

# Instructions for Form 1023

(Rev. January 2020)

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

Volume 1 of 4



Department of the Treasury  
**Internal Revenue Service**

Instructions for Form 1023 (Rev. 01-2020) Catalog Number 49190N  
Department of the Treasury **Internal Revenue Service** [www.irs.gov](http://www.irs.gov)



Visit the Accessibility  
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Section references are to the Internal Revenue Code unless otherwise noted.

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**Note.** Keep a copy of the completed Form 1023 for your permanent records.

## Future Developments

For the latest information about developments related to Form 1023 and its instructions, such as legislation enacted after

they were published, go to [IRS.gov/Form1023](https://www.irs.gov/Form1023).

## **Reminder**

**Don't include social security numbers on publicly disclosed forms.** Because the IRS is required to disclose approved exemption applications and information returns, don't include social security numbers on this form. Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS about the filing.

## **Phone Help**

If you have questions and/or need help completing Form 1023, please call 877-829-5500. This toll-free telephone service is available Monday through Friday.

## **Email Subscription**

The IRS provides a subscription-based email service for tax professionals and

representatives of tax-exempt organizations. We send subscribers periodic updates regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit [IRS.gov/Charities](https://www.irs.gov/Charities).

## What's New

Organizations requesting recognition of tax-exempt status under section 501(c)(3) must complete and submit their Form 1023 (or Form 1023-EZ, if eligible) applications electronically (including paying the correct user fee) using [Pay.gov](https://www.pay.gov).

## How To Get Forms and Publications

**Internet.** You can access the IRS website 24 hours a day, 7 days a week, at [IRS.gov](https://www.irs.gov) to do the following.



- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published since 1995.
- Sign up at [IRS.gov/Charities-Non-Profits](https://www.irs.gov/Charities-Non-Profits) to receive local and national tax news by email.

**Tax forms and publications.** You can download or print all of the forms and publications you may need at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs). Otherwise, you can go to [IRS.gov/OrderForms](https://www.irs.gov/OrderForms) to place an order and have forms mailed to you. You should receive your order within 10 business days.

# **Overview of Organizations Described in Section 501(c)(3)**

## **How To Request Recognition of Tax-Exempt Status Under Section 501(c)(3)**

Section 501(c)(3) describes organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals. Unless an exception applies, an organization must file Form 1023 or Form 1023-EZ (if eligible) to obtain recognition of exemption from federal income tax under section 501(c)(3). You can find information about eligibility to file Form 1023-EZ at [IRS.gov/Charities](https://www.irs.gov/Charities).

***Organizations not required to obtain recognition of exemption.*** The following types of organizations may be considered tax exempt under section 501(c)(3) without filing Form 1023 (or Form 1023-EZ).

Churches, including synagogues, temples, and mosques.

- Integrated auxiliaries of churches and conventions or associations of churches.
- Any organization that has **gross receipts** in each tax year of normally not more than \$5,000. For more information on gross receipts exceptions, go to [IRS.gov/Charities](https://www.irs.gov/Charities).

Even though these organizations aren't required to seek recognition of exemption, they may choose to file Form 1023 (or Form 1023-EZ, if eligible) to receive a determination letter stating they are recognized as exempt under section 501(c)(3) status. The determination letter will

also state whether an organization must file annual information returns or notices and will specify whether contributions to that organization are tax deductible.

## **Requirements for Tax-Exempt Status Under Section 501(c)(3)**

To qualify for exemption under section 501(c)(3), an organization must be organized and operated exclusively for one or more exempt purposes.

**Organized.** An organization must be organized as a **corporation**, a **limited liability company (LLC)**, an **unincorporated association**, or a **trust**. Its **organizing document** (corporate articles of incorporation, LLC articles of organization, articles of association or constitution of an unincorporated association, or trust agreement or declaration of trust) must limit the organization's purpose(s) and

permanently dedicate its assets to exempt purposes.

**Operated.** An organization described in section 501(c)(3) must be operated to further one or more of the exempt purposes stated in its organizing document. Certain other activities are prohibited or restricted, including, but not limited to, the following activities. A section 501(c)(3) organization must:

- Absolutely refrain from participating in the political campaigns of candidates for local, state, or federal office;
- Ensure its assets and earnings don't unjustly enrich 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 operate for the primary purpose of conducting a trade or business that isn't related to its exempt purpose(s);
- Not engage in activities that are illegal or violate fundamental public policy; and
- Limit its legislative activities.

**Legislative and political campaign intervention.** Section 501(c)(3) denies exemption to an organization if a substantial part of its activities is attempting to influence legislation or if it directly or indirectly participates or intervenes in any political campaign on behalf of (or in opposition to) any candidate for elective public office. These issues are described in more detail in the instructions for Part IV, lines 5 and 6.

## **Public Charities and Private Foundations**

Every organization described in section 501(c)(3) is classified as a **private**

**foundation** unless it qualifies for one of the **public charity** exceptions. For some organizations, the primary distinction between a public charity and a private foundation is its sources of financial support.

**Public charities.** The following section 501(c)(3) organizations are classified as public charities.

- Organizations that are public charities based upon their activities (without regard to their sources of support), such as churches, schools, hospitals, medical research organizations, and cooperative hospital service organizations and agricultural research organizations (sections 509(a)(1) and 170(b)(1)(A)(i), (ii), (iii), and (ix)).
- Organizations that normally receive substantial support from grants, governmental units, and/or contributions from the general public (sections 509(a)(1) and 170(b)(1)(A)(iv) and (vi)).

- Organizations that normally receive more than one-third of their support from contributions, membership fees, and gross receipts from activities related to their exempt functions, and not more than one-third of their support from gross investment income and net unrelated business income (section 509(a)(2)).
- Organizations that support other public charities (supporting organizations) (section 509(a)(3)).
- Organizations that test for public safety (section 509(a)(4)).

**Private foundations.** Section 501(c)(3) organizations that don't fit into any of the foundation classifications above are private foundations. Private foundations are further classified as nonoperating private foundations or private operating foundations (section 4942(j)(3)).



## **Nonoperating private foundations.**

Nonoperating private foundations generally accomplish their exempt purpose by making grants and don't otherwise engage directly in charitable activities.

**Private operating foundations.** A private operating foundation actively conducts exempt programs. Private operating foundations are subject to more favorable rules than other private foundations in terms of charitable contribution deductions and attracting grants from private foundations. In order to be classified as a private operating foundation, an organization must meet certain support tests. Search for "private operating foundations" at [IRS.gov](https://www.irs.gov) for more information.

## **Key distinctions between public charities and private foundations.**

Foundation classification is important because different tax rules apply to the operations of each entity. For more information on the

different rules, see [IRS.gov/Charities-Non-Profits/EO- Operational-Requirements-Private-Foundations-and-Public-Charities](https://www.irs.gov/Charities-Non-Profits/EO-Operational-Requirements-Private-Foundations-and-Public-Charities).



*Foundation classification has nothing to do with the name of the organization. Many organizations that aren't private foundations include the word "foundation" in their names.*

## **State Registration Requirements**

Tax exemption under section 501(c)(3) is a matter of federal law. After receiving federal tax exemption, an organization may also be required to register with one or more states where it holds assets or where it will solicit contributions. The organization may also need to seek exemption from state taxes. The National Association of State Charity Officials (NASCO) maintains a website that provides informational links to the various states for these purposes. It can be accessed at [www.nasconet.org](http://www.nasconet.org) .

# General Instructions

**Social Security number.** Don't enter social security numbers on this form or any attachments because the IRS is required to disclose approved exemption applications and information returns.

Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS related to the application.

**“You” and “us.”** Throughout these instructions and Form 1023, the terms “you” and “your” refer to the organization that is applying for tax-exempt status. The terms “us” and “we” refer to the IRS.

**Definitions.** Terms in bold type in Form 1023 are defined throughout these instructions and in *Appendix C*.

# Answers

Form 1023 asks you to answer a series of questions and provide information to assist us in determining if you meet the requirements for tax exemption under section 501(c)(3). Answer questions completely. If you believe you previously answered the question, you may refer to your previous answer.



*Your answers must provide sufficient detail about your past, present, and planned activities to demonstrate that you're described in section 501(c)(3). We won't be able to recognize you as tax exempt based on a mission statement (such as providing assistance to the poor) unless you also describe the activities that further accomplish your mission. We need to understand the specific activities you will undertake to accomplish your section 501(c)(3) exempt purpose(s).*

**Financial data.** Financial data, whether budgeted or actual, should be consistent with other information presented in your application.

For example, if you're requesting public charity classification under one of the public support tests, your financial data should show contributions from the public or receipts from providing exempt services. Budgeted financial data should be prepared based upon your current plans. We recognize that your actual financial results may vary from the budgeted amounts.

**Past, present, and planned activities.**

Many items on Form 1023 are written in the present tense; however, base your answers on your past, present, and planned activities.

**Language and currency requirements.**

Prepare Form 1023 and attachments in English. Provide an English translation if the articles of organization, bylaws, or any other attachments are in any other language.

Report financial information in U.S. dollars (specify the conversion rate used). Combine amounts from within and outside the United States and report the total for each on the financial statements.

## **Purpose of Form**

**Completed Form 1023 required to apply for recognition of section 501(c)(3) exemption.** Use Form 1023, including the appropriate user fee, to apply for recognition of exemption from federal income tax under section 501(c)(3). If approved, we will issue a determination letter that describes your tax-exempt status and your qualification to receive tax-deductible charitable contributions. The determination letter will also show your specific foundation classification (described earlier) and annual filing requirements.



**Form 1023-EZ.** *You may be eligible to file Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, which is a streamlined version of Form 1023. Complete the Form 1023-EZ Eligibility Worksheet in the Instructions for Form 1023-EZ to determine if you're eligible to file Form 1023-EZ. You can visit [IRS.gov/Charities](https://www.irs.gov/Charities) for more information on application requirements.*

**Leaving a group exemption.** A subordinate organization under a group exemption can use Form 1023 to leave the group and obtain individual exemption. If you're a subordinate organization and wish to leave a group, you should notify your parent organization of your intention to leave the group ruling before filing Form 1023.

# **Application for Reinstatement of Exempt Status and Retroactive Reinstatement**

If your tax-exempt status was automatically revoked for failure to file a return or notice 3 consecutive years, you must apply to have your tax-exempt status reinstated. You must complete and submit Form 1023, including Schedule E (or, if eligible, Form 1023-EZ), and pay the appropriate user fee.

If your application is approved, your date of reinstatement will generally be the filing date of the application, unless you qualify for reinstatement of exemption retroactive to your date of automatic revocation. See [\*Rev. Proc. 2014-11, 2014-03 I.R.B. 411\*](#) for details, including additional requirements for retroactive reinstatement.



## **Requesting Expedited Review**

We generally review applications for exemption in the order we receive them. We only expedite processing of an application where a written request presents a compelling reason for processing the application ahead of others. This does not mean your application will be immediately approved or denied. Circumstances generally warranting expedited processing include the following.

- A grant to the applicant is pending and the failure to secure the grant may have an adverse impact on the organization's ability to continue operations.
- The purpose of the newly created organization is to provide disaster relief to victims of emergencies such as floods and hurricanes.
- An IRS error has caused delays in review of the application.

## **User Fee**

The law requires payment of a user fee with each application. You must pay this fee through [Pay.gov](https://www.pay.gov) when you file Form 1023.

Payments can be made directly from your bank account or by credit or debit card. You won't be able to submit Form 1023 without paying the correct fee.

User fee amounts are listed in Rev. Proc. 2020-5, updated annually. For the current Form 1023 user fee, go to Rev. Proc. 2020-5, 2020-1 I.R.B. 241, at [IRS.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division](https://www.irs.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division). You can also call 877-829-5500.

## **Group Exemption**

Don't use Form 1023 to apply for a group exemption. We may issue to a central organization a group exemption that recognizes on a group basis the exemption of

subordinate organizations on whose behalf the central organization has applied. See Pub. 557 for information on how to apply for a group exemption.

## What To File

All applicants, unless otherwise noted, must complete Parts I through X of Form 1023, plus any required schedules and attachments.

The following organizations must complete additional schedules to Form 1023.

<b>IF you're</b>	<b>THEN you must complete Schedule</b>
A church . . . . .	A
A school, college, or university . . . . .	B

A hospital or medical  
research organization . . . . . C

A section 509(a)(3)  
supporting organization . . . . . D

Filing this application more  
than 27 months from your  
date of formation and/or  
applying for reinstatement of  
tax-exempt status after  
being automatically revoked .  
. . . . . E

A low-income housing  
organization . . . . . F

A successor to other  
organizations . . . . . G

An organization providing  
scholarships, fellowships,  
educational loans, or other  
educational grants to  
individuals and/or a private  
foundation requesting  
approval of individual grant  
procedures . . . . . H

## **Attachments To Form 1023**

A complete application will include one or more documents in addition to Form 1023.

[Pay.gov](https://www.pay.gov) can accommodate only one uploaded file. Before submitting Form 1023, consolidate your attachments into a single PDF file.

Combine your attachments in the following order.

- **Organizing document** (required).
- Amendments to your organizing document in chronological order (required if applicable).

- **Bylaws** or other rules of operation and amendments (if adopted).
- Form 2848, Power of Attorney and Declaration of Representative (if applicable).
- Form 8821, Tax Information Authorization (if applicable).
- Supplemental responses (if your response won't fit in the provided text field) and any additional information you want to provide to support your request (optional).
- Expedite request (optional).

Put your name and EIN on each page of your supplemental response and identify the part and line number to which the information relates.

## **When To File**

Generally, if you file Form 1023 within 27 months after the end of the month in which

you were legally formed, and we approve your application, the effective date of your exempt status will be your legal date of formation.

If you don't file Form 1023 within 27 months, the effective date of your exempt status will be the date you filed Form 1023. For exceptions and special rules, see Part VIII. Effective Date and Schedule E.

## **How to File**

As of January 31, 2020, the IRS requires that Form 1023 applications for recognition of exemption be submitted electronically online at [Pay.gov](https://www.pay.gov). The IRS will provide a 90-day grace period during which it will continue to accept paper versions of Form 1023. To submit Form 1023, you must:

1. Register for an account on Pay.gov.
2. Enter "1023" in the search box and select Form 1023.

3. Complete the form.

## **Filing Assistance**

For help in completing this form or general questions relating to an exempt organization, you may access information on our website at [IRS.gov/EO](https://www.irs.gov/EO).

You may find the following publications available on IRS.gov helpful.

- Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.
- Pub. 526, Charitable Contributions.
- Pub. 557, Tax-Exempt Status for Your Organization.
- Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.
- Pub. 1771, Charitable Contributions Substantiation and Disclosure Requirements.



- Pub. 1828, Tax Guide for Churches and Religious Organizations.
- Pub. 3079, Tax-Exempt Organizations and Gaming.
- Pub. 3833, Disaster Relief: Providing Assistance Through Charitable Organizations.
- Pub. 4220, Applying for 501(c)(3) Tax-Exempt Status.
- Pub. 4221-PC, Compliance Guide for 501(c)(3) Public Charities.
- Pub. 4221-PF, Compliance Guide for 501(c)(3) Private Foundations.

## **Signature Requirements**

An officer, director, trustee, or other official who is authorized to sign for the organization must digitally sign Form 1023 at the end of Part X. The signature must be accompanied by the title or authority of the signer and the date.

# Authorized Representative

**Form 2848.** Upload a completed Form 2848 if you want to authorize a representative to represent you regarding your application. An individual authorized by Form 2848 may not sign the application unless that person is also an officer, director, trustee, or other official who is authorized to sign the application.



*A Centralized Authorization File (CAF) number isn't required to be listed on Form 2848.*

**Form 8821.** Upload a completed Form 8821 if you want to authorize us to discuss your application with the person you have appointed on that form.

Form 8821 doesn't authorize your appointee to advocate your position with respect to the federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If

you want to authorize an individual to represent you, use Form 2848.

## **After You Submit Form 1023**

Unless we approve a request for expedited processing, we will assign and work your application in the order we received it.

**No additional information needed.** If our review shows that you meet the requirements for tax-exempt status under section 501(c)(3), we'll send you a determination letter stating that you're exempt under section 501(c)(3) and identifying your foundation classification.

**Additional information needed.** If we can't make a determination without more information, we'll write or call you.

Examples of the types of questions we may ask you are available at [IRS.gov/ Charities-Non-Profits/Charitable- Organizations/Exempt-Organization- Sample-Questions](https://www.irs.gov/Charities-Non-Profits/Charitable-Organizations/Exempt-Organization-Sample-Questions). If the additional information you provide shows that

you meet the requirements for exemption, we'll send you a determination letter stating that you're exempt under section 501(c)(3). If we determine that you don't qualify for exemption, we will send you a letter that explains our position and your appeal rights.

## **Annual Return or Notice While Your Application Is Pending**

Unless you qualify for an exception from the requirement to file an annual return or notice, your filing obligations begin as soon as you were formed. If you have an information return or tax return due while your Form 1023 is pending, complete the return, mark the "Application Pending" box in the heading, Item B, and submit the return as indicated in those instructions.

If you're eligible to file a Form 990-N, e-Postcard, call 877-829-5500 and request to be set up to allow filing of Form 990-N (note,

it takes the IRS up to 6 weeks to update its records before you can file your Form 990-N).

You can find information on return filing requirements and exceptions in Pubs. 557 and 598 and in the instructions to the annual returns listed in Figure 1.

**Figure 1. 990 Series Forms Filed by Exempt Organizations**

<b>Type of Annual Return</b>	<b>Who Should File</b>
Form 990, Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities
Form 990-EZ, Short Form Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities whose gross receipts during the year were less than \$200,000 and total assets at the end

	of the year were less than \$500,000
Form 990-PF, Return of Private Foundation	Private foundations, including private operating foundations, regardless of financial status
Form 990-T, Exempt Organization Business Income Tax Return	Public charities and private foundations that have gross unrelated business income of \$1,000 or more
Form 990-N Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ	Most small public charities with gross receipts of \$50,000 or less can file a Form 990-N, if they choose not to file a Form 990

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or Form 990-EZ  
instead.



*You may also be required to file other returns, such as employment tax returns or benefit plan returns, which aren't discussed here.*



*If a Form 990-series return is due while your application is pending, complete and submit the return according to Form 990-series form's instructions.*

## **Public Inspection**

**Information available for public inspection.** If we approve exempt status under section 501(c)(3), the following information that will be open for public inspection includes the following.

- Your complete Form 1023 and any supporting documents.

- All correspondence between you and the IRS concerning Form 1023, including Form 2848.
- Your determination letter.
- Annual information returns (Forms 990, 990-EZ, or 990-PF).
- Schedule A, included with Forms 990 or 990-EZ.
- Schedule B, included with Forms 990 or 990-EZ, excluding the names and addresses of contributors and other identifying information about contributors.
- Schedule B, included with Form 990-PF, including names, addresses, and other identifying information about contributors.
- Exempt Organization Business Income Tax Return (Form 990-T).

***Information not available for public inspection.*** The following items won't be open for public inspection.



- Any information relating to a trade secret, patent, style of work, or apparatus that, if released, would adversely affect you (we must approve withholding this information).
- Any other information that would adversely affect national defense (we must approve withholding this information).
- User fee payment information.
- Contributors' names and addresses and identifying information about contributors included with Forms 990 or 990-EZ and the Schedule B filed with these forms.

When applying for tax-exempt status, you must clearly identify any information that isn't open for public inspection by marking it as "NOT SUBJECT TO PUBLIC INSPECTION" and include an explanation of why you're asking for the information to be withheld. We will decide whether to withhold the identified information from public inspection.

**Making documents available for public inspection.** Both you and the IRS must make the information that is subject to disclosure available for public inspection. The public may request a copy of the information available for public inspection from us by submitting Form 4506-A. The public may also request inspection of the information or a copy of the information directly from you.

You may post the documents required to be available for public inspection on your own website. Information returns and your exemption application materials must be posted exactly as filed with the IRS. You may only delete the information that isn't open for public inspection.

If you post the documents on your website, you can give any person requesting copies the website where the documents may be found, but you don't need to provide copies of the information. However, even if these documents are posted on your website, you

must still allow public inspection without charge at your main office during regular business hours.

Documents aren't considered available for public inspection on a website if the otherwise disclosable information is edited or subject to editing by a third party when posted. To date, the IRS hasn't approved any third-party websites for posting.

See Pub. 557 for additional information on public inspection requirements.

## **Foreign Organizations**

Foreign organizations are those that were created in countries other than the United States, its territories, or its possessions. Foreign organizations may apply for tax-exempt status on income earned in the United States in the same way that domestic organizations apply for exempt status. See *Language and currency requirements*, above.

If you're a foreign organization applying for exempt status, you must complete all required parts of Form 1023. However, see the special rules below for certain Canadian organizations.



*Contributions by U.S. residents to foreign organizations generally aren't deductible. Tax treaties between the U.S. and certain foreign countries provide specific limited exceptions.*

### **Annual returns for foreign organizations.**

A foreign organization that obtains exemption as a public charity must file an information return annually (Form 990 or Form 990-EZ). A foreign organization that is a private foundation must file Form 990-PF annually. However, a foreign organization, other than a private foundation or a section 509(a)(3) supporting organization, may file Form 990-N (e-Postcard) instead of Form 990 or Form 990-EZ when its gross receipts from

U.S. sources are normally \$50,000 or less and it hasn't conducted significant activity in the United States. See the Instructions for Form 990 and Form 990-EZ, and the Instructions for Form 990-PF for further information. A foreign organization that is subject to unrelated business income tax must file Form 990-T.

## **Canadian Organizations**

Canadian organizations that have received a Notification of Registration from the Canada Revenue Agency (formerly Canada Customs and Revenue Agency), and whose registrations haven't been revoked ("Canadian registered charities"), are automatically recognized in the U.S. as section 501(c)(3) organizations and aren't required to file Form 1023.

Canadian registered charities are also presumed to be private foundations. If you're a Canadian registered charity and want to be

listed as a section 501(c)(3) organization on IRS.gov or request classification as a public charity rather than a private foundation, mail or fax the information below to:

Internal Revenue Service  
Exempt Organization Determinations  
Room 6403  
P.O. Box 2508  
Cincinnati, OH 45201  
(855) 204-6184

No user fee is required.

- A letter stating the organization's request (listing as a section 501(c)(3) organization on IRS.gov or classification as a public charity).
- The legal name and complete mailing address of the organization.
- The organization's EIN.
- The month its tax year ends.

- The organization's date of formation.
- A contact name and telephone number.
- The public charity status it is requesting (if applicable) and information demonstrating how it meets the requirements of that status (see Part VII, line 1, and related questions and schedules).
- This penalty of perjury statement:

I declare under the penalties of perjury that I have examined this request, including the 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 signature of an officer, director, trustee, or other authorized person.
- A copy of the organization's Notification of Registration.

- Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).

## **Organizations Created in U.S. Territories and Possessions**

Organizations created in possessions and territories of the U.S. are generally treated as domestic organizations. If you were created in a U.S. possession or territory, you must complete all required parts of Form 1023 to apply for exempt status under section 501(c)(3).

Charitable contributions to you are deductible by donors if you qualify for exempt status under section 501(c)(3).

Annual filing requirements for an organization created in a U.S. territory or possession are similar to those outlined above for foreign organizations (see Rev. Proc. 2011-15 at [IRS.gov/pub/irs-irbs/irb11-03.pdf](https://www.irs.gov/pub/irs-irbs/irb11-03.pdf)).



# Specific Instructions

## Part I. Identification of Applicant

**Line 1a.** Enter your complete name exactly as it appears in your **organizing document**, including amendments.

**Line 1b.** If you have an “in care of” name, enter it here; otherwise, leave this space blank.

**Line 1c-i.** Enter your complete address where all correspondence will be sent. If mail isn’t delivered to your street address and you have a P.O. box, list your P.O. box information instead of your street address.

For a foreign address, enter your province or state and foreign postal code where indicated.

**Line 2. Employer Identification Number (EIN).** You must have your own EIN. Enter the 9digit EIN the IRS assigned to you. If you don’t have an EIN, you must apply for one before submitting your application. You can

find out how to apply for an EIN by visiting IRS.gov and search for “apply for an EIN.” You may apply for an EIN online or by fax or mail. International applicants may call 2679411099 (toll call).



*Don't apply for an EIN more than once. If you're unsure of your EIN or whether you have one, call 8778295500 for assistance.*



*Don't use the EIN of a related or other organization.*

**Line 3. Month tax year ends.** Select the month your tax year (annual accounting period) ends. Your tax year (annual accounting period) is the 12month period on which your annual financial records are based.



*Check your **bylaws** or other rules of operation for consistency with the tax year (annual accounting period) you enter here.*

**Line 4. Person to contact.** Enter the name and title of the person you want us to contact if we need more information. The person to contact may be an officer, director, trustee, or other individual who is permitted to speak with us according to your bylaws or other rules of operation. Your person to contact may also be an **authorized representative**, such as an attorney, certified public accountant, or enrolled agent, for whom you're submitting a completed Form 2848 with the Form 1023.

**Line 5.** Provide a daytime telephone number for the contact listed on line 4.

**Line 6.** You may provide a fax number for the contact listed on line 4.

**Line 7.** Pay.gov will populate this field with the current user fee for filing Form 1023.

**Line 8.** Enter your complete website address if you have one. Also, list any websites maintained on your behalf. The information on your website should be consistent with the information in your Form 1023.

**Line 9. Officers, directors, and trustees.**

Enter the full names, titles, and mailing addresses of your officers, directors, and/or trustees. You may use the organization's address for mailing. If you have more than five officers, directors, or trustees, check the box provided to add more officer, director, and/or trustee information.

The person who is signing Form 1023 must be listed within the first five entries of line 9.

## **Part II. Organizational Structure**

You must be a corporation, limited liability company, unincorporated association, or trust

to be tax exempt under section 501(c)(3). Sole proprietorships, partnerships, or loosely affiliated groups of individuals aren't eligible.

**Line 1. Type of organization and copy of organizing document.** Select your type of organization, and before submitting the form, upload a copy of your **organizing document** (including any amendments) as part of the required attachment.

**Corporation.** A **corporation** is an entity organized under a federal or state statute, or a statute of federally recognized Indian tribal or Alaskan native government.

***Copy of organizing document (articles of incorporation and any amendments).*** A corporation's **organizing document** is its "articles of incorporation. " If you formed under state statute, your articles of incorporation (and any amendments) must show **certification of filing**. This means your articles show evidence that on a specific date they were filed with and approved by an

appropriate state authority. The document must be an exact copy of what is on file with your state.

If you don't have a copy of your articles of incorporation showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of incorporation. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of incorporation and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.

**Limited liability company.** A **limited liability company** (LLC) that files its own exemption application is treated as a corporation rather than a partnership.

***Copy of organizing document (articles of organization and operating agreement (if adopted) and any amendments).*** Instead of articles of organization, an LLC's **organizing document** is its state-approved "articles of organization." If it has adopted an "operating agreement," then this document is also part of its organizing document. If you formed under state statute, your articles of organization (and any amendments) must show **certificate of filing**. This means your articles show evidence that on a specific date they were filed with and approved by an appropriate state authority. The document must be an exact copy of what is on file with your state. If you don't have a copy of your articles of organization showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of organization. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a

declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of organization and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.



*If you are an LLC and want to be treated as a disregarded entity by a tax-exempt member, don't file an exemption application.*

**Unincorporated association.** An **unincorporated association** formed under state law must have at least two members who have signed a written document that creates an entity with a specifically defined purpose.

***Copy of organizing document (articles of association or constitution and any amendments).*** Your organizing document must include the name of the organization, its purpose, the date the document was adopted,



and the signatures of at least two individuals. If your copy doesn't contain the proper signatures and date of adoption, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date of adoption.



***Bylaws*** may be considered an organizing document only if they include the required elements listed above.

**Trust.** A **trust** may be formed by a trust agreement or declaration of trust. A trust may also be formed through a will.

Generally, a trust must be funded with property, such as money, real estate, or personal property.

***Copy of organizing document (trust agreement/declaration of trust or will and any amendments).*** Your trust

agreement (and any amendments) must be signed by at least one trustee. If your trust agreement copy isn't signed, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date that it was signed. For trusts created by a will, include a copy of the death certificate or a statement indicating the date of death, and a copy of the relevant portions of the will.



If your trust agreement continues to provide for distributions for non-charitable interests, you won't qualify for tax-exempt status.

**Line 2. Formation date.** The date you enter should be consistent with your organizing document.

- If you're a corporation, enter the date that your articles of incorporation were filed and approved by the appropriate authority.

- If you're an LLC, enter the date that the appropriate authority filed your articles of organization or other organizing document.
- If you're an unincorporated association, enter the date that your organizing document was adopted by the signatures of at least two individuals.
- If you're a trust (other than a trust formed by a will), enter the date your trust was funded. If your trust agreement provided for any non-charitable interests, enter the date that non-charitable interests expired. If you were formed by a will, enter the date of death or the date any non-charitable interests expired.

**Line 3. State of formation.** Enter the jurisdiction (for instance, the state or the federally recognized tribal government) under the laws of which you were incorporated or otherwise formed. This may not be the place in which you're physically located. For

example, if you're physically located in New York, but incorporated under Massachusetts law, enter Massachusetts.

For purposes of completing this application, you're formed under the laws of a **foreign country** if you're not formed under the laws of the United States, its territories and possessions, federally recognized Indian tribal or Alaska native governments, or the District of Columbia.

**Line 4. "Bylaws"** are generally the internal rules and regulations of an organization. If you have bylaws, upload a current copy (including any amendments). Bylaws don't need to be signed unless they are your **organizing document** as described in the instructions for line 1 above.

**Line 5. Successor organization.** You are a "successor" if you:

- Took over activities previously conducted by another organization,

- Took over 25% or more of the fair market value of the net assets of another organization, or
- Were established upon the conversion of an organization from for-profit to non-profit status.

If you're a successor organization, complete Schedule G, Successors to Other Organizations.



*Your **predecessor** organization may have been either a tax-exempt or non-exempt organization.*

## **Part III. Required Provisions in Your Organizing Document**

**Line 1. Purpose clause.** Your **organizing document** must limit your purposes to those described in section 501(c)(3). Those purposes are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or

international amateur sports competition, and preventing cruelty to children or animals.

The generally accepted legal definition of “charitable” includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. Therefore, the phrase “relief of the poor” in your organizing document properly limits your purposes.

Limiting your purposes by reference to section 501(c)(3) generally will be sufficient to meet the organizational test under section 501(c)(3). Your organizing document may also sufficiently limit your purpose by reference to a specific charitable purpose

such as “relief of the elderly within the meaning of section 501(c)(3).”

However, purposes listed in your organizing document broader than those listed in section 501(c)(3) may cause you to fail the organizational test. In that case, you will need to amend your organizing document before applying. A reference to section 501(c)(3) won’t ensure that your purposes are limited to those described in section 501(c)(3) if other provisions describing your purposes include one or more non-exempt purposes. The following is an 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 sections of any future federal tax code.*

See Pub. 557 for further information and examples of how to limit your purposes.

**Line 2. Dissolution clause.** Your **organizing document** must provide for the permanent dedication of your assets to a section 501(c)(3) purpose. This means that if you dissolve your organization in the future, your assets must be distributed for an exempt purpose described in section 501(c)(3), or to the federal government, or to a state or local government, for a public purpose. In certain states, you may rely on state law to establish the permanent dedication of assets for exempt purposes. This is based on Rev. Proc. 82-2, 1982-1 C.B. 367. For additional information, search “Operation of state law” at IRS.gov.

Foreign organizations may be able to rely upon the applicable laws of their jurisdiction in a similar manner. If relying on a foreign law, you must provide a copy of the applicable law with an English translation.

Naming a specific organization to receive your assets upon dissolution will be acceptable



only if your organizing document requires that the specific organization to be exempt under section 501(c)(3) at the time your dissolution takes place and provides for a qualified alternative recipient if the named organization isn't exempt under section 501(c)(3) at that time.

If your organizing document states that your assets would be distributed to members or private individuals or for any purpose other than those provided in section 501(c)(3), you must amend your organizing document to remove such statements.

The following is an example of an acceptable dissolution clause.

*Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or 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.*

See Pub. 557 for further information and examples of acceptable language for dedication of assets in your organizing document.

## **Part IV. Your Activities**

### **Reminder**

Answer all questions in this part as they pertain to your past, present, and future activities.

**Line 1.** Describe completely and in detail your past, present, and planned activities. Don't refer to or repeat the purposes in your organizing document or speculate about potential future programs. Your narrative description of activities should be thorough and accurate because we determine whether you qualify for section 501(c)(3) exempt status based on the information in your

application. You should describe either actual or planned activities. For example, if you plan to further educational purposes by operating an afterschool homework club, you would describe that activity rather than cite that you will further educational purposes. If you were also contemplating offering scholarships in the future, but currently have no plans to do so, then the scholarship activity would be speculative, and you should not describe it.

Some organizations (such as credit counseling organizations (see Part IV, line 8), childcare organizations (see Part IV, line 12), agricultural research organizations (see Part VII, line 1), or cooperative hospital service organizations (see Schedule C)) must meet specific operational requirements to qualify for exemption under section 501(c)(3). If you're such an organization, be certain to include an explanation in your activity description of how activities you conduct (or don't conduct, if the specific operational

requirement limits permissible activities) satisfy those specific operational requirements.

For each past, present, or planned activity, include information that answers the following questions.

- What is the activity?
- Who conducts the activity?
- Where is the activity conducted?
- What percentage of your total time is allocated to the activity? (Combined time percentages should add up to 100%.)
- How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocable to this activity?
- How does the activity further your exempt purposes?

**Line 2. National Taxonomy of Exempt Entities (NTEE) code.** An NTEE code is a three-character series of letters and numbers that generally describes a type of organization. Enter the code that best describes your organization from the list of NTEE codes, located in Appendix D. For more information and more detailed definitions of these codes developed by the National Center for Charitable Statistics (NCCS), visit the Urban Institute NCCS website at [www.nccs.urban.org](http://www.nccs.urban.org).



*NTEE codes are also used for purposes other than identification of organizations described in section 501(c)(3). Therefore, all codes in the list don't necessarily correspond to a section 501(c)(3) purpose.*

**Line 3.** If programs are limited to specific individuals, describe how you select or identify those individuals. If programs are available only for members, describe

membership criteria, any membership dues, any different membership levels, and the benefit each membership level receives.

**Line 4.** Describe any business or **family** relationship between individuals who receive goods, services, or funds through your programs and any officers, directors, trustees, or highest compensated employees or **independent contractors**.

For purposes of this form, “highest compensated” employees or independent contractors are persons to whom you pay over \$100,000 of **compensation**, including compensation from related organizations.

**Line 5.** You participate in a **political campaign** if you promote or oppose the candidacy of an individual for public office. Candidate debates and nonpartisan voter education and registration may be permitted. See Rev. Rul. 2007-41, 2007-25 I.R.B. 1421 at [IRS.gov/irb/2007-25 I.R.B. 1421](https://www.irs.gov/irb/2007-25_I.R.B._1421) and Pub. 1828 for more information and examples.



*Organizations described in section 501(c)(3) are prohibited from supporting or opposing candidates for public office in any political campaign. If you answer "Yes," you aren't qualified for tax exemption under section 501(c)(3) and should reconsider whether the filing of application Form 1023 is appropriate for you. See Pub 557 for a description of other code sections under which you may qualify.*

**Line 6.** You are attempting to **influence legislation** if you directly contact or urge the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. You are also attempting to influence legislation if you advocate the adoption or rejection of legislation. If you answer "Yes," your explanation should include the percentage of your total time and total funds spent on such legislative activities.

Organizations described in section 501(c)(3) are prohibited from engaging in a substantial amount of legislative activities. Whether you're engaged in substantial legislative activities depends on all of the facts and circumstances.

For this purpose, "legislation" includes action by Congress, a state legislature, a local council, or a similar governing body, with respect to acts, bills, resolutions or similar items (such as legislative confirmation of appointive offices). Legislation also includes action by the public in a referendum, ballot initiative, constitutional amendment, or similar procedure. Legislation generally doesn't include actions by executive, judicial, or administrative bodies.

Organizations may involve themselves in issues of public policy without being engaged in legislative activity. For example, organizations may conduct educational meetings, prepare and distribute educational



materials, or otherwise consider public policy issues. Similarly, an organization may appear before a governmental body at its request to offer testimony about a decision that may affect the organization's existence.



*A private foundation isn't allowed to engage in any activities to influence legislation.*

**Line 6a. Form 5768.** Most public charities are eligible to elect to make expenditures to influence legislation by filing Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation. By filing Form 5768, your legislative activities will be measured solely by an expenditure limit under section 501(h) rather than by whether the legislative activity is considered substantial. Form 5768 describes the types of organizations that are eligible to make an election. You must file Form 5768 by mailing it to the address on the form. For a discussion

of influencing legislation and the requirements of section 501(h), see Pub 557.



*Churches and private foundations aren't eligible to make this section 501(h) election.*

**Line 7. Intellectual property** includes the following;

- Patents (for inventions);
- Copyrights (for literary and artistic works such as novels, poems, plays, films, musical works, drawings, paintings, photographs, sculptures, architectural designs, performances, recordings, film, and radio or television programs);
- Trade names, trademarks, and service marks (for symbols, names, images, and designs); and
- Formulas, know-how, and trade secrets.

**Line 8.** These activities involve the education of the consumer on budgeting, personal

finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas. These activities 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. If you answer “Yes,” you may be subject to the requirements of section 501(q). Search “501(q)” on IRS.gov for information on these requirements and whether they apply to you.

**Line 9.** A **“relationship”** between you and the recipient organization includes the following situations.

- You control the recipient organization, or it controls you through common officers, directors, or trustees, or through authority to approve budgets or expenditures.
- You and the recipient organization were created at approximately the same time and by the same persons.

- You and the recipient organization operated in a coordinated manner with respect to facilities, programs, employees, or other activities.
- Persons who exercise substantial influence over you also exercise substantial influence over the recipient organization.

**Line 9b.** Answer “Yes,” if you make grants, loans, or other distributions (such as goods) to a foreign organization.

**Line 9g–i.** The Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against certain governments, entities, and individuals, as directed in Executive Orders. As part of the comprehensive and sustained campaign against terrorist financing, all U.S. persons, including U.S.–based charities, are prohibited from dealing with persons (individuals and entities) identified as

being associated with terrorism on OFAC's Specially Designed Nationals and Blocked Persons List (OFAC SDN List). Information about OFAC sanction programs and the OFAC SDN List are available at [www.treasury.gov/ofac](http://www.treasury.gov/ofac).

**Line 10.** A “**foreign country**” is a country other than the U.S., its territories and possessions, and the District of Columbia.

**Line 10a–c.** See instructions for lines 9g– i.

**Line 11.** You are a sponsoring organization of a donor-advised fund if you establish separate accounts that you own or control for a donor whereby the donor or donor-advisor may make recommendations about the investments of or distributions from the account. See Pub. 557 for more information on the definitions of sponsoring organizations and donor-advised funds.



You can't sponsor a donor-advised fund if you're a private foundation.

**Line 12.** A “**school**” is an educational organization whose primary function is the presentation of formal instruction and which normally maintains a regular faculty and curriculum and that normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A school may include the following.

- Primary, secondary, preparatory, or high school.
- College or university.
- Trade or technical school.
- Nursery or pre-school.
- School that you operate as an activity, such as a school that is operated as an activity of a museum, historical society, or church.



*If you're a nursery or pre-school that doesn't meet the description of a school, answer "No," to line 12.*



*If you're a nursery, pre-school, or child care organization that doesn't meet the description of a school, you may still further an educational purpose if substantially all the care you provide is for the purpose of enabling individuals to be gainfully employed and your services are available to the general public (section 501(k)).*

If you're a school, or if you operate a school as an activity (even if it is a secondary activity), complete Schedule B. See Pub. 557 for additional information.

**Line 13. "Hospital" or "medical care"** includes the treatment of any physical or mental disability or condition, whether as an inpatient or outpatient. A **hospital** includes the following.

- Hospitals and rehabilitation institutions, outpatient clinics, or community mental health or drug treatment centers if the principal purpose or function is the providing of medical or hospital care or medical education or research.
- **Medical research organizations** if the principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.

If you provide “hospital or medical care,” or you’re a medical research organization, complete Schedule C.

See Pub. 557 for additional information.

**Line 14. “Low-income housing”** refers to rental or ownership housing provided to persons based on financial need. If you provide low-income housing, complete Schedule F.

**Line 15.** Answer “Yes,” if you pay money to an individual as a scholarship, fellowship, or



education loan; for travel, study, or other similar purposes. Also, answer “Yes,” if you pay such amounts on behalf of an individual to a school or a tuition or educational savings program. Complete Schedule H—Section I.

Travel, study, or other similar purposes include payments made to enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill, or talent of the individual recipient. These payments include, for example, amounts paid to:

- Vocational high school students to be used to purchase basic tools;
- Teachers to induce them to teach in a public school system in an economically depressed area; and
- A scientific researcher to underwrite that individual’s research project.

Educational grants don’t include amounts you pay to an individual as compensation, such as

payments made to a consultant for personal services or to produce a report for you.

Educational grants don't include amounts paid to another organization that distributes your funds as a scholarship to an individual if you have no role in the selection process.



*If you're a "**private foundation**" as described in Part VII, you must obtain advance approval of your grant-making procedures. You can use Schedule H—Section II, to request advance approval as part of this application process. You can complete Section II when you complete Part VII. Foundation Classification.*

**Line 16. "Fundraising"** includes efforts to raise funds through appeals for financial support. Fundraising may be conducted by your employees or volunteers, through an agent, or through an independent contractor. Check all the boxes that apply.

For purposes of this application, **“bingo”** is a game of chance played with cards that generally are printed with five rows of five squares each on which participants place markers to form a pre-selected pattern to win the game. “Other (non-bingo) **gaming** activities” include pull-tabs, raffles, keno, split-the-pot, and other games of chance.



**Gaming** doesn't further an exempt purpose under section 501(c)(3). Except to the extent that an exception may apply, your revenue from gaming activities will be subject to **unrelated business income** tax. See Pub. 3079 for further information about gaming.

## **Part V. Compensation and Other Financial Arrangements**

**Reminder.** Answer all questions in this part as they pertain to your past, present, and future activities.

For purposes of Part V, **compensation** includes:

- Salary or wages;
- Deferred compensation;
- Retirement benefits, whether in the form of a qualified or non-qualified employee plan (pensions or annuities);
- Fringe benefits (personal vehicle, meals, lodging, personal and family educational benefits, low-interest loans, payment of personal travel, entertainment, or other expense, athletic or country club membership, and personal use of your property); and

- Bonuses.

**Example.** An organization could compensate a director as follows:

### Wages

Director	\$2,500
Compensation . . .	
Salary as Chief Executive Officer . . . . .	40,000
Deferred retirement . . . . .	2,000
Health insurance policy . . .	5,000
Use of a vehicle . . . . .	<u>5,000</u>
Total Compensation	\$54,500

Make sure the information you provide in Part V is consistent with the information you enter in Part VI. Financial Data.

**Line 1. Compensation.** Check "Yes," if you do or you will compensate your officers, directors, or trustees. Also, check "Yes," if you will or you do have highest compensated

employees or highest compensated independent contractors.

For purposes of this form, “highest compensated” employees or independent contractors are persons to whom you pay over \$100,000 of **compensation**, including compensation from related organizations.

For information on determining if an individual is an employee or an independent contractor, see Pub. 15-A, Employer’s Supplemental Tax Guide.

**Line 1e. “Similarly situated** organizations” means tax-exempt or taxable organizations of comparable size, purpose, and resources. Adjustments due to geographic area and other specified conditions are appropriate, but you should document the adjustments. You should document the sources(s) of comparable compensation data, both taxable and non-taxable, and retain copies in your permanent records.

**Line 1g. “Reasonable compensation”** is the amount that would ordinarily be paid for like services by like organizations under like circumstance as of the date the compensation arrangement is made. Establishing and documenting your decisions about compensation is important because excess compensation (including cash and other benefits that aren’t accounted for as reasonable compensation for services) may result in excise taxes on both the individual and you, and may jeopardize your tax exemption.

**Line 2.** A conflict of interest arises when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision he or she could make. A sample **Conflict of Interest Policy** is included as Appendix A. This sample conflict of interest policy doesn’t prescribe any specific requirements. Therefore, organizations should

use a conflict of interest policy that best fits their organizations.

Adoption of a conflict of interest policy isn't required to obtain tax-exempt status.

However, by adopting the sample policy or a similar policy, you will be choosing to put in place procedures that will help your officers, directors, and trustees recognize situations that could present potential or actual conflicts of interest so that you can take steps to reduce the risk that those in positions of authority over you may receive an inappropriate benefit.



*The sample conflict of interest policy in Appendix A includes items marked "Hospital insert—for hospitals that complete Schedule C" that are intended to be adopted by hospitals.*