



Instructions for Form 1023-EZ

(Rev. January 2018)

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

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

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Future Developments

For the latest information about developments related to Form 1023-EZ and its instructions, such as legislation enacted after they were published, go to IRS.gov/Form 1023-EZ.

Reminder

Don't include social security numbers on publicly disclosed forms. Because the IRS is required to disclose approved exemption applications and information returns, exempt organizations should not include social security numbers on these forms. Documents subject to disclosure include correspondence with the IRS about the filing.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](http://National Center for Missing & Exploited Children® (NCMEC)). Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Email Subscription

The IRS has established a subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit IRS.gov/Charities.

General Instructions

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

Purpose of Form

Form 1023-EZ is the streamlined version of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. Any organization may file Form 1023 to apply for recognition of exemption from federal income tax under section 501(c)(3). Only certain organizations are eligible to file Form 1023-EZ (see *Who Can File This Form*, below).

Note. Most organizations seeking exemption from federal income tax under section 501(c)(3) are required to complete and submit an application. However, the following types of organizations may be considered tax exempt under section 501(c)(3) even if they do not file 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 taxable year of normally not more than \$5,000.

Who Can File This Form

Only certain organizations are eligible to apply for exemption under section 501(c)(3) using Form 1023-EZ. To determine if you are eligible to file Form 1023-EZ, you must complete the [Form 1023-EZ Eligibility Worksheet](#).



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.



Before completing either Form 1023 or Form 1023-EZ, we recommend reading “Life Cycle of an Exempt Organization” at IRS.gov/Charities.

How To File

Form 1023-EZ can only be filed electronically by going to IRS.gov/Form1023-EZ or Pay.gov (enter the term “Form 1023-EZ” in the search box). We will not accept printed copy submissions of the application.



We recommend you preview and print a copy of your application for your records before submitting it electronically.

User Fee

A user fee is required to process your application. This fee must be paid through [Pay.gov](https://www.pay.gov) when you file your application. Payments can be made directly from your bank account or by credit/debit card. For the current exempt organization user fee amounts, go to [IRS.gov/charities-non-profits/user-fess-for-tax-exempt-and-government-entities-division](https://www.irs.gov/charities-non-profits/user-fess-for-tax-exempt-and-government-entities-division). You can also call 877-829-5500.

When To File (Effective Date of Exemption)

Generally, if you file Form 1023-EZ within 27 months after the end of the month in which you were legally formed, and we approve the application, the legal date of formation will be the effective date of your exempt status.

If you do not file Form 1023-EZ within 27 months of formation, the effective date of your exempt status will be the date you filed Form 1023-EZ (submission date).

If you do not file Form 1023-EZ within 27 months of formation, and you believe you qualify for an earlier effective date than the submission date, you can request the earlier date by sending correspondence to the address below. The correspondence should include your name, employer identification number (EIN), the effective date you are requesting, an explanation of why the earlier date is warranted, and any supporting documents. This correspondence should be sent after you receive your Determination Letter. Alternatively, you may complete Form 1023 in its entirety instead of completing Form 1023-EZ.

Note. If you have been automatically revoked and are seeking retroactive reinstatement, see [Part V. Reinstatement After Automatic Revocation](#) of these instructions.

Send effective date correspondence to:

Internal Revenue Service
Exempt Organizations Determinations
Room 4024
P.O. Box 2508
Cincinnati, OH 45201

Application Process

Submitting this application does not guarantee exemption will be recognized. If your application is incomplete or not completed correctly, it may be rejected. In addition, you may be contacted for additional information. Also, the IRS will select a statistically valid random sample of applications for pre-determination reviews, which may also result in requests for additional information.

Filing Assistance

For help in completing this form or general questions relating to an exempt organization, call Exempt Organization Customer Account Services toll free at 877-829-5500. You may also access information on our website at [IRS.gov/Charities](https://www.irs.gov/Charities).

The following publications are available to you for further information.

- [Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers](#)
- [Publication 526, Charitable Contributions](#)
- [Publication 557, Tax-Exempt Status for Your Organization](#)
- [Publication 598, Tax on Unrelated Business Income of Exempt Organizations](#)

- [Publication 1771, Charitable Contributions—Substantiation and Disclosure Requirements](#)
- [Publication 1828, Tax Guide for Churches and Religious Organizations](#)
- [Publication 3079, Tax-Exempt Organizations and Gaming](#)
- [Publication 3833, Disaster Relief: Providing Assistance Through Charitable Organizations](#)
- [Publication 4220, Applying for 501\(c\)\(3\) Tax-Exempt Status](#)
- [Publication 4221, Compliance Guide for 501\(c\)\(3\) Tax-Exempt Organizations](#)

Signature Requirements

An officer, director, or trustee listed in Part I, line 8, who is authorized to sign for the organization must sign Form 1023-EZ. The signature must be accompanied by the title or authority of the signer and the date.

Annual Filing Requirements

Generally, an organization that qualifies for exemption under section 501(c)(3) is required to file an annual return in accordance with section 6033(a). However, an eligible organization, other than a private foundation, that normally has gross receipts of less than \$50,000 is not required to file an annual return, but must furnish an annual electronic notice on Form 990-N (e-Postcard) providing the information required by section 6033(i). See Rev. Proc. 2011-15, 2011-3 I.R.B. 322. Failure to file a required return or notice for three consecutive years will result in auto-revocation of your tax-exempt status.

An organization that is required to file a Form 990-series annual information return or submit Form 990-N must do so even if its application for recognition of exemption has not been filed or has been filed but not yet approved.

If an annual information return or tax return is due while Form 1023-EZ is pending, complete the return, check the “Application pending” box in the heading, and send the return to the address indicated in the instructions.

If Form 990-N is due while Form 1023-EZ is pending, the organization may need to contact the IRS at 877-829-5500 and ask for an account to be established for the organization so that it may file the notice.

Information on annual information return and electronic notice filing requirements and exceptions to the filing requirements may be found in Pub. 557 and at [IRS.gov/Charities](https://www.irs.gov/Charities).

Form 1023-EZ does not allow you to request an exception to filing Form 990, Return of Organization Exempt From Income Tax; Form 990-EZ, Short Form Return of Organization Exempt From Income Tax; or Form 990-N. If your request for recognition of tax-exempt status is granted on Form 1023-EZ, you will be required to submit Form 990, 990-EZ, or 990-N depending on your gross receipts and assets. If you believe that you meet an exception to filing Form 990, 990-EZ, or 990-N, and wish to obtain that exception at the time of filing your application, then you should submit Form 1023 instead of Form 1023-EZ. Otherwise, you may request IRS recognition of this exception by filing Form 8940, Request for Miscellaneous Determination. A user fee must accompany Form 8940.

Note. You do not need to notify the IRS that you are excepted from the annual filing requirement under section 6033(a) if your basis for the exception is that you are not a private foundation, your gross receipts are normally less than \$50,000, and you are filing Form 990-N.

Public Inspection

Information available for public inspection. If we approve exempt status under section 501(c)(3), both you and the IRS

must make your application and related documents available for public inspection. For more information, please go to [IRS.gov/Charities-&-Non-Profits/Exempt-Organization-Public-Disclosure-and-Availability-Requirements](https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organization-Public-Disclosure-and-Availability-Requirements).

State Registration Requirements

Tax exemption under section 501(c)(3) is a matter of federal law. After receiving federal tax exemption, you may also be required to register with one or more states to solicit contributions or to obtain 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 nasconet.org.

Donor Reliance on a Favorable Determination

Generally, donors and contributors may rely on an organization's favorable Determination Letter under section 501(c)(3) until the IRS publishes notice of a change in status, unless the donor or contributor was responsible for or aware of the act or failure to act that results in the revocation of the organization's Determination Letter. See Rev. Proc. 2011-33, 2011-25 I.R.B. 887.

Specific Instructions

Before completing the Form 1023-EZ, you must complete the [Form 1023-EZ Eligibility Worksheet](#). If you meet the eligibility requirements, you must check the box at the top of Form 1023-EZ to attest that you are eligible to file the form. By checking the box, you are also attesting that you have read and understand the requirements to be exempt under section 501(c)(3). You are not required to submit the eligibility worksheet with your form. However, you should retain the worksheet for your records.

You must also check the boxes regarding your gross receipts and total assets. If you check "Yes" to those questions, you do not meet the requirements to submit Form 1023-EZ; instead, file Form 1023. For additional information regarding the gross receipts and assets requirements, see questions 1 through 3 on the Form 1023-EZ Eligibility Worksheet.

Part I. Identification of Applicant

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

Line 1b–1e. Mailing address. Enter your complete address where all correspondence will be sent. If mail is not delivered to the street address and you have a P.O. box, enter your box number instead of the street address.

Line 2. Employer identification number (EIN). Enter the nine-digit EIN assigned to you.



You will not be able to submit this application until you have obtained an EIN.

All organizations must have an EIN. An EIN is required regardless of whether you have employees.

If the organization doesn't have an EIN, it must apply for one. An EIN can be applied for by visiting the IRS website at [IRS.gov/EIN](https://www.irs.gov/EIN).

The organization may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. Organizations outside the United States or U.S. possessions may also apply for an EIN by calling 267-941-1099 (toll call). Don't apply for an EIN more than once.

Line 3. Month tax year ends (01-12). Enter the month that your tax year (annual accounting period) ends, using a two-digit number format. For example, if your annual accounting period ends in December, enter "12." Your annual accounting period is the 12-month period on which your annual financial records are based. Your first tax year could be less than 12 months. Check your bylaws or other rules of operation for consistency with the annual accounting period entered on line 3.

Line 4. Person to contact if more information is needed. Enter the name and title of the person to contact if more information is needed. 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 (CPA), or enrolled agent (EA).

Note. We will request a Form 2848, Power of Attorney and Declaration of Representative, if we need to contact an authorized representative for additional information.

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

Line 6. Fax number. Provide a fax number for the contact listed on line 4.

Line 7. User fee submitted. Enter the user fee amount paid.

Line 8. List the names, titles, and mailing addresses of your officers, directors, and/or 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, list only five in the order below.

1. President or chief executive officer or chief operating officer.
2. Treasurer or chief financial officer.
3. Chairperson of the governing body.
4. Any officers, directors, and trustees who are substantial contributors (not already listed above).
5. Any other officers, directors, and trustees who are related to a substantial contributor (not already listed above).
6. Voting members of the governing body (not already listed above).
7. Officers (not already listed above).

If an individual serves in more than one office (for example, as both an officer and director), list this individual on only one line and list all offices held.

An officer is a person elected or appointed to manage the organization's daily operations, such as president, vice president, secretary, treasurer, and, in some cases, board chair. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or otherwise designated consistent with state law.

A director or trustee is a member of the organization's governing body, but only if the member has voting rights.

Line 9a. Organization's website. Enter your current website address, as of the date of filing this application. If you do not maintain a website, enter "N/A" (not applicable).

Line 9b. Organization's email. Enter your email address to receive educational information from us in the future. Because of security concerns, we cannot send or respond to confidential information via email.

Part II. Organizational Structure

Line 1. Entity type. Only certain corporations, unincorporated associations, and trusts are eligible for tax-exempt status under section 501(c)(3). Sole proprietorships, partnerships, and loosely affiliated groups of individuals are not eligible. Check the appropriate box to indicate whether you are a corporation, an association, or a trust.

Note. Even though limited liability companies (LLCs) are eligible to receive exemption under section 501(c)(3), they are not eligible to apply for exemption using this form.

Corporation. A “corporation” is an entity organized under a federal or state statute, or a statute of a federally recognized Indian tribal or Alaskan native government. A corporation’s organizing document is generally referred to as its “articles of incorporation.” A corporation must be incorporated under the non-profit or non-stock laws of the jurisdiction in which it incorporates.

Unincorporated association. An “unincorporated association” formed under state law must have at least two members who have signed a written document for a specifically defined purpose.

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

Line 2. Necessary organizing document. See below for your organization type.

Corporation. If incorporated under a federal, state, or federally recognized Indian tribal or Alaskan native government statute, you have a “necessary organizing document” if your organizing document shows certification of filing. This means your organizing document shows evidence that on a specific date it was filed with and approved by an appropriate state authority.

Unincorporated association. In order to be a “necessary organizing document,” your articles of organization must include your name, your purpose(s), the date the document was adopted, and the signatures of at least two individuals.

Bylaws may be considered an organizing document only if they are properly structured to include your name, purpose(s), signatures, and intent to form an organization.

Trust. In order for your trust agreement or declaration of trust to be a “necessary organizing document,” it must contain appropriate signature(s) and show the exact date it was formed.

Line 3. Formation date. See below for your organization type.

Corporation. If you are a corporation, you should enter the date that the appropriate authority filed your articles of incorporation or other organizing document.

Unincorporated association. If you are an unincorporated association, you should enter the date that your organizing document was adopted by the signatures of at least two individuals.

Trust. If your trust was formed by a trust agreement or a declaration of trust and does not provide for distributions to non-charitable interests, enter the date the trust was funded. Generally, a trust must be funded with property, such as money, real estate, or personal property, to be legally created.

If your trust document provides for distributions for non-charitable interests, enter the date on which these interests expired. If your trust agreement continues to provide for non-charitable interests, you will not qualify for tax-exempt status.

If you were formed by a will, enter the date of death of the testator or the date any non-charitable interests expired, whichever is later.

Note. If you amended your organizational documents to comply with the requirements of section 501(c)(3), enter the date of amendment, unless the amendment was nonsubstantive within the meaning of Rev. Proc. 2017-5, 2017-1 I.R.B. 230 (or its successor).

Line 4. 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. If you are a corporation, this may not be the place in which you are physically located. For example, if you are physically located in New York, but incorporated under Massachusetts law, enter Massachusetts.

Line 5. Purpose(s) 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. See discussion of these purposes under Part III, line 3 of these instructions.

If your purposes are limited by referring to section 501(c)(3), your organizing document also properly limits your purposes. For example, the phrase “relief of the elderly within the meaning of section 501(c)(3)” in your organizing document also properly limits your purposes.

However, if the purposes listed in your organizing document are broader than those listed in section 501(c)(3), you should amend your organizing document before applying for recognition of exemption. A reference to section 501(c)(3) will not ensure that your purposes are limited to those described in section 501(c)(3). All of the language in your organizing document must be considered. 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 section of any future federal tax code.

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

Line 6. Activities not in furtherance of tax-exempt purposes. 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 described in section 501(c)(3). In other words, you are not organized exclusively for one or more exempt purposes if your organizing documents expressly empower you to carry on activities that further purposes outside the scope of section 501(c)(3), such as “to engage in the operation of a social club” or “to engage in a manufacturing business,” regardless of the fact that your organizing document may state that you are created for “charitable purposes within the meaning of section 501(c)(3) of the Code.”

Further, your net earnings must not inure to the benefit of private shareholders or individuals. You must establish that you will not be organized or operated for the benefit of private interests, such as the founder or the founder’s family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. Also, you must not, as a substantial part of your activities, attempt to influence legislation (however, eligible organizations may elect an expenditure limit instead of the “no substantial part” limit), and you are prohibited from participating to any extent in a political campaign for or against any candidate for public office.

The following is an example of an acceptable clause:

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees,

officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes described in section 501(c)(3). 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.

See Pub. 557 for further information and examples of acceptable language that expressly limits you to engage in activities in furtherance of one or more exempt purposes described in section 501(c)(3).



See the instructions for Part III, later, for more information on activities that exclusively further one or more exempt purposes, and certain activities that are prohibited or restricted for organizations exempt from federal income tax under section 501(c)(3).

Line 7. Dissolution clause. Your organizing document must permanently dedicate your assets for 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.

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 before you apply for recognition of exemption.

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.

Naming a specific organization or organizations to receive your assets upon dissolution will be acceptable only if your articles state that the specific organization(s) must be exempt under section 501(c)(3) at the time your dissolution takes place and your organizing document provides for distribution for one or more exempt purposes within the meaning of section 501(c)(3) if the specific organization(s) are not exempt.

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

Operation of state law. The laws of certain states provide for the distribution of assets upon dissolution. Therefore, specific written language regarding distribution of assets upon dissolution may not be needed in the organizing documents of exempt organizations organized in those states. Organizations that are organized in these *cy pres* states should be aware of their specific state requirements. Operation of state law is based on Rev. Proc. 82-2, 1982-1 C.B. 367.



State law does not override an inappropriate dissolution clause. If you are organized in a *cy pres* state and do not have a dissolution clause, state law is sufficient to meet the dissolution clause. However, if you have an inappropriate dissolution clause (for example, a clause specifying that assets will or may be distributed to officers and/or directors upon dissolution), state law will not override this inappropriate clause, and you will need to amend your organizing document to remove the inappropriate clause before you apply for recognition of exemption.

Part III. Your Specific Activities

Consider your past, present, and planned activities when responding to these questions.

Line 1. Briefly describe your mission or most significant activities (limit 255 characters). Provide a brief summary of your tax-exempt 501(c)(3) purposes and the activities you engage in to further those purposes (see below for examples and a description of various 501(c)(3) purposes). Don't refer to or repeat purposes in your organizing document or speculate about potential future programs. You should describe either actual or planned mission or activities. For example, an organization that plans to further educational purposes by operating an afterschool homework club would describe that activity. If the organization was also contemplating offering scholarships in the future but currently had no definitive plans to do so, then the scholarship activity would be speculative and should not be described.

Examples of activities or missions that were determined to further tax-exempt 501(c)(3) purposes:

Example 1. In Rev. Rul. 69-161, 1969-1 C.B. 149, a nonprofit legal aid society that was organized and operated for the purpose of providing free legal services to indigent persons who were otherwise financially incapable of obtaining such services, qualified for exemption under section 501(c)(3) as a charitable organization providing relief to the poor and distressed.

Example 2. In Rev. Rul. 67-148, 1967-1 C.B. 132, an organization formed to increase the knowledge of its members and the public about historic events by researching, studying, and involving its members in historically accurate reenactments to which the public was invited, qualified for exemption under section 501(c)(3) as an educational organization.

Example 3. In Rev. Rul. 74-194, 1974-1 C.B. 129, an organization formed to prevent cruelty to animals by subsidizing spaying and neutering for pet owners who otherwise couldn't afford the services, qualified for the exemption under section 501(c)(3) as an organization formed and operated exclusively for the prevention of cruelty to animals.

Examples of activities or missions that were determined to not further tax-exempt 501(c)(3) purposes:

Example 1. In *Wendy L. Parker Rehabilitation Foundation Inc. v. Commissioner*, T.C. Memo. 1986-348, an organization created to aid an open-ended class of persons suffering from a disease or illness wasn't described in section 501(c)(3) because it anticipated spending a portion of its income for the benefit of one specifically named individual. The specifically named individual's family controlled the organization and made significant contributions to it. The distributions for her support relieved them of the economic burden of providing for her care and thus constituted prohibited inurement of the organization's fund. The benefit didn't flow primarily to the general public as required under Regulations section 1.501(c)(3)-1(d)(1)(ii) and instead provided an impermissible private benefit.

Example 2. In Rev. Rul. 71-395, 1971-2 C.B. 228, an organization created as a cooperative art gallery formed by

artists to exhibit and sell their works, didn't qualify for exemption under section 501(c)(3) because the gallery was a vehicle for advancing the careers of the artists and for promoting the sale of their works. The Revenue Ruling explains that "the gallery serves the private purposes of its members, even though the exhibition and sale of paintings may be an educational activity in other respects." The organization failed to qualify for exemption because it was operated for the benefit of private individuals within the prohibition of Regulations section 1.501(c)(3)-1(d)(ii).

Example 3. In Rev. Rul. 67-367, 1967-2 C.B. 188, an organization was created to operate a scholarship fund plan for making payments to preselected, specifically named individuals. The subscribers deposited a certain amount of money with a designated bank. The subscribers also named a specific child to be the recipient of the scholarship money. The organization failed to qualify for exemption under section 501(c)(3) because it was operated for the benefit of private interests, the designated recipients, rather than to serve a public interest.

Line 2. National Taxonomy of Exempt Entities (NTEE) code. An NTEE code is a three-character series of letters and numbers that generally summarize an organization's purpose. Enter the code that best describes your organization from the [list of NTEE codes](#), later. 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 nccs.urban.org.

Note. NTEE codes are also used for purposes other than identification of organizations described in section 501(c)(3). Therefore, all codes in the list do not necessarily describe a 501(c)(3) purpose. Selecting the appropriate NTEE code is important as some donors use the codes to identify potential recipients of grants.

Line 3. Exempt purposes. In order to qualify for exemption as an organization described in section 501(c)(3), you must be organized and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals. An organization is not regarded as being organized and operated exclusively for exempt purposes if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. For more information, see Pub. 557.

Note. An organization does not qualify for exemption as an organization described in section 501(c)(3) if its purposes are illegal or contrary to public policy. See Rev. Rul. 71-447, 1971-2 C.B. 230 (a private school that does not have a racially nondiscriminatory policy as to students does not qualify for exemption). Furthermore, an organization operated for the primary purpose of carrying on a trade or business for profit shall not be exempt from taxation under section 501(c)(3), even if all of its profits are payable to one or more organizations exempt from taxation under section 501.

Charitable. 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.

Religious. To determine whether an organization meets the religious purposes test of section 501(c)(3), the IRS maintains two basic guidelines.

1. That the particular religious beliefs of the organization are truly and sincerely held. If there is a clear showing that the

beliefs (or doctrines) are sincerely held by those professing them, the IRS will not question the religious nature of those beliefs.

2. That the practices and rituals associated with the organization's religious belief or creed are not illegal or contrary to clearly defined public policy. Therefore, an organization may not qualify for treatment as an exempt religious organization for tax purposes if its actions are contrary to well established and clearly defined public policy.

Educational. The term "educational," as used in section 501(c)(3), relates to:

- The instruction or training of the individual for the purpose of improving or developing his or her capabilities, or
- The instruction of the public on subjects useful to the individual and beneficial to the community.

An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. An organization is not educational if its principal function is the mere presentation of unsupported opinion.

The term "educational" includes the provision of childcare away from the home if:

1. Substantially all of the care provided by the organization is to enable individuals (parents) to be gainfully employed, and
2. The services provided by the organization are available to the general public.

The following are examples of organizations which, if they otherwise meet the requirements of this section, are educational.

Example 1. An organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs. Such programs may be on radio or television.

Example 2. An organization which presents a course of instruction by means of correspondence or through the utilization of television or radio.

Example 3. Museums, zoos, planetariums, symphony orchestras, and other similar organizations.

Scientific. To be a scientific organization described in section 501(c)(3), an organization must be organized and operated in the public interest. Therefore, the term "scientific," as used in section 501(c)(3), includes the carrying on of scientific research in the public interest. Scientific research does not include activities of a type ordinarily carried on as an incident to commercial or industrial operations, as, for example, the ordinary testing or inspection of materials or products, or the designing or construction of equipment or buildings.

Scientific research will be regarded as carried on in the public interest if:

1. The results of such research (including any patents, copyrights, processes, or formulas resulting from such research) are made available to the public on a nondiscriminatory basis;
2. Such research is performed for the United States, or any of its agencies or instrumentalities, or for a State or political subdivision thereof; or
3. Such research is directed toward benefiting the public.

Testing for public safety. The term "testing for public safety," as used in section 501(c)(3), includes the testing of

consumer products, such as electrical products, to determine whether they are safe for use by the general public.

To foster national or international amateur sports competition. There are two types of amateur athletic organizations that can qualify for tax-exempt status. The first type is an organization that fosters national or international amateur sports competition, but only if none of its activities involve providing athletic facilities or equipment. The second type is a qualified amateur sports organization under section 501(j) (discussed below). The primary difference between the two is that a qualified amateur sports organization can provide athletic facilities and equipment.

An organization will be a qualified amateur sports organization under section 501(j) if it is organized and operated:

1. Exclusively to foster national or international amateur sports competition, and
2. Primarily to conduct national or international competition in sports or to support and develop amateur athletes for that competition.

The organization's membership can be local or regional in nature.

Prevention of cruelty to children or animals. Examples of activities that may qualify this type of organization for exempt status are:

1. Preventing children from working in hazardous trades or occupations,
2. Promoting high standards of care for laboratory animals, and
3. Providing funds to pet owners to have their pets spayed or neutered to prevent over-breeding.

Line 4. Prohibited or restricted activities. Certain activities are prohibited or restricted for organizations exempt from federal income tax under section 501(c)(3). Along with conducting activities that exclusively further one or more of the purposes listed in Part III, line 3, earlier, organizations exempt under section 501(c)(3) must:

a) Refrain from supporting or opposing candidates in political campaigns in any way.

An organization exempt under section 501(c)(3) is prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. The prohibition applies to all campaigns, including campaigns at the federal, state, and local level.

Political campaign intervention includes any and all activities that favor or oppose one or more candidates for public office. The prohibition extends beyond candidate endorsements. Contributions to political campaign funds or public statements of position (verbal or written) made by or on behalf of an organization in favor of or in opposition to any candidate for public office clearly violate the prohibition on political campaign intervention. Distributing statements prepared by others that favor or oppose any candidate for public office will also violate the prohibition. Allowing a candidate to use an organization's assets or facilities will also violate the prohibition if other candidates are not given an equivalent opportunity.

Certain activities will require an evaluation of all the facts and circumstances to determine whether they result in political campaign intervention. For example, section 501(c)(3) organizations are permitted to conduct certain voter education activities (including the presentation of public forums and the publication of voter education guides) if they are carried out in a non-partisan manner. In addition, section 501(c)(3) organizations may encourage people to participate in the

electoral process through voter registration and get-out-the-vote drives conducted in a non-partisan manner. However, voter education or registration activities conducted in a biased manner that favors (or opposes) one or more candidates is prohibited. For examples of relevant facts and circumstances, see Rev. Rul. 2007-41, 2007-1 C.B. 1421.

b) Ensure that 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).

An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. The term "private shareholder or individual" refers to persons who have a personal and private interest in the organization, such as an officer, director, or a key employee. Any amount of inurement may be grounds for loss of tax-exempt status.

Note. Examples of inurement include the payment of dividends and the payment of unreasonable compensation to private shareholders or individuals.

c) Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially.

An organization cannot conduct activities that further any purposes other than those described in Part III, line 3 of these instructions more than insubstantially, including benefitting private interests rather than the public as a whole. For example, an organization whose sole activity is the operation of a scholarship program for making payments to pre-selected, specifically named individuals is serving private interests rather than public interests. See Rev. Rul. 67-367, 1967-2 C.B. 188.

d) Not be organized or operated for the primary purpose of conducting a trade or business that is unrelated to exempt purpose(s).

An activity is an unrelated trade or business (and subject to unrelated business income tax) if it meets three requirements.

1. It is a trade or business.
2. It is regularly carried on.
3. It is not substantially related to furthering the exempt purpose(s) of the organization.

Trade or business. The term "trade or business" generally includes any activity conducted for the production of income from selling goods or performing services. An activity does not lose its identity as a trade or business merely because it is conducted within a larger group of similar activities that may or may not be related to the exempt purposes of the organization.

Regularly carried on. Business activities of an exempt organization ordinarily are considered regularly conducted if they show a frequency and continuity similar to, and are pursued in a manner similar to, comparable commercial activities of nonexempt organizations.

Not substantially related. A business activity is not substantially related to an organization's exempt purpose if it does not contribute importantly to accomplishing that purpose (other than through the production of funds). Whether an activity contributes importantly depends in each case on the facts involved.

For more information, see Pub. 598.

e) Not devote more than an insubstantial part of activities to attempting to influence legislation.

In general, if a substantial part of an organization's activities consists of carrying on propaganda or otherwise attempting to influence legislation, it does not qualify for exemption under section 501(c)(3).

Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items (such as legislative confirmation of appointive office), or by the public in referendum, ballot initiative, constitutional amendment, or similar procedure. It does not include actions by executive, judicial, or administrative bodies.

An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

TIP Most public charities are eligible to elect under section 501(h) to have their legislative activities measured solely by an expenditure limit rather than by the “no substantial amount” limit. An election is made by filing Form 5768, *Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation*. If you are eligible and would like to make the election, file Form 5768. Private foundations cannot make this election.

For additional information on the expenditure limit or the no substantial amount limit, see [IRS.gov/Charities-&-Non-Profits/Lobbying](https://www.irs.gov/Charities-&-Non-Profits/Lobbying).

f) Not provide commercial-type insurance as a substantial part of activities.

An organization described in section 501(c)(3) shall be exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance. The term “commercial-type insurance” does not include:

- Insurance provided at substantially below cost to a class of charitable recipients,
- Incidental health insurance provided by a health maintenance organization of a kind customarily provided by such organizations,
- Property or casualty insurance provided (directly or through an organization described in section 414(e)(3)(B)(ii)) by a church or convention or association of churches for such church or convention or association of churches,
- Providing retirement or welfare benefits (or both) by a church or a convention or association of churches (directly or through an organization described in section 414(e)(3)(A) or 414(e)(3)(B)(ii)) for the employees (including employees described in section 414(e)(3)(B)) of such church or convention or association of churches or the beneficiaries of such employees, and
- Charitable gift annuities.

Line 5. Attempting to influence legislation. Check “Yes” if you have attempted, or plan to attempt, to influence legislation. See the instructions for Part III, line 4, earlier, for a description of “attempting to influence legislation.”

Line 6. Compensation to officers, directors, or trustees. Check “Yes” if you pay or plan to pay compensation to any of your officers, directors, or trustees.

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 expenses, athletic or country club membership, and personal use of your property), and bonuses.

Line 7. Donation of funds or payment of expenses to individuals. Check “Yes” if you have donated funds to or paid expenses for individual(s), or plan to donate funds to or pay expenses for individual(s) (other than paying for or reimbursing employees’ business expenses).



An organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. You do not qualify as tax exempt if you are organized or operated for the benefit of private interests such as designated individuals, the creator or his or her family, or shareholders of the organization. For example, you may not set up a scholarship program to pay for the education expenses of a designated individual, such as a contributor’s family member. See Rev. Rul. 67-367, 1967-2 C.B. 188.

Line 8. Conducting activities or providing grants outside the United States. Check “Yes” if you have conducted or plan to conduct activities outside the United States, or have provided or plan to provide grants or other assistance to individual(s) or organization(s) outside the United States. For purposes of this question, “outside the United States” means those locations other than the United States, its territories, and possessions.

Line 9. Financial transactions with officers, directors, or trustees. Check “Yes” if you have engaged in or plan to engage in financial transactions (for example, loans, grants, or other assistance, payments for goods or services, rents, etc.) with any of your officers, directors, or trustees, or any entities they own or control. See the glossary in the Form 990 instructions for a definition of “control.”

Line 10. Unrelated business gross income. Check “Yes” if you have received or plan to receive unrelated business gross income of \$1,000 or more during a tax year. Exempt organizations that receive unrelated business gross income of \$1,000 or more during a tax year must file Form 990-T, Exempt Organization Business Income Tax Return. For more information, see Pub. 598.

Line 11. Gaming activities. Check “Yes” if you have conducted or plan to conduct bingo or other gaming activities. For more information, see Pub. 3079, Tax-Exempt Organizations and Gaming.

Line 12. Disaster relief assistance. Check “Yes” if you have provided or plan to provide disaster relief. For more information, see Pub. 3833, Disaster Relief: Providing Assistance Through Charitable Organizations.



Because of the requirement that exempt organizations must serve a charitable class, you do not qualify as a tax-exempt disaster relief or emergency hardship organization if you provide assistance only to specific individuals, such as a few persons injured in a particular natural disaster. Similarly, donors cannot earmark contributions to a charitable organization for a particular individual or family.

Part IV. Foundation Classification

Every organization described in section 501(c)(3) has a foundation classification. The two main classifications are public charity and private foundation. A public charity generally has a broad base of support, while a private foundation generally receives its support from a small number of donors. Your foundation classification is important because it determines which tax rules govern your operations and which limitations apply to your donors’ contributions. For example, deductibility of contributions to a private foundation is more limited than contributions to a public charity. In addition, private foundations are subject to excise taxes that are not imposed on public charities, discussed later.

Section 509(a) provides that every section 501(c)(3) organization is a private foundation unless it qualifies for one of the public charity exceptions under section 509(a)(1), 509(a)(2), 509(a)(3), or 509(a)(4). Section 509(a)(1) public charities have nine sub-classifications; however, only three of those

subclasses (described in the first three bullets below) can apply for exemption on Form 1023-EZ. Private foundations have two main sub-classifications.

Note. Private operating foundations can't apply for exemption on Form 1023-EZ (see question 28 on the Form 1023-EZ Eligibility Worksheet).



You are solely responsible to check the line on Part IV of Form 1023-EZ that corresponds to your correct foundation classification. We will process your application with the classification you indicate based upon your representations.

Foundation classifications available to a Form 1023-EZ filer. An organization eligible to apply for exemption using Form 1023-EZ will have one of the following foundation classifications.

- A section 509(a)(1) public charity described in section 170(b)(1)(A)(vi) that receives substantial support in the form of grants and contributions from governmental units, the general public, and other public charities. See the instructions for **Line 2a**, later
- A section 509(a)(2) public charity that receives substantial revenues from a combination of contributions, membership fees, and gross receipts from activities that further its exempt purpose. See the instructions for **Line 2b**, later.
- A section 509(a)(1) public charity described in section 170(b)(1)(A)(iv) that operates for the benefit of a college or university that is owned or operated by a governmental unit. See the instructions for **Line 2c**, later.
- A private foundation (other than a private operating foundation). See the instructions for **Line 3**, later.

You can find a detailed description of the tax treatment of public charities and private foundations in chapter 3 of Pub. 557. Also see Pub. 526, which explains the limitations on deductibility of contributions for gifts to public charities and private foundations.

Note. Your foundation classification can change if the types, sources, and amounts of your revenues change.

Determining your correct foundation classification. In order to determine your correct foundation classification, you need to know the types, sources, and amounts of your revenues for the most recent 5-year period. If you are a new organization, base your determination on the types, sources, and amounts of revenue you actually received since your formation, together with the types, sources, and amounts of revenue you anticipate you will receive over the first 5 years of your existence.

Because of the low asset and revenue thresholds for Form 1023-EZ, the instructions later simplify the applicable tests for the types of public charity described in the instructions for Line 2a and Line 2b. You can obtain more detailed information about the public support tests for Line 2a and Line 2b in the Instructions for Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support. In addition, you can complete Schedule A (Form 990 or 990-EZ), Parts II and III as an alternative to the simplified calculation steps described later.

Types of Revenue.

Gifts, grants, and contributions. Gifts, grants, and contributions are transfers of money or property you receive without providing goods or services in exchange. Include bequests and donations in this revenue type. Membership fees may also be treated as contributions when the member receives nothing of value in exchange for the membership fee. In addition, you can treat the value of services or facilities furnished by a governmental unit without charge, provided that the governmental unit would ordinarily charge for the use of its facilities. Treat contributions from members of a family as made by one person. Treat contributions by an individual and a

business entity the individual controls as being made by the individual.

Exempt-activity revenues. Exempt-activity revenues include admissions fees, revenues from merchandise sold or services performed, or facilities furnished in any activity related to your tax-exempt purpose.

Revenues from unrelated activities. Revenues from activities unrelated to your exempt purpose don't count as public support for section 509(a)(1) or 509(a)(2). Therefore, you need to identify these revenues and account for them separately from gifts, grants, contributions, exempt-activity revenues, and unusual grants. Revenues from activities unrelated to your exempt purpose include admissions fees, revenues from merchandise sold or services performed, or facilities furnished in any activity that is unrelated to your tax-exempt purpose. For the purposes of the Form 1023-EZ, we do not distinguish between revenues in this category that are taxable as unrelated business taxable income (UBTI) and revenues that are not UBTI because of an exception, nor do we factor in the deduction allowed on Schedule A (Form 990 and 990-EZ) for the tax on UBTI. See the Instructions for Schedule A (Form 990 and 990-EZ) and Pub. 598 for more information.

Investment income. Investment income includes interest, dividends, and similar items.

Unusual grants. "Unusual grants" are contributions from disinterested persons (that is, not your founder or members of your governing body) that are unusual (in terms of their size), that you do not anticipate will be recurring. For example, a one-time promise of "seed funding" to help you start operations and develop broad-based public support (whether received in a lump sum or over a period of years) could potentially be characterized as an unusual grant. Before you decide that a contribution is an "unusual grant," see chapter 3 of Pub. 557 for more information.

Sources of Revenue.

Disqualified persons. The term "disqualified person" has a specific meaning depending upon the circumstances. For the purposes of Form 1023-EZ and your foundation classification, the term "disqualified persons" includes any individual or organization that is any of the following.

1. A "substantial contributor" to you (defined below).
2. An officer, director, trustee, or any other individual who has similar powers or responsibilities.
3. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor.
4. An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor.
5. An individual who owns more than 20% of the beneficial interest of a trust or estate that is a substantial contributor.
6. A member of the family of any individual described in 1, 2, 3, 4, or 5 above.
7. A corporation in which any individuals described in 1, 2, 3, 4, 5, or 6 above, hold more than 35% of the total combined voting power.
8. A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above, hold more than 35% of the beneficial interests.
9. A partnership in which any individuals described in 1, 2, 3, 4, 5, or 6 above, hold more than 35% of the profits interest.

Substantial contributor. A "substantial contributor" is any individual or organization that gave more than \$5,000 to you from the date you were formed or other date that your exemption would be effective, to the end of the year in which the

contributions were received. This total amount contributed must also be more than 2% of all the contributions you received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed.

For more information regarding substantial contributors, go to [IRS.gov/SubstantialContributor](https://www.irs.gov/SubstantialContributor).

Family members. A “member of the family” includes the spouse, ancestors, children, grandchildren, great-grandchildren, and their spouses.

For additional information concerning members of the family, go to [IRS.gov/FamilyMembers](https://www.irs.gov/FamilyMembers).

Further information about disqualified persons can be obtained at [IRS.gov/DisqualifiedPerson](https://www.irs.gov/DisqualifiedPerson).

General public. For the purposes of determining your foundation classification, the term “general public” includes any person who is not a disqualified person.

Governmental unit. Governmental unit means a state, a possession of the United States, or a political subdivision of a state or U.S. possession, the United States, or the District of Columbia. Treat taxes levied on your behalf that are paid to or spent on your behalf as being from a governmental unit. In addition, if a governmental unit provides services or facilities to you without charge, and it does not provide those services or facilities to the public without charge, you should treat the value of those services and facilities as being from a governmental unit.

Public charity. An organization described in section 501(c)(3) that makes a gift, grant or contribution to you, or pays exempt-service revenues to you, should inform you of its foundation classification.

Foundation classification tests. Lines 2a, 2b, 2c, and 3 each uses a different test. The specific test for each line is explained below.

You may only check one box in Line 2.

As an alternative to the tests described below, you can use the more detailed support calculations in Schedule A (Form 990 or 990-EZ), Part II (for Line 2a, or Line 2c), or Part III (for Line 2b).

TIP *If the IRS approves your application and you are classified as a public charity, then any year that you must file Form 990 or Form 990-EZ, you will use Schedule A (Form 990 or 990-EZ), to confirm that you continue to satisfy the section 509(a)(1) or 509(a)(2) public support test. See Annual Filing Requirements, earlier.*

Line 1. Check “Yes” if you are applying for recognition as a church, school, or hospital (as described in section 170(b)(1)(A)(i), (ii), or (iii)). Also see questions 12 through 14 on the [Form 1023-EZ Eligibility Worksheet](#). If you are seeking recognition as a church, school, or hospital, you are not eligible to use Form 1023-EZ and should instead submit Form 1023 if you wish to obtain a determination letter from the IRS. However, churches (including synagogues, temples, and mosques) and integrated auxiliaries of churches and conventions or associations of churches may be considered tax exempt under section 501(c)(3) even if they do not file Form 1023.

Check “No” if you are not applying for recognition as a church, school, or hospital (as described in section 170(b)(1)(A)(i), (ii), or (iii)).

Line 2a. Check this box if after completing Steps 1–7 below, you meet the requirements for the 509(a)(1) public support test.

Use the calculation below to determine whether you can check Line 2a. For the calculations below, combine revenues for the most recent 5-year period. If you are a new organization, base your calculation on revenues you have actually received since your formation as well as revenues you anticipate you will

receive over the first 5 years of your existence. You can also use this support calculation for Line 2c.

Step 1. Total all gifts, grants, and contributions (including those from governmental units and public charities). Don’t include exempt-activity revenues and unusual grants.

Step 2. Multiply the amount from Step 1 by 2% (0.02). This is your 2% threshold amount. Gifts, grants, or contributions from persons other than governmental units and public charities can be treated as public support only up to the 2% threshold.

Step 3. Excluding gifts, grants, and contributions from governmental units and public charities, add together contributions of any person that exceed the 2% threshold amount calculated in Step 2.

Example. If the amount in Step 1 is \$150,000, the 2% threshold is \$3,000. If, over the 5-year period, one individual donor gave \$4,000, another individual donor gave \$3,250, and the rest of the donors gave \$3,000 or less, the amount calculated for Step 3 will be \$1,250, which is (\$4,000 minus \$3,000) plus (\$3,250 minus \$3,000).

Step 4. Subtract the amount calculated in Step 3 from the amount calculated in Step 1. This is your 509(a)(1) **public** support amount.

Step 5. Calculate the total of your unrelated trade or business revenues, and investment income. Don’t include exempt-activity revenues and unusual grants.

Step 6. Add the amount from Step 1 to the amount from Step 5. This is your 509(a)(1) **total** support amount.

Step 7. Divide your 509(a)(1) public support amount (calculated in Step 4) by your 509(a)(1) total support amount (calculated in Step 6).

- If the result is at least 33¹/₃%, you satisfy the 509(a)(1) public support test and should check the box on Line 2a.
- If the result is less than 33¹/₃%, but is at least 10%, you might satisfy the public support test for Line 2a (or Line 2c) based upon a “facts and circumstances” test. An organization with public support between 10% and 33¹/₃% must be organized and operated in a way that will attract new and additional public or governmental support on a continuous basis. The following factors are taken into account in determining whether an organization that meets the 10% public support requirement and is organized and operated to attract new and additional public support may qualify as publicly supported for the purposes of section 509(a)(1).
 - a. The percentage of financial support the organization receives from the general public, governmental units, or public charities (the higher the percentage, the lower the burden of meeting the other factors).
 - b. Whether the organization receives support from a representative number of persons.
 - c. All other facts and circumstances, including the public nature of the organization’s governing body, the extent to which its facilities or programs are publicly available, the extent to which its dues encourage membership, and whether its activities are likely to appeal to persons having a broad common interest or purpose.

For additional information about the “facts and circumstances” test, see Pub. 557 and Regulations section 1.170A-9(f)(3).

Note. If you do not satisfy the section 509(a)(1) public support test, but you receive most of your support in the form of exempt-activity receipts, continue to the section 509(a)(2) public support test for Line 2b.

Line 2b. Use the following public-support calculation if you did not satisfy the section 509(a)(1) public support test and you wish to determine whether you satisfy the section 509(a)(2) public support test.

Step 1. Add together amounts you received in the form of taxes levied on your behalf that are paid to or spent on your behalf and the value of services and facilities provided to you by a governmental unit without charge (see the description of this revenue source earlier). Do not include amounts a governmental unit pays to in the form of a grant, contribution, or exempt-activity revenues.

Step 2. Add together all gifts, grants, contributions, and exempt-activity revenues from all sources not included in the calculation for Step 1, excluding unusual grants.

Step 3. To the amount you calculated in Steps 1 and 2, add investment income and all revenues from unrelated activities. For the purposes of this simplified calculation, do not distinguish between unrelated activity revenues that generate UBTI and those that qualify for an exception from UBTI. This is your 509(a)(2) **total** support amount.

Step 4. Treating family members as one contributor, and any business entity and an individual who controls it as one contributor, identify the contributors who are disqualified persons. Then, calculate the total of contributions received from disqualified persons, regardless of amount.

Step 5. Identify any disqualified persons from whom you received exempt-activity revenues of any amount. Then, calculate the total of exempt-activity revenues received from disqualified persons.

Step 6. Identify the payers other than disqualified persons from whom you received exempt-activity revenues in any year that exceed the greater of 1% of your 509(a)(2) total support amount or \$5,000 for that year. Total the amounts that exceed the greater of 1% or \$5,000 threshold for each year. Make this calculation on a year-by-year basis, rather than on a 5-year aggregated basis.

Step 7. Subtract the total of the amounts calculated in Step 4, Step 5, and Step 6 from the amount you calculated in Step 2. Then, add that to the amount calculated in Step 1. This is your 509(a)(2) **public** support amount.

Step 8. Divide your 509(a)(2) public support amount (calculated in Step 7) by your 509(a)(2) total support amount (calculated in Step 3). If the result is less than 33 $\frac{1}{3}$ %, this calculation indicates that you don't satisfy the 509(a)(2) public support test. If the result is at least 33 $\frac{1}{3}$ %, proceed to Step 9.

Step 9. In addition to the 509(a)(2) public support amount of at least 33 $\frac{1}{3}$ %, you may not derive more than 33 $\frac{1}{3}$ % of your total support from a combination of investment income and revenues from activities unrelated to your exempt purpose. Add together your investment income and revenues from unrelated activities. Then, divide that amount by the 509(a)(2) total support amount. If that amount is less than 33 $\frac{1}{3}$ %, you satisfy the second part of the 509(a)(2) public support test.

If the result in Step 8 is at least 33 $\frac{1}{3}$ % and the result in Step 9 is less than 33 $\frac{1}{3}$ %, you satisfy the 509(a)(2) public support test. Check the box on Line 2b.

Line 2c. In order to be able to check the box for Line 2c, you must satisfy the same public support test for Line 2a, earlier. See Rev. Rul. 82-132, 1982-2 C.B. 107. Check this box if, in addition to satisfying the support test described in Line 2a, earlier, you are organized and operated exclusively to receive, hold, invest, and administer property for and make expenditures to or for the benefit of a state or municipal college or university (see below).

The college or university you benefit must be:

- An agency or instrumentality of a state or political subdivision,
- Owned and operated by a state or political subdivision, or
- Owned and operated by an agency or instrumentality of one or more states or political subdivisions.

For this purpose, "support" doesn't include income received in the exercise or performance by the organization of its

charitable, educational, or other purpose or function constituting the basis for exemption. See Pub. 557 for additional information.

Line 3. If you are eligible to apply for exemption using Form 1023-EZ, but you don't satisfy one of the public charity tests listed in Lines 2a-2c, you are a private foundation and must confirm that you satisfy the organizing document requirements discussed below.

Special organizing document requirement. Before you check Line 3, you need to ensure that your organizing document satisfies the special rule under section 508(e) applicable to private foundations.



As a private foundation you are not tax exempt unless your organizing document contains specific provisions required by section 508(e). These specific provisions require that you operate to avoid liability for excise taxes under sections 4941(d) (acts of self-dealing), 4942 (undistributed income), 4943(c) (excess business holdings), 4944 (jeopardizing investments), and 4945(d) (taxable expenditures).

You can find sample provisions that satisfy the section 508(e) requirements in chapter 3 of Pub. 557.



You can include provisions that satisfy the requirement under section 508(e) even if you are not a private foundation, and even if state law provisions satisfy section 508(e) requirements.

Operation of state law. Some states have enacted statutory provisions that satisfy the requirements of section 508(e). See Appendix B in the Instructions for Form 1023. If you are organized in a state that has statutory provisions addressing the requirements of section 508(e), and if you wish to rely on your state law provisions instead of including the provisions in your organizing document, you should be certain that you know what the specific provisions are and where to find them. Reliance on state law to satisfy the rules under section 508(e) is explained in Rev. Rul. 75-38, 1975-1 C.B. 161.

Note. By checking **Line 3**, you are attesting that either your organizing document contains the appropriate provisions or that the requirement is satisfied by operation of state law.

As a private foundation you are subject to all of the private foundation rules, not just the specific provisions listed in section 508(e). You can find information about the private foundation rules and the excise taxes that may be imposed for violations of the rules in Pub. 4221-PF, Compliance Guide for 501(c)(3) Private Foundations, and at [IRS.gov/Charities-&-Non-Profits/Private-Foundations/Private-Foundation-Excise-Taxes](https://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Private-Foundation-Excise-Taxes).

Special foundations-rule procedure for grants to individuals for travel or study. Private foundations are required to obtain advance approval from the IRS before making grants to individuals for travel, study, or similar purposes. Failure to do so will result in excise taxes under section 4945. Under section 4945, the excise tax does not apply to an individual grant awarded on an objective and nondiscriminatory basis pursuant to a procedure approved by the IRS in advance. Additional information regarding these rules is available at [IRS.gov/Charities-&-Non-Profits/Private-Foundations/Grants-to-Individuals](https://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Grants-to-Individuals).

To request advance approval of grantmaking procedures under section 4945(g), you must complete and submit Form 8940. A user fee must accompany the form. The advance approval request should be sent to the address indicated on Form 8940. It cannot be submitted with Form 1023-EZ. Additional information about advance approval of individual grant procedures is available at [IRS.gov/Charities-&-Non-Profits/Private-Foundations/Advance-Approval-of-Grant-Making-Procedures](https://www.irs.gov/Charities-&-Non-Profits/Private-Foundations/Advance-Approval-of-Grant-Making-Procedures). Alternatively, if you do not wish to submit a Form

1023-EZ and a Form 8940, private foundations required to obtain advance approval may complete Form 1023 instead.

Part V. Reinstatement After Automatic Revocation

You should complete this section only if you have had your exempt status automatically revoked under section 6033(j)(1) 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 Rev. Proc. 2014-11, 2014-3 I.R.B. 411.

Rev. Proc. 2014-11 establishes several different procedures for reinstating organizations depending upon their size, number of times they have been automatically revoked, and the timeliness of filing for reinstatement. Therefore, you should review the revenue procedure and determine which section applies to you.

Note. You can apply using this form only if you are requesting reinstatement under section 4 or 7 of the revenue procedure. If you are applying for retroactive reinstatement under section 5 or 6 of Rev. Proc. 2014-11, you must submit the full Form 1023 along with the appropriate reasonable cause statement and a statement confirming you have filed the required annual returns as described in the revenue procedure.

Line 1. Section 4 of Rev. Proc. 2014-11. Check this box if:

- You were eligible to file either Form 990-EZ or Form 990-N for each of the three consecutive years that you failed to file,
- This is the first time you have been automatically revoked pursuant to section 6033(j), and
- You are submitting this application not later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Revocation List at IRS.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check.

By checking this box, you are also attesting that your failure to file was not intentional and you have put in place procedures to file required returns or notices in the future.



If you are requesting reinstatement under section 4 of Rev. Proc. 2014-11, the foundation classification that you request on Part IV. Foundation Classification of this form must match the foundation classification you had at the time of your revocation. Otherwise, you must use Form 1023.

Line 2. Section 7 of Rev. Proc. 2014-11. Check this box if you are seeking reinstatement under section 7 of Rev. Proc. 2014-11. By checking this box, you are agreeing to accept an effective date of reinstatement as of the date of filing this application.

Part VI. Signature

An officer, director, or trustee listed in Part I, line 8, who is authorized to sign for the organization must electronically sign Form 1023-EZ. To electronically sign Form 1023-EZ, the signer must check the "penalties of perjury" box in Part VI and type his or her name on the line provided. The signature must be accompanied by the title or authority of the signer and the date.

Paperwork Reduction Act Notice. The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	10 hr., 02 min.
Learning about the law or the form	2 hr., 30 min.
Preparing the form	5 hr., 33 min.
Copying, assembling, and sending the form to the IRS	48 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 1023-EZ simpler, we would be happy to hear from you. You can send us comments from IRS.gov/FormComments. Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Form 1023-EZ to this address. Instead, see [How To File](#), earlier.
