



**IRS Form 1023EZ:
A Guide to the Streamlined
Application for Tax Exempt Status**

Presented by the Lawyers for the Arts Interest Group

**Featuring
Mary Newman, Esq.
&
Ritu Singh, Esq.,
*Dinsmore & Shohl LLP***

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Internal Revenue Service (IRS) Form 1023-EZ: A Guide to the Streamlined Application for Tax Exempt Status

*Mary Newman, Esq. and Ritu Singh,
Esq., Dinsmore & Shohl LLP*

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Where: Cincinnati Bar Center

1 Hour CLE Credit



Tax Exemption

- Organizations are able to apply for recognition of federal income tax exemption under Section 501(c)(3) of the Internal Revenue Code
- Certain organizations may be considered tax exempt even if not filing an application
 - Churches, including synagogues, temples, and mosques
 - Integrated auxiliaries, conventions, or associations of churches
 - Gross receipts in a tax year of normally not more than \$5,000



Streamlined Recognition

- Form 1023: Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code
- Form 1023-EZ: Streamlined Application for Eligible Participants
- 1023-EZ Eligibility Worksheet – answering “Yes” to any question disqualifies a user from being able to apply via the Form 1023-EZ
 - The user may still apply through Form 1023



Streamlined Recognition

- Form 1023-EZ: To be filed electronically
 - www.irs.gov/form1023; or
 - www.pay.gov (enter term “Form 1023” in search box)
 - A reduced user fee/application processing charge of \$275 for Form 1023-EZ payable here
 - A \$400 fee still applies for Form 1023
- Printed copy applications are not accepted
- Do not include social security number information on the application or any associated correspondence
 - If approved for exempt status, the organization and the IRS must make the application and related documents available for public inspection.



Streamlined Recognition

- When to file
 - The legal date of formation is the effective exempt status date if the Form 1023 EZ is filed within 27 months after the end of the month of legal formation; or
 - If the Form 1023 EZ is filed after 27 months of formation,
 - The effective date of formation is the date of filing (as the submission date) of the Form 1023 EZ; or
 - A user may request an earlier effective date if they believe they should qualify for one through a mail correspondence to the Exempt Organizations Determinations department of the IRS.
 - The correspondence should include the user name, employer identification number (EIN), effective date being requested, an explanation of why the earlier date is warranted, and any supporting document. The correspondence should be sent after receipt of the Determination Letter. Alternatively, a user may send Form 1023 rather than Form 1023-EZ.



Streamlined Recognition

- Annual Filing Requirements
 - An exempt organization still generally is required to file an annual tax return, though an organization (other than a private foundation) that normally has gross receipts of less than \$50,000 may alternatively submit a Form 990-N e-Postcard.
 - The annual return/e-Postcard must be submitted even if an organization's application for recognition of exemption has not yet been filed or is pending. If the Form 1023-EZ is pending, the organization should complete (1) the return and send it to the address indicated on the instructions or (2) the e-Postcard, contacting the IRS at 1-877-829-5500 to ask for an account to be established so that the organization may file the notice.
 - Exceptions to the Form 990 filing (or associated forms) may be found in Publication 557 and at www.irs.gov/charities.
 - A request for IRS recognition of an exception may be submitted by filing Form 8940, Request for Miscellaneous Determinations, with a user fee; or
 - The Form 1023 may be completed and submitted in its entirety.



Streamlined Recognition

- State Recognition Requirements
 - Tax exemption under Section 501(c)(3) is a matter of federal law.
 - After receiving this exemption, an organization may also be required to register with one or more states to solicit contributions or obtain exemption from state taxes.
 - The National Association of State Charity Officials (NASCO) maintains a website that provides information links regarding state requirements.
- Donor Reliance
 - Generally, donors may rely on an organization's favorable Determination Letter under Section 501(c)(3) until the IRS publishes notice of a status change, unless the donor was responsible for or aware of an act that results in the revocation of the Determination Letter(and 501(c)(3) status).



Streamlined Recognition: Worksheet

- Eligibility Worksheet
 - Before completing the Form 1023-EZ, to determine eligibility, an organization must complete the Form 1023-EZ Eligibility Worksheet.
 - If the eligibility requirements of the worksheet are met (all the questions are answered "No"), a box at the top of the Form 1023-EZ is to be checked, which also attests that the requirements to be exempt under Section (c)(3) have been read and understood by the submitter.
 - The worksheet is not required to be submitted but should be retained for the organization's records.



Streamlined Recognition: Worksheet

Form 1023-EZ Eligibility Worksheet (Must be completed prior to completing Form 1023-EZ)

If you answer "Yes" to any of the worksheet questions, you are not eligible to apply for exemption under section 501(c)(3) using Form 1023-EZ. You must apply on Form 1023. If you answer "No" to all of the worksheet questions, you may apply using Form 1023-EZ.

1.	Do you project that your annual gross receipts will exceed \$50,000 in any of the next 3 years? Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. You should consider this year and the next two years.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Have your annual gross receipts exceeded \$50,000 in any of the past 3 years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	Do you have total assets the fair market value of which is in excess of \$250,000? Total assets includes cash, accounts receivable, inventories, bonds and notes receivable, corporate stocks, loans receivable, other investments, depreciable and depletable assets, land, buildings, equipment, and any other assets.	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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Streamlined Recognition: Worksheet

4.	Were you formed under the laws of a foreign country (United States territories and possessions are not considered foreign countries)? You are formed under the laws of a foreign country if you are not formed under the laws of (1) the United States, its states, territories, or possessions; (2) federally recognized Indian tribal or Alaskan native governments; or (3) the District of Columbia.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	Is your mailing address in a foreign country (United States territories and possessions are not considered foreign countries)? Your mailing address is the address where all correspondence will be sent.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6.	Are you a successor to, or controlled by, an entity suspended under section 501(p) (suspension of tax-exempt status of terrorist organizations)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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Streamlined Recognition: Worksheet

<p>7. Are you organized as an entity other than a corporation, unincorporated association, or trust?</p> <p>Answer "Yes" if you are organized as an LLC under the laws of the state in which you were formed.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<p>8. Are you a successor to a for-profit entity?</p> <p>You are a successor if you have:</p> <ol style="list-style-type: none"> 1. Substantially taken over all of the assets or activities of a for-profit entity; 2. Been converted or merged from a for-profit entity; or 3. Installed the same officers, directors, or trustees as a for-profit entity that no longer exists. 	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<p>9. Were you previously revoked or are you a successor to a previously revoked organization (other than an organization the tax-exempt status of which was automatically revoked for failure to file a Form 990-series return for three consecutive years)?</p> <p>Do not check "Yes" if your previous revocation, or your predecessor's revocation, was an automatic revocation (pursuant to section 6033(j)) for failing to satisfy Form 990-series filing requirements for three consecutive years.</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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Streamlined Recognition: Worksheet

<p>10. Are you a church or a convention or association of churches described in section 170(b)(1)(A)(i)?</p>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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- While there is no single definition of "church" for tax purposes, some of the generally attributed characteristics include:
 - A distinct legal existence;
 - A recognized creed and form of worship;
 - An ecclesiastical government;
 - A formal code of doctrine and discipline;
 - A distinct religious history;
 - A membership not associated with another church/denomination;
 - Ordained ministers (and schools to prepare ministers);
 - Its own literature;
 - Established places of worship; and
 - Regular religious services.

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Streamlined Recognition: Worksheet

11. Are you a school, college, or university described in section 170(b)(1)(A)(ii)?

☐ Yes

☐ No

- “School” includes primary, secondary, preparatory, high schools, colleges, and universities, but not organizations that are engaged in both educational and non-educational activities unless the latter is merely incidental to the educational activities.
- A “school,” for example, does the following:
 - Presents formal instruction as a primary function;
 - Has a regularly scheduled curriculum;
 - Has a regular faculty of qualified teachers;
 - Has a regularly enrolled student body; and
 - Has a place where educational activities are regularly carried on.

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Streamlined Recognition: Worksheet

12. Are you a hospital or medical research organization described in section 170(b)(1)(A)(iii) or a hospital organization described in section 501(r)(2)(A)(i)?

☐ Yes

☐ No

- A “hospital” has a principal purpose to provide medical or hospital care (including treatment of disabilities or conditions) or medical education or research.
 - For example, a rehabilitation institution, outpatient clinic, or community mental health or drug treatment center having the above principal purpose is considered a hospital.
 - Hospitals do not include the following:
 - Convalescent homes;
 - Homes for children or the aged; or
 - Institutions with a primary purpose to train handicapped individuals to pursue a vocation.
- A “medical research organization” has a principal purpose of the direct, continuous, and active conduct of medical research in conjunction with a hospital that must be described in Section 501(c)(3), a federal hospital, or an instrumental of a government unit (i.e., a municipal hospital).
- A “hospital organization” is an organization that operates a facility that is required by a state to be licensed, registered, or similarly recognized as a hospital.

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Streamlined Recognition: Worksheet

13. Are you applying for exemption as a cooperative hospital service organization under section 501(e)? ☐ Yes ☐ No

- A “cooperative hospital service organization” is organized and operated on a cooperative basis to provide its members with the following one or more opportunities:
 - Data processing;
 - Purchasing (i.e., group insurance);
 - Warehousing;
 - Billing and collection;
 - Food;
 - Clinical;
 - Industrial engineering;
 - Laboratory;
 - Printing;
 - Communications;
 - Record center;
 - Personnel services (including selecting, testing, training, and educating personnel).

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Streamlined Recognition: Worksheet

14. Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)? ☐ Yes ☐ No

- A “cooperative service organization of operating educational organization” is organized and operated solely to provide investment services to its members.
- Those members must be the following:
 - Organizations described in Section 170(b)(1)(A)(ii) (i.e., schools as referenced in question 11 above) or (iv) that are tax exempt under 501(a) or whose income is excluded from taxation under Section 115.

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Streamlined Recognition: Worksheet

15. Are you applying for exemption as a qualified charitable risk pool under section 501(n)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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- A “qualified charitable risk pool” is treated as organized and operated exclusively for charitable purposes, such as an organization that:
 - Is operated to pool insurance risks of its members (not including medical malpractices risks, and the members tax exempt under 501(c)(3)) and to provide members with information about loss control and risk management;
 - Is organized under state law permitting such pooling and is exempt from state income tax;
 - Has obtained over \$1M in startup capital from nonmember charitable organizations;
 - Is controlled by a member elected board of directors; and
 - Is organized under documents requiring each member be 501(c)(3) tax exempt (and if notified via a final determination that it no longer qualifies, notifies the pool where each insurance policy issued by the pool will not cover events occurring after the final determination).



Streamlined Recognition: Worksheet

16. Are you requesting classification as a supporting organization under section 509(a)(3)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
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- A “supporting organization” here describes organizations that have established certain relationships in support of public charities described in Sections 509(a)(1)-(2). A supporting organization is an organization that:
 - Is organized and operated exclusively for the benefit of one or more specific organizations of Sections 509(a)(1)-(2) called public supported organizations (PSOs);
 - Must be either (Type I) operated, supervised, or controlled by such PSOs, (Type II) supervised or controlled in connection with such PSOs; or (Type III) operated in connection with such PSOs; and
 - Is not controlled directly or indirectly by disqualified persons other than foundation managers and other than one or more PSOs.
 - Note: Refer to Publication 557 for more information regarding supporting organizations and PSOs.



Streamlined Recognition: Worksheet

17.	Is a substantial purpose of your activities to provide assistance to individuals through credit counseling activities such as budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas? These activities involve the education of the consumer on budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas. It may also involve assisting the consumer in consolidating debt and negotiating between debtors and creditors to lower interest rates and waive late and over-limit fees.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
18.	Do you or will you invest 5% or more of your total assets in securities or funds that are not publicly traded?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
19.	Do you participate, or intend to participate, in partnerships (including entities or arrangements treated as partnerships for federal tax purposes) in which you share losses with partners other than section 501(c)(3) organizations?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
20.	Do you sell, or intend to sell carbon credits or carbon offsets?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
21.	Are you a Health Maintenance Organization (HMO)?	<input type="checkbox"/> Yes	<input type="checkbox"/> No



Streamlined Recognition: Application

- Form 1023-EZ Application
 - If the eligibility requirements of the worksheet are met (all the questions are answered “No”), the organization is eligible to submit the Form 1023-EZ application (and otherwise would need to submit the complete Form 1023 application).



Streamlined Recognition: Application

You must complete the Form 1023-EZ Eligibility Worksheet in the Instructions for Form 1023-EZ to determine if you are eligible to file this form. Form 1023-EZ is filed electronically **only** on Pay.gov. Go to www.irs.gov/form1023ez for additional filing information.

Form 1023-EZ
(June 2014)
Department of the Treasury
Internal Revenue Service

Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
OMB No. 1545-0056

► Do not enter social security numbers on this form as it may be made public.
► Information about Form 1023-EZ and its separate instructions is at www.irs.gov/form1023.

☐ Check this box to attest that you have completed the Form 1023-EZ Eligibility Worksheet in the current instructions, are eligible to apply for exemption using Form 1023-EZ, and have read and understand the requirements to be exempt under section 501(c)(3).

Part I Identification of Applicant

1a Full Name of Organization

b Address (number, street, and room/suite). If a P.O. box, see instructions. **c** City **d** State **e** Zip Code + 4

2 Employer Identification Number **3** Month Tax Year Ends (MM) **4** Person to Contact if More Information is Needed

5 Contact Telephone Number **6** Fax Number (optional) **7** User Fee Submitted

8 List the names, titles, and mailing addresses of your officers, directors, and/or trustees. (If you have more than five, see instructions.)

First Name:	Last Name:	Title:	Street Address:	City:	State:	Zip Code + 4:

9 a Organization's Website (if available): **b** Organization's Email (optional):

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Application: Part I Notes

- Signature requirements
 - An officer, director, or trustee as listed in **Part I, line 8** of the application must sign with their title/authority and date.
 - Officer: a person elected or appointed to manage the organization's daily operations, such as president, vice president, secretary, treasurer, and sometimes, board chair. Officers are determined by reference to the organization's organizing document, bylaws, resolutions of its governing body, or otherwise as consistent with state law.
 - Director/Trustee: a member of the organization's governing body who has voting rights.

Application: Part I Notes

- In Part I, line 8, the names, titles, and mailing addresses of officers, directors, and/or trustees are to be listed. If the organization has more than 5 of these representatives, only five are to be listed in the following order (with a listed individual serving in more than one office to be listed on only one line with all offices held):
 - President/CEO/COO
 - Treasurer/CFO
 - Chairperson
 - Substantial contributors (not yet listed officers, directors, trustees)
 - Relation to substantial contributor(s)
 - Voting members
 - Officers



Streamlined Recognition: Application

Part II Organizational Structure

- 1 To file this form, you must be a corporation, an unincorporated association, or a trust. Check the box for the type of organization.
☐ Corporation ☐ Unincorporated association ☐ Trust
- 2 Check this box to attest that you have the organizing document necessary for the organizational structure indicated above.
 (See the instructions for an explanation of necessary organizing documents.)
- 3 Date incorporated if a corporation, or formed if other than a corporation (MMDDYYYY): _____
- 4 State of incorporation or other formation: _____
- 5 Section 501(c)(3) requires that your organizing document must limit your purposes to one or more exempt purposes within section 501(c)(3).
☐ Check this box to attest that your organizing document contains this limitation.
- 6 Section 501(c)(3) requires that your organizing document must not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.
☐ Check this box to attest that your organizing document does not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.
- 7 Section 501(c)(3) requires that your organizing document must provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.
☐ Check this box to attest that your organizing document contains the dissolution provision required under section 501(c)(3) or that you do not need an express dissolution provision in your organizing document because you rely on the operation of state law in the state in which you are formed for your dissolution provision.



Application: Part II Notes

- Part II: Organizational Structure
 - Line 1: The organization must check whether they are a corporation, unincorporated association, or trust and whether they have the organizing document (i.e., “articles of incorporation” for a corporation) necessary for the indicated organizational structure.
 - Sole proprietorships, partnerships, and loosely affiliated groups of individuals are not eligible. While certain LLCs are eligible for 501(c)(3) tax exemption, they are not eligible to apply under Form 1023-EZ.
 - Corporation: an entity organized under a federal or state statute or statute of a federally recognized Indian tribal or Alaskan native government, and incorporated under the non-profit or non-stock laws of the jurisdiction in which it incorporates.
 - Unincorporated association: an organization formed under state law and having at least two members that have signed a written document for a specifically defined purpose.
 - Trust: formed by a trust agreement or a declaration of trust or through a will.



Application: Part II Notes

- Part II: Organizational Structure
 - Line 2 – Necessary organizing document:
 - Corporation: a certification of filing showing evidence that on a specific date it was filed with and approved by an appropriate state authority.
 - Unincorporated association: articles of organization that must include the organization name, purpose(s), date of document adoption, and signatures of at least two individuals (and may be bylaws if structured to include name, purposes(s), signatures, and an intent to form an organization).
 - Trust: a trust agreement or declaration of trust including appropriate signature(s) and the exact date of formation.



Application: Part II Notes

- Part II: Organizational Structure
 - Line 3 – Formation Date:
 - Corporation: date that the appropriate authority filed the articles of incorporation or other organizing document.
 - Unincorporated association: date that the organizing document was adopted by the signatures of at least two individuals.
 - Trust: if formed by a trust agreement or declaration of trust not providing for distributions to non-charitable interests, the date the trust was funded (with property, such as money); otherwise, the date on which those interested expired. If formed by a will, enter the later of the date of death of the testator or the date any non-charitable interests expired.
 - If the organizational documents were amended to comply with the Section 501(c)(3) requirements, enter the date of amendment (unless nonsubstantive).
 - Line 4 – Enter the State of Formation
 - This may not be a place in which the organization is physically location but rather is a jurisdiction under the laws of which the organization is formed.



Application: Part II Notes

- Part II: Organizational Structure
 - Line 5 – Purpose(s) Clause
 - The organization must check a box stating its purposes is limited to those described in Section 501(c)(3), which are: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. More specific information is requested in Part III, line 2 of the application.
 - If listed purposes are broader than the above, the applicant should consider amending the organizing document before applying for recognition of exemption.
 - Example of an Acceptable Purpose Clause:
 - *The organization is organized exclusively for charitable, religious, educational, and scientific purposes under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.*



Application: Part II Notes

- Part II: Organizational Structure
 - Line 6 – Activities Not in Furtherance of Exempt Purposes
 - Check a box to attest that the organizing document does not expressly empower the organization to engage (otherwise than an insubstantial part of the organization activities) in activities that in themselves are not in furtherance of one or more exempt purposes.
 - Net earnings must not inure to the benefit of a private shareholder or individuals.



Application: Part II Notes

- Part II: Organizational Structure
 - Line 7 – Dissolution Clause
 - The organizing document must permanently dedicate your assets for a Section 501(c)(3) purpose.
 - Laws of certain states provide for the distribution of assets upon dissolution, such that specific language regarding asset distribution may not be needed in organizing documents of exempt organization in those states. However, such state laws will not override an inappropriate dissolution clause (i.e., specifying that assets will or may be distributed to officers and/or directors upon dissolution).



Application: Part II Notes

CERTIFICATE OF AMENDMENT BY THE DIRECTORS TO THE ARTICLES OF INCORPORATION OF THE QUEEN CITY CHAMBER OPERA

Isaac Seliya, Yaron Luk-Zilberman and Lev Novikov, being the Directors of Queen City Chamber Opera (the "Corporation"), with its principal place of business located in Cincinnati, Ohio, do hereby certify that the following resolution was adopted by the unanimous vote of the members of the Corporation:

RESOLVED, that the THIRD Article of the Articles of Incorporation of the Corporation is hereby deleted and replaced in its entirety with the following paragraph, and that the FOURTH and FIFTH Articles shall be adopted to read as follows:

THIRD: The specific purpose of the Corporation is to present professional opera productions in Cincinnati featuring emerging opera artists. The Corporation is organized exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or any corresponding section of any future federal tax code, by and through any lawful act or activity for which corporations may be formed under Sections 1702.01 to 1702.99 of the Ohio Revised Code, 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 any corresponding section of any future federal tax code.

FOURTH: No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its members, directors, 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 otherwise 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.

FIFTH: 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.

- Example Articles of Incorporation Amendment for an Ohio non-profit organization to meet the requirements of Part II, Lines 5-7 (Purposes, Activities, and Dissolution Clauses)

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Streamlined Recognition: Application

Part III Your Specific Activities

- 1 Enter the appropriate 3-character NTEE Code that best describes your activities (See the instructions): _____
- 2 To qualify for exemption as a section 501(c)(3) organization, you must be organized and operated exclusively to further one or more of the following purposes. By checking the box or boxes below, you attest that you are organized and operated exclusively to further the purposes indicated. **Check all that apply.**

<input type="checkbox"/> Charitable	<input type="checkbox"/> Religious	<input type="checkbox"/> Educational
<input type="checkbox"/> Scientific	<input type="checkbox"/> Literary	<input type="checkbox"/> Testing for public safety
<input type="checkbox"/> To foster national or international amateur sports competition		<input type="checkbox"/> Prevention of cruelty to children or animals
- 3 To qualify for exemption as a section 501(c)(3) organization, you must:
 - Refrain from supporting or opposing candidates in political campaigns in any way.
 - Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals (that is, board members, officers, key management employees, or other insiders).
 - Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially.
 - Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s).
 - Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in section 501(h).
 - Not provide commercial-type insurance as a substantial part of your activities.

☐ **Check this box** to attest that you have not conducted and will not conduct activities that violate these prohibitions and restrictions.
- 4 Do you or will you attempt to influence legislation? ☐ Yes ☐ No
(If yes, consider filing Form 5768. See the instructions for more details.)
- 5 Do you or will you pay compensation to any of your officers, directors, or trustees? ☐ Yes ☐ No
(Refer to the instructions for a definition of **compensation**.)
- 6 Do you or will you donate funds to or pay expenses for individual(s)? ☐ Yes ☐ No
- 7 Do you or will you conduct activities or provide grants or other assistance to individual(s) or organization(s) outside the United States? ☐ Yes ☐ No
- 8 Do you or will you engage in financial transactions (for example, loans, payments, rents, etc.) with any of your officers, directors, or trustees, or any entities they own or control? ☐ Yes ☐ No
- 9 Do you or will you have unrelated business gross income of \$1,000 or more during a tax year? ☐ Yes ☐ No
- 10 Do you or will you operate bingo or other gaming activities? ☐ Yes ☐ No
- 11 Do you or will you provide disaster relief? ☐ Yes ☐ No

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Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Line 1: The organization must enter a 3-character National Taxonomy of Exempt Entities (NTEE) Code best describing its activities (with codes and information found at www.nccsdataweb.urban.org).
 - Note: all codes on the list do not necessarily describe a 501(c)(3) purpose.
 - Example codes:
 - B24: Education-Primary, Elementary Schools
 - B25: Education-Secondary, High School
 - H01: Medical Research-Alliance/Advocacy Organizations



Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Line 2: Exempt purposes (charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals). An organization that has illegal, contrary to public policy, or trade or business for profit purposes shall not be exempt under 501(c)(3), even if it has profits payable to a tax exempt organization under Section 501.
 - Sole proprietorships, partnerships, and loosely affiliated groups of individuals are not eligible. While certain LLCs are eligible for 501(c)(3) tax exemption, they are not eligible to apply under Form 1023-EZ.
 - Corporation: an entity organized under a federal or state statute or statute of a federally recognized Indian tribal or Alaskan native government, and incorporated under the non-profit or non-stock laws of the jurisdiction in which it incorporates.
 - Unincorporated association: an organization formed under state law and having at least two members that have signed a written document for a specifically defined purpose.
 - Trust: formed by a trust agreement or a declaration of trust or through a will.



Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Exempt purposes :
 - Charitable: includes relief of the poor, distressed, or underprivileged; advancement of religion or science; erecting or maintaining public buildings, monuments, or works; lessening government burdens or neighborhood tensions; eliminating prejudice and discrimination; defining human and civil rights secured by law; and combating community deterioration and juvenile delinquency.
 - Religious: the particular religious beliefs of the organization must be truly and sincerely held, and the associated practices are not illegal or contrary to public policy.
 - Educational: the instruction or training of an individual for the purpose of improving or developing his/her capabilities, or the instruction of the public on subjects useful to the individual and beneficial to the community. An educational organization may advocate for a particular position or viewpoint as long as it present a sufficiently full and fair exposition of pertinent fact to permit an individual/public to form an independent opinion/conclusion. Examples:
 - A primary or secondary school (or college or professional or trade school) that has a regularly schedule curriculum, regular faculty, and regularly enrolled student body at a place of education;
 - An organization presenting public discussion groups, forums, etc. (that may be on radio/TV);
 - An organization presenting instruction by means of correspondence or through radio/TV; or
 - Museums, zoos, planetariums, symphony orchestras, and other similar organizations.



Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Exempt purposes :
 - Scientific: Organized and operated (carrying on scientific research) in the public interest,
 - such that the results of the research (including resulting intellectual property) are nondiscriminatorily made available to the public and is performed in the US (or instrumentality) or for a State or politic subdivision thereof or directed toward public benefit, and
 - not including activities carried on as incident to commercial or industrial operations (such as ordinary testing or inspection of materials or products, or the designing or construction of equipment or buildings).
 - Testing for public safety: consumer/electrical product testing.
 - Fostering national or international amateur sports competition; and
 - Preventing cruelty to children or animals.



Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Line 3: Prohibited or Restricted Activities
 - Refrain from supporting or opposing candidates in a political campaign, though conducting certain voter education activities is permitted if non-partisan.
 - Ensure net earnings do not inure to the benefit of private shareholders/individuals.
 - Not further substantial non-exempt purposes.
 - Not have a primary purpose of trade/business unrelated to the exempt purpose(s).
 - Not devote a substantial part of activities to attempt to influence legislation (or, if a Section 501(h) election has been made, not normally make expenditures over outlined limitations of the section).
 - Not provide commercial-type insurance as a substantial part of activities.
 - Line 4: Declare whether organization has attempted or plans to attempt to influence legislation.
 - Line 5: Declare whether organization pays (or will) compensation to any officer, director, or trustee.
 - Line 6: Declare whether organization donates funds to or pays expenses for individual(s), other than paying for or reimbursing employees' business expenses.
 - Line 7: Declare whether organization conducts activities/provides grants or assistance to foreign individual(s) or other foreign organization(s).



Application: Part III Notes

- Part III: Your (Organization's) Specific Activities
 - Line 8: Declare whether the organization has or will engage in financial transactions (such as loans, payments, rents, etc.) with any of its officers, directors, or trustees, or any entities they own/control.
 - Line 9: Declare whether organization has or will have unrelated business gross income of \$1,000 or more during a tax year (exempt organizations having this must file Form 990-T, an Exempt Organization Business Income Tax Return, with more information found in Publication 598).
 - Line 10: Declare whether organization operates bingo or other gaming activities.
 - Line 11: Declare whether organization provides disaster relief.
 - Note: Declaring "Yes" on any of these activity based questions of Part III does not necessarily disqualify an organization from being recognized as tax exempt under Section 501(c)(3).



Streamlined Recognition: Application

Part IV Foundation Classification

Part IV is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status.

1 If you qualify for public charity status, check the appropriate box (1a – 1c below) and skip to Part V below.

- ☐ Check this box to attest that you normally receive at least one-third of your support from public sources or you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization. **Sections 509(a)(1) and 170(b)(1)(A)(vi).**
- ☐ Check this box to attest that you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts from permitted sources from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income. **Section 509(a)(2).**
- ☐ Check this box to attest that you are operated for the benefit of a college or university that is owned or operated by a governmental unit. **Sections 509(a)(1) and 170(b)(1)(iv).**

2 If you are not described in lines 1a – 1c above, you are a private foundation. As a private foundation, you are required by section 508(e) to have specific provisions in your organizing document, unless you rely on the operation of state law in the state in which you were formed to meet these requirements. The specific provisions require that you operate to avoid liability for private foundation excise taxes under sections 4941-4945.

- ☐ Check this box to attest that your organizing document contains the provisions required by section 508(e) or that your organizing document does not include the provisions required by section 508(e) because you rely on the operation of state law in your particular state to meet the requirements of section 508(e). (See the instructions for explanation of the section 508(e) requirements.)

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Application: Part IV Notes

- Part IV: Foundation Classification
 - Part IV classifies the organization as either a private foundation or a public charity (which has a more favorable tax status).
 - Lines 1a-c: If the organization qualifies for public charity status, check the appropriate box:
 - 1a (normally receives at least 1/3 of support from public sources or at least of 10% from a public source and have other characteristics of a publicly supported organization);
 - 1b (normally receives more than 1/3 of support from a combination of gifts, grants, etc. from permitted sources from activities related to exempt functions and not more than 1/3 of support from investment income and unrelated business taxable income; or
 - 1c (operated for the benefit of a collect/university owned or operated by a governmental unit).
 - Line 2: If not described in 1a-1c above, the organization is a private foundation, which is not exempt unless the organizing document contains specific provisions to operate to avoid liability for excise taxes under sections of code directed to self-dealing, undistributed income, excess business holdings, jeopardizing investments, and taxable expenditures.
 - The organization may rely on the operation of state law to meet the necessary provisions/requirements.

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Streamlined Recognition: Application

Part V Reinstatement After Automatic Revocation

Complete this section only if you are applying for reinstatement of exemption after being automatically revoked for failure to file required annual returns or notices for three consecutive years, and you are applying for reinstatement under section 4 or 7 of Revenue Procedure 2014-11. (Check only one box.)

- 1 ☐ Check this box if you are seeking retroactive reinstatement under section 4 of Revenue Procedure 2014-11. By checking this box, you attest that you meet the specified requirements of section 4, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future. (See the instructions for requirements.)
- 2 ☐ Check this box if you are seeking reinstatement under section 7 of Revenue Procedure 2014-11, effective the date of filing this application.

Part VI Signature

☐ 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, and to the best of my knowledge it is true, correct, and complete.

PLEASE
SIGN
HERE

(Type name of signer)

(Type title or authorized officer)

(Signature of Officer, Director, Trustee, or other authorized official)

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Application: Parts V-VI Notes

- Part V: Reinstatement After Automatic Revocation
 - An organization may have had its tax exempt status revoked (i.e., after not filing an annual return for 3 consecutive years).
 - A box in this section may be checked to indicate an application for reinstating the status under Section 4 (and if failure to file was not intentional, and that the organization has put in place procedures to file required returns/notices in the future).
 - This should be the first time the organization has had the automatic revocation and the application should not be submitted after than 15 months after the later of the Revocation Letter date or the IRS Revocation List posting date.
 - Note: Reinstatement under Section 7 may also be sought, agreeing to an effective reinstatement date as of the application filing date.
- Part VI: Signature (to be signed by an officer, director, or trustee listed in Part I, line)

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Questions?

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