

Dear Applicant:

In your letter dated June 21, 2024, you requested a reclassification of foundation status as a public charity.

Our records indicate you are tax exempt under IRC Section 501(c)(3). You're currently classified as a public charity described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Based on the information you provided, we determined you meet the requirements for classification as a public charity described in IRC Sections 509(a)(1) and 170(b)(1)(A)(i) and updated our records.

Because your tax-exempt status wasn't under consideration, you continue to be classified as an organization exempt from federal income tax under IRC Section 501(c)(3).

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

This letter could help resolve questions on your foundation status. Keep it for your records.

A **501(c)(3)** organization is a non-profit organization in the United States that is granted **tax-exempt status** under Section 501(c)(3) of the Internal Revenue Code.

Key Features:

- Tax Exemption: The organization itself **is exempt from federal income tax**.
- Tax-Deductible Donations: Donations made to the organization **are generally tax-deductible for the donor**, according to IRS guidelines.
- Exempt Purposes: These organizations must be **organized and operated exclusively for specific purposes**, including:
 - Charitable
 - **Religious**
 - Educational
 - Scientific
 - Literary
 - Testing for public safety
 - Fostering national or international amateur sports competition
 - Preventing cruelty to children or animals

Types of 501(c)(3) Organizations:

There are three main types of 501(c)(3) organizations:

1. **Public Charities:** These organizations receive a significant portion of their funding from the **general public** or government.
 - Examples include: schools, hospitals, food banks, relief organizations.
2. **Private Foundations:** These organizations are typically funded by a single source, such as an individual, family, or corporation, and often make grants to other charities.
 - Examples include: Family foundations, corporate foundations.
3. **Private Operating Foundations:** Similar to private foundations, but they also operate their own charitable programs.

Restrictions:

501(c)(3) organizations are subject to various restrictions, including:

- **Political Campaign Activity:** They are **prohibited from participating in political campaigns or endorsing/opposing candidates**.
- **Lobbying:** Lobbying activities are restricted and cannot be a **substantial part of the organization's activities**.
- **Private Benefit:** The organization's activities **cannot primarily benefit private interests or individuals**.
- **Unrelated Business Income:** They may be **subject to taxes on income from activities unrelated to their exempt purpose**.

In Summary:

501(c)(3) status is a crucial designation for nonprofit organizations, providing them with tax benefits and the ability to attract donors. However, it also comes with responsibilities and restrictions designed to ensure these organizations operate for the public benefit.

Section **509(a)(1)** of the Internal Revenue Code (IRC) defines a **specific type of public charity**, and it's important for understanding the landscape of nonprofit organizations in the US.

Key Points:

- **Public Charity Status:** 509(a)(1) organizations are classified as **public charities, not private foundations**.

- Public Support: To qualify, these organizations must demonstrate broad public support, typically through a "Public Support Test".
- Types of Organizations: Common examples include **churches**, schools, hospitals, and organizations that support them.
- Tax-Exempt Status: Like other 501(c)(3) organizations, 509(a)(1) charities are tax-exempt.

In More Detail:

1. Public Support Test: A 509(a)(1) organization generally needs to **receive at least 1/3 of its total support from** governmental units, the **general public**, or other public charities.
2. Facts and Circumstances Test: If an organization doesn't meet the 1/3 support test, it can still qualify if it receives at least 10% of its support from public sources and meets other criteria demonstrating public support.
3. Difference from 509(a)(2): While both are public charities, 509(a)(2) organizations can also derive substantial support from fees for services that further their exempt purposes, unlike 509(a)(1) organizations.
4. Why It Matters: The 509(a)(1) classification affects how an organization is perceived by donors and grant-making organizations, as it signals that the charity is supported **by a broad base rather than a few large donors**.

In essence, 509(a)(1) designates a public charity that relies primarily on contributions and grants from a wide range of sources, ensuring that it serves a broader public benefit.

The reference "**170(b)(1)(A)(vi)**" refers to a specific section within the U.S. Internal Revenue Code (IRC) related to charitable contributions. Here's a breakdown of what it signifies:

1. Context:

- IRC Section 170: This section deals with the deductibility of charitable contributions for income tax purposes.
- Subsection (b): This part outlines percentage limitations on the amount of charitable contributions an individual can deduct in a given tax year.
- Paragraph (1)(A): This part lists specific types of organizations to which contributions can be made, which **qualify for a higher deduction limit**.

- (vi): This clause specifically identifies a type of organization as being eligible for the higher deduction limit.

2. What it Means:

- Publicly Supported Charities: IRC Section 170(b)(1)(A)(vi) defines a category of public charities that are considered "**publicly supported**".
- Substantial Support: These charities must demonstrate that they normally receive a substantial part of their financial support from either governmental units or **direct/indirect contributions from the general public**.
- Public Support Test: To qualify under this section, an organization typically needs to pass a "public support test". This test ensures that the organization **receives a significant portion of its funding from public sources** rather than just a few large donors.
- Higher Deduction Limit: Contributions to organizations meeting the requirements of Section 170(b)(1)(A)(vi) are eligible for **a higher deduction limit than those to private foundations or other types of charities**.
- Purpose: This provision ensures that organizations **relying on public support and serving the public interest** are eligible for tax benefits, which in turn encourages further public contributions.

In essence, 170(b)(1)(A)(vi) designates a category of publicly supported charities that have met certain criteria demonstrating broad public support and are thus eligible to receive contributions that qualify for a higher deduction limit for donors.

Internal Revenue Code (IRC) Section **170(b)(1)(A)(i)** refers to a specific type of charitable organization for which individuals can claim a deduction for their charitable contributions.

Specifically, IRC Section 170(b)(1)(A)(i) designates "**a church or a convention or association of churches**" as **qualifying organizations for charitable contribution deductions**.

Key Points:

- Churches: This includes **individual churches, synagogues, mosques, or other religious organizations**.

- **Conventions or Associations of Churches:** This refers to organizations that **oversee or coordinate the activities of multiple churches within a particular denomination or religious group.**
- **Deductibility of Contributions:** Contributions made to organizations described in Section 170(b)(1)(A)(i) are deductible, subject to **certain limitations based on the taxpayer's adjusted gross income (AGI).**

In simpler terms, this section of the tax code allows individuals to deduct contributions they make to churches and similar religious organizations, within certain limits.

Under **Section 170(b)(1)(A)(i)** of the Internal Revenue Code, contributions made to **churches or conventions or associations of churches** are deductible as charitable contributions, subject to **certain percentage limitations based on the donor's Adjusted Gross Income (AGI).**

AGI Limitation for Section 170(b)(1)(A)(i):

- **Deduction Limit:** Up to **60% of the taxpayer's AGI** for **cash contributions** made to organizations described in **Section 170(b)(1)(A)(i).**
- **30% Limit for Non-Cash Contributions:** If the contribution is **non-cash (e.g., property)**, the limit may be **30% of AGI**, depending on the type of property and whether the charity is a 50%-limit organization (which Section 170(b)(1)(A)(i) organizations are).

Key Points:

- The **60% limit** applies only to **cash contributions.**
- The organization must be a **qualified public charity**, which includes churches.
- **Excess contributions** can be **carried forward** and deducted in up to **five subsequent tax years**, subject to the same percentage limits.