exempt under a subsection of Code sec. 501 other than 501(c)(3) may establish a charitable fund, contributions to which are deductible. Such a fund must itself meet the requirements of section 501(c)(3) and the related notice requirements of section 508(a).

<sup>3</sup> Contributions to volunteer fire companies and similar organizations are deductible, but only if made for exclusively public purposes.

<sup>4</sup> Deductible as a business expense to the extent allowed by Code section 192.

<sup>5</sup> Deductible as a business expense to the extent allowed by Code section 194A.

<sup>6</sup> Application is by letter to the address shown on Form 8718. A copy of the organizing document should be attached and the letter should be signed by an officer.

<sup>7</sup> Contributions to these organizations are deductible only if 90% or more of the organization's members are war veterans.

<sup>8</sup> For limits on the use of Form 990EZ, see chapter 2 and the general instructions for Form 990EZ (or Form 990).

<sup>9</sup> Although the organization files a partnership return, all distributions are deemed dividends. The members are not entitled to **pass-through** treatment of the organization's income or expenses.

<sup>10</sup> Form 1120-POL is required only if the organization had taxable income as defined in IRC 527(c). For tax years beginning after June 30, 2000, a political organization that has gross receipts of \$25,000 or more for the tax year must file Form 1120-POL, even if it has no taxable income.

APPENDIX D

GRANT APPLICATION FORMS FOR THE  
NATIONAL WATER SAFETY CONGRESS LWSC GRANT PROGRAM

WATER SAFETY COUNCIL MEMBERSHIP APPLICATION

## THE NATIONAL WATER SAFETY CONGRESS

### Instructions For Applying for a NWSC Local Water Safety Council Grant

1. Complete the application form (Page 1) including the project description (Pages 2-3).
2. Be sure to sign and date the application form at the bottom of Page 3.
3. Mail the completed application form to:  
National Water Safety Congress, Local Water Safety Council Grant Program  
C/O Steve Fairbanks, USACE  
5600 NW 78th Avenue  
Johnston, Iowa 50131

You may enclose additional supporting materials, such as photos, brochures, examples of previous projects or other items to assist the Liaison Committee in their evaluation of your application.

4. Applications for 2002 funding must be postmarked no later than February 28, 2002.
5. The Liaison Committee will determine which proposed projects shall be funded and in what amounts on or before April 1, 2002. You will be notified in writing as to whether your proposal has been accepted for funding. All decisions of the Committee will be final.
6. Approximately \$9,000 is available for local water safety council projects in 2002. The maximum individual grant amount is \$1,500. Grants of less than \$1,500 will be made where appropriate.
7. Funding is restricted to local water safety councils who are currently affiliated with and members of the National Water Safety Congress. Successful applicants will be expected to join the NWSC for a one-time membership fee of \$25. National groups and governments agencies are not eligible for funding.
8. All projects will be completed within one year of the date of formal notification by the Liaison Committee that the project has been accepted for funding, unless otherwise agreed to by the committee.
9. You may submit grant proposals for more than one project. Use a separate application form for each project proposal.
10. If you have questions or need assistance, contact the regional vice-president for your region, Toni Rushing (616) 864-6402 or Steve Fairbanks (515) 274-4656 X226.

# THE NATIONAL WATER SAFETY CONGRESS

## Grant Application Form

Name of Organization \_\_\_\_\_

Address \_\_\_\_\_

**Street/PO Box      City      State      Zip**

Telephone (\_\_\_\_) \_\_\_\_\_ Year Council was established \_\_\_\_\_

Number of Members \_\_\_\_\_ Date chartered with NWSC \_\_\_\_\_

Is your organization: Non-Profit 501(c)(3) \_\_\_\_\_ Incorporated? \_\_\_\_\_

Official representative authorized to sign for your organization:

Name and Title \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone Work \_\_\_\_\_ Home \_\_\_\_\_

E-mail: \_\_\_\_\_

List names and titles of the principal officers or directors of your Council

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

List any other grants your Council has received within the past three years:

\_\_\_\_\_

\_\_\_\_\_

Describe the general nature, extent, and location of your Council's activities (education, search & rescue training, water safety awareness, member organization affiliation, etc.)

\_\_\_\_\_



# THE NATIONAL WATER SAFETY CONGRESS

## Grant Application Form

PROJECT DESCRIPTION

\_\_\_\_\_  
Organization Name

Please provide a detailed description of your proposed project below. Describe the project in as much detail as you need to demonstrate that it merits consideration of financial assistance. Attach additional sheets as necessary.

**Please describe the project and what you hope to accomplish.**

**Who will benefit, and how many, when the desired results are achieved?**

**Provide a budget plan identifying all anticipated costs for the project and the amount of grant requested.**

**Are there any other sources of funding (Council funds, donations, etc.) to be applied to this project? If so, list the sources and amounts.**

# THE NATIONAL WATER SAFETY CONGRESS

## Grant Application Form

**Who will perform the tasks needed to complete this project (Council members, volunteers, paid staff, etc.)**

**How long will it take to complete the project? When do you plan to start?**

**Please specify a contact person for the project and give their address and phone.**

**Additional comments, information or data which you feel may be important to the Committee's decision-making process.**

---

**Signature of Authorized Representative**

---

**Date**



2002-2002  
Board of Directors

President, Steve Fairbanks  
Midwest Regional Water Safety Council  
5600 NW 78th Avenue  
Johnston, Iowa 50131  
515-276-4656, Ext. 226

Executive VP, Ron Riberich  
TVA, 400 West Summitt Hill Dr.  
Knoxville, TN 37923  
423-632-8872

Treasurer, Toni Rushing  
Laurel River Lake  
1433 Laurel Lake Road  
London, KY 40744-9739  
606-864-6412

Executive Secretary,  
Arlyn Hendricks  
Copan Lake Office  
Rt. 1 Box 260  
Copan, OK 74022  
918-532-4334

Past President, Lu Christie

Regional Vice Presidents

Region 1, Frank Trent  
U.S. Army Corps of Engineers  
20 Massachusetts Avenue NW  
Washington, D.C. 20314-1000  
202-761-8600

Region 2, Bill Gossard  
NTSB (SR-30)  
Washington, D.C. 20594  
202-314-6182

Region 3, Bill Gossard  
See above

Region 4, Keith Bryant  
Southern Company Services, Inc.  
600 North 18th Street  
Birmingham, AL 35291-8180  
205-257-1403

Region 5, Carl Garner  
105 Garner Lane  
Tumbling Shoals, AR 72581  
501-362-5100

Region 6, Kathy Meadows  
U.S. Army Corps of Engineers  
CEMVS-SO, 1222 Spruce Street  
St. Louis, MO 63103-2833  
314-263-4430

Region 7, Bill Hagdorn  
BLM, Lower Snake River District  
3948 Development Avenue  
Boise, ID 83705  
208-384-3459

Region 8, Paul Crawford  
NPS, Lake Mead Nat'l. Rec. Area  
601 Nevada Hwy.  
Boulder City, NV 89005  
702-293-8961

Board Members - At Large  
Ross Adkins                      Allan Bailey  
Emmett Forte                    Russ Minton  
Fred Messman                   Marvin Potts  
Joseph Morgan  
Bobby Pharr  
Ann Van Buren

Administrative Services  
National Water Safety Congress  
73 White Bridge Road  
Suite 103, Box #173  
Nashville, TN 37025

Email Address  
[NWSC@watersafetycongress.org](mailto:NWSC@watersafetycongress.org)

Website Address  
[www.watersafetycongress.org](http://www.watersafetycongress.org)

# The National Water Safety Congress

## WATER SAFETY COUNCIL MEMBERSHIP APPLICATION

**One of the criticisms voiced by local councils has been that there are no benefits being associated with the National Water Safety Congress. In 2002 the the Congress will award up to \$9,000 in grants to local water safety councils to use in their water safety programs and efforts. We are in the process of completely rewriting the Local Water Safety Council Charter Kit, which we will have available in the next 4-5 months. Your \$25.00 membership to the National Water Safety Congress has other benefits, including the opportunity to network with other councils, access to Congress materials and resources, and the nationally-recognized water safety awards program. Please consider chartering, or re-chartering, with the NWSC. We are only as strong as our members and your support is needed.**

**Steve Fairbanks, President  
National Water Safety Congress  
(515) 276-4656 X226**

-----  
-  
**Date of Application** \_\_\_\_\_

**Water Safety Council Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**City, State, Zip:** \_\_\_\_\_

**Contact Person(s):** \_\_\_\_\_

**Phone # for contact:** \_\_\_\_\_

**E-Mail address (if applicable)** \_\_\_\_\_

**One time membership dues are \$25.00. Please make your check/money order out to: NWSC and remit to:**

**National Water Safety Congress  
Water Safety Council Liaison Committee  
c/o Toni Rushing  
Laurel Lake, USACE  
1433 Laurel Lake Road  
London, KY 40744**

APPENDIX E

GRANT APPLICATION FORMS FOR THE

NATIONAL SAFE BOATING COUNCIL RBS GRANT PROGRAM



# National Safe Boating Council

"Celebrating 42 years of "Safer Boating Through Education"

November 7, 2001

Chairman of the Board  
**William D. Selden**  
U.S. Power Squadrons

Vice Chair  
**William S. Griswold**  
U.S. Coast Guard Auxiliary

Secretary  
**Ruth Ward**  
Boat U.S. Foundation

Treasurer  
**Ed Carter**  
Tennessee Wildlife Resources Agency

Immediate Past Chair  
**Larry Innis**  
Marine Retailers Assoc. of America

Members at Large  
**Veronica Floyd**  
Brunswick Foundation

**Jeff Yeager**  
American Canoe Association

**Joyce Shaw**  
United States Power Squadrons

U.S. Coast Guard  
**John M. Malatak**  
Office of Boating Safety

National Transportation Safety Board  
**William Gossard**  
Office of Safety Recommendations

Legal Counsel  
**Joan Bondareff**

Executive Director  
**Virgil Chambers**  
P.O. Box 1058  
Delaware, OH 43015  
Telephone: 740-666-3010  
NSBCdirect@safiboatingcouncil.org

Dear Grant Applicant:

## **The National Safe Boating Council (NSBC) is proud to announce its Local Recreational Boating Safety (RBS) Grant Program for 2002!**

Grants under this program are made possible through the Aquatic Resources (Wallop/Breaux) Trust Fund, administered by the U.S. Coast Guard. This Year, the NSBC will make available \$18, 250 for local RBS grants. Each project selected for funding will be eligible to receive a grant up to \$1,000.

We encourage a wide range of projects that creatively focus on improving boating safety at the local level and address local boater education needs and concerns. Among the applications we hope to receive are projects addressing issues such as adaptive boating, paddle sport safety, fishing, hunting, the needs of local flotillas, initiatives for children and youth groups and initiatives for instructor training. Applications are not limited to these topics and we will review and consider all applications that are submitted. Preference will be given to those projects that expand on the 2002 North American Safe Boating Campaign. The slogan for the campaign is "Boat Smart from the Start, Wear Your Lifejacket."

Enclosed please find the program guidelines and grant application. Applications should be postmarked no later than January 25, 2002 and mailed to my attention at the address shown below. Sorry, applications post-ed after the deadline won't be considered.

The NSBC looks forward to receiving your grant application. In addition, we welcome the opportunity to assist local groups in funding projects that demonstrate our mutual excitement and commitment to boating safety.

Sincerely,

Virgil H. Chambers  
Executive Director  
National Safe Boating Council, Inc.  
P.O. Box 1058  
Delaware, OH 43105

Enclosure  
VC:jr

# National Safe Boating Council, Inc.

## Local Recreational Boating Safety Grant Program

### Grant Program Guidelines

**Program Overview:** The purpose of the Local RBS Grant Program is to further the North American Safe Boating Campaign's efforts to reduce accidents and enhance the boating experience through public education, marketing, outreach, and the advancement and promotion of safer boating to selected groups. With funding from the Program local efforts that are addressing boating safety concerns will be identified and grants will be awarded to improve those efforts.

Such programs may include sponsorship of a hands-on boating program for a youth group, supplying money to purchase billboard posters and leverage additional free billboard space for a local flotilla or chapter, or sponsoring a local adaptive boating training session for instructors. Projects and programs that expand on the North American Safe Boating Campaign will be given preference.

**Program Goals:** The goal of the Local RBS Grant Program is to reduce boating safety accidents and enhance the boating experience by distributing grants for local recreational boating safety projects and programs. These programs should include, but not be limited to, the following:

- Improve the quality or quantity of essential safe boating services or materials;
- Provide funds to small local non-profit groups to build on and support the national campaign's effort to enhance safe boating; and
- Develop innovative ideas that can be replicated by groups in other areas to improve boating safety.
- Provide an opportunity to improve boating safety for specialized activities, including but not limited to paddlesports (including canoeing and kayaking), and sportsmen programs.
- Develop children's programs or adaptive boating for the disabled.

**Funding Cycles:** The National Safe Boating Council (NSBC) Board of Directors will appropriate funds for the Local RBS Grant Program each calendar year. There will be one funding cycle per calendar year. The Executive Director of the National Safe Boating Council must receive the completed applications by January 25. Grants will be awarded in March. After the Grant Committee has selected the applications to be funded, the recipients will be notified in writing. Please do not contact staff until after March 1, as this will slow down the review and selection process. Grant checks will be distributed following the execution of a letter of agreement with the recipients. Any eligible application not funded may be resubmitted for the next funding cycle.

**Program Criteria: All grant decisions are solely within the discretion of the Grant Committee and are not subject to appeal. The Local RBS Grant Program does not require that the recipient match grant funds, however the grant amount awarded must represent at least 50% of the project's budget. The Program offers grants up to \$1,000 for each boating safety project. The Grant Committee will have the discretion to award a grant amount lower than the requested amount. The project may not exceed one year in length. Methods must be identified and included in the application to measure expected results.**

**The NSBC will not provide grants to fund:**

- **Salaries, transportation, meals or lodging**
- **Start-up money for new organizations or businesses**
- **Membership drives for organizations**
- **Endowment programs**
- **Debt reduction**
- **General operating expenses**

## **Who May Apply**

**1. The Local RBS Grants will be offered to:**

- **Volunteer boating groups, clubs and associations**
- **Non-profit corporations or organizations**
- **Local organizations (including local chapters of national organizations)**
- **Noncommercial organizations**
- **Local governmental entities**

**2. The Local RBS Grants will not be provided for:**

- **Lobbying purposes**
- **Individuals**
- **Projects by private clubs or groups which are not for public benefit**
- **For-profit entities**

**Project Oversight: Grant recipients must keep accurate accounting records and comply with the reporting intervals specified in the letter of agreement. Excess funds must be returned to NSBC and will be included in program funding for subsequent years. All printed materials must be submitted to the Executive Director of the NSBC for approval prior to being printed. Camera-ready artwork of required Grant Program logos will be provided to grant recipients for display on all printed materials.**

## Grant Application Form

PART A: (Please type or print requested information, your application must be submitted on this form.)

Is your organization a nonprofit organization?

Yes

No

Non-profit ID# provided by IRS \_\_\_\_\_

Organization Name \_\_\_\_\_ Date \_\_\_\_\_

Mailing Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_ Fax (\_\_\_\_) \_\_\_\_\_

Contact Person \_\_\_\_\_ Title \_\_\_\_\_

Mailing Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Phone (\_\_\_\_) \_\_\_\_\_ Fax (\_\_\_\_) \_\_\_\_\_

Please specify a contact person and provide the name, address and daytime telephone number for project correspondence if different than above:

Requested Amount \$ \_\_\_\_\_ Total Project Cost \$ \_\_\_\_\_

PART B: Please attach the following the the Grant Application:

1. Project Narrative; Two-page limit. **Include:**
  - a. **Description of the project for which the funds are being requested;**
  - b. **How the funds will be used;**
  - c. **How your project will impact or benefit your region;**
  - d. **Who will manage the project;**
  - e. **If applicable, state whether other funding sources have been approved and, if so, the amount(s) of each;**
  - f. **Whether the funds requested from the NSBC will enable completion of the project;**
- (g). **Include any in-kind contributions to the project and its dollar value.**



1. Project Timetable; **Include estimated completion dates for each phase of the project.**

2. Detailed Project Budget. **Include:the following, if applicable:**

- a. **Funds from Local RBS Grant Program;**
- b. **State funds;**
- c. **Federal funds;**
- d. **Local Municipal funds;**
- e. **Matching funds'**

**(f) Any funds requested from other funding sources.**

1. IRS certificate(s) or other certificate(s): **Copy of the most recent certificate(s) proving nonprofit status.**

2. Board of Directors, Officers or Principals: **Provide a list of the requesting organization's Board of Directors, Officers or Principals (names, addresses and phone number(s)).**

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<b>Typed Name of Authorized Representative</b>	<b>Title</b>	<b>Telephone</b>
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<b>Signature of Authorized Representative</b>	<b>Date Signed</b>
---	--------------------

**Send applications to:  
P.O. Box 1058  
Delaware, OH 43015  
or Fax it to:  
(740) 666-3010**