

ENCLOSED PAPERWORK MAY BE REQUIRED TO SUPPORT YOUR APPLICATION FOR TAX EXEMPTION UNDER 501 (C) (3) OF THE INTERNAL REVENUE CODE. ENCLOSED DOCUMENTS ARE THE FOLLOWING: **APPENDIX:**

- IRS Certificate
- Form 1023
- Schedule H
- New York Articles of Incorporation
- Bylaws
- Form 5708
- Narrative Description of the 1073 With Initial Activity Questions and Substantive Responses
- Corporate Certificate of Incorporation
- Corporate Conflict of Interest Policy
- Signed board minutes of approval:
  - Initial Organization Minutes
  - Hiring of Executive Director and Approval of Salary
- LEGAL PAPERWORK**
- Supporting IRS Publications and IRS Rulings:
  - IRS Rev Ruling 2004-51
  - IRB 2004-22
  - Rev Ruling 77-460, 1977-2 CB 125
  - IRS Memorandum, Ltr. Rul. 8550017, 1985-1 CB 403
  - Rev Ruling 77-270, 1977-2 CB 125
  - IRS 1983 F.O.I. Act Exemption
  - Rev Ruling 80-45, 1980-1 CB 252
  - Rev. Proc. 92-59, 1992-1 CB 411
  - Publication 422, RC (Rev. 7/2004) Page 4
  - IRC Section 2613
  - IRS Rev Ruling 67-70
  - Rev Ruling Rev Rul. 84-100, 1984-1 CB 210
  - Voluntary Disbarment of U.S. Court Clerks

Under penalties for perjury, I declare that I have examined the information contained herein and I believe it is true, complete, and correct. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including penalties).

  
Monroe Manil, Executive Director  
Save Our Tappan, Inc.

  
Director

# Form 1023-EZ Checklist

(Revised 10/2012)

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

Note: Retain a copy of this Form 1023-EZ in your permanent records. Refer to the User Registration Instructions for more information on how to apply for recognition.

Check each box to indicate whether you have provided the information required on this Form 1023-EZ. Send this completed checklist with your completed application to the IRS. If you have not answered all the items below, your application may be returned to you as incomplete.

- Associate the application and materials in this order:
  - Form 1023-EZ checklist.
  - Form 990, *Return of Organization Operating for the Public Interest* (if filing).
  - Form 8821, *Tax Information Authorization* (if filing).
  - Expenditure receipt (if requested).
  - Application Form 1023-EZ and Solicited Res. Cdn. through H. 408 (required).
  - Articles of organization.
  - Amendments to articles of organization or bylaws.
  - Bylaws or other rules of operation and amendments.
  - Documentation of nondiscrimination policy for schools, nurseries, day care centers, etc.
  - Form 5768, *Election/Revocation of Election by an Eligible Corporation* (if you intend to make expenditures to influence federal legislation (if filing)).
  - All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and title.
- User fee per application placed in envelope and put in the mail. Do NOT put the fee in the envelope or money order to go to your application. Instead, it is to be put in the envelope.
- Employer identification number (EIN).
- Completed Part I through VI of the application, including any requested information and attachments required (Schedules A through H):
  - You must provide specific details about your past, present, and planned activities.
  - Generalizations or "fill-in-the-blank" answers to questions in the Form 1023-EZ application will prevent us from recognizing your tax-exempt status.
  - Do not include your past, present, and proposed activities in the application.
  - Financial information should be reported from proposed activities.
- Schedule C is not being filed because the rules that apply to your activity are either the same as or included in:

Schedule A	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Schedule E	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Schedule B	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Schedule F	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Schedule C	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Schedule G	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Schedule D	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Schedule H	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

An exact copy of your complete articles of organization (including amendments) and dissolution clauses is the number one reason for the assistance of our formation officers.

- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number)
- Location of Dissolution Clause from Part III, line 20 or 21 (Page, Article and Paragraph Number) or operation for state law

Signature of an officer or director to state authority to file this application.

- Signature and Title

Your name on the application must be the same as your legal name as it appears in your organization.

Send completed Form 202, user fee, and all other required information to:

Internal Revenue Service  
Attention: E-2 Information Officers  
Stop 31  
P.O. Box 12192  
Covington, KY 40112-0192

If you are using express mail, attach a return service form for a \$2 fee per item, attachments to:

Internal Revenue Service  
Attention: E-2 Information Officers  
Stop 31  
201 West Riverside Center Drive  
Covington, KY 40111

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

▶ Do not enter social security numbers on this form. See instructions for filing this form.  
 ▶ Go to [www.irs.gov/Form1023](http://www.irs.gov/Form1023) for instructions and the latest information.

Use the instructions to complete this application for a definition of all the information and conditions that apply to the application. Organizations that are not required to file an information return under Section 990 of the Internal Revenue Code may file this application for public inspection. The requirements for information and attachments are not subject to the requirements for public inspection. The application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put the name and EIN of each sheet and identify each sheet by part and line number. Complete parts 7-11 of Form 1023-EO if you are applying for a 501(c)(3) exemption. The instructions apply to you.

**Part I Identification of Applicant**

**1** Full name of organization (exactly as it appears in your organizing document) 12345678901234567890

Save Our Jobs, Inc.

**3** Mailing address (Number and or and street) (see instructions) Room/Suite 123 Employer identification number (EIN) 12-3456789

1234567890

City, or town, state or county, and ZIP+4 12345

Post Office, NY, 10573

**5** Month the annual accounting period ends (1-12) 12

**6** Telephone number (Area code and number) 800-483-4300

**a** Attorney Monroe Mann, Esq.

**b** Phone: \_\_\_\_\_

**c** Fax: (optional) \_\_\_\_\_

**7** Are you represented by or a theoretical representative, such as an attorney or accountant?  Yes  No  
 Provide the name and title of the representative and the name and address of the representative. Monroe Mann, Esq., 1234567890

**8** Was a person who is not a member of your officers, directors, trustees, managers, or employees, or a representative listed in line 7, paid for or organized payment, to help plan, manage, or advise you about the business or activities of your organization, or about your financial or tax matters?  Yes  No  
 If "Yes," provide the person's name, title, and address, and the amounts paid or to be paid, and describe that person's role.

**9a** Organization's website: www.1234567890.com

**b** Organization's email: info@1234567890.com

**10** Certain organizations are not required to file an information return (Form 990 or Form 990-E). Do you claim to be exempt from filing Form 990 or Form 990-E?  Yes  No  
 "Yes" explain. See the instructions for a description of organizations required to file Form 990 or Form 990-E.

**12** Were you organized under the laws of a foreign country?  Yes  No  
 If "Yes," state the country.

**Part II Organizational Structure**

You must file a corporation or trust and a limited liability company, if you are applying for a state or federal tax exemption, with this form unless you are a sole proprietorship or a partnership.

- 1 Are you a corporation?  Yes  No. If "Yes," attach a copy of your articles of incorporation, your bylaws, and your state filing with the appropriate state agency. If you have amendments to your articles and bylaws, attach them. Also show state filing information.
- 2 Are you a limited liability company (LLC)?  Yes  No. If "Yes," attach a copy of your articles of organization, your operating agreement, your certificate of formation, and your state filing with the appropriate state agency. If you have amendments to your articles of organization, your operating agreement, your certificate of formation, and your state filing, attach a copy. If you are a partnership, attach a copy of your partnership agreement. Refer to the instructions for more information.
- 3 Are you a partnership?  Yes  No. If "Yes," attach a copy of your partnership agreement. If you have amendments to your partnership agreement, attach them. Refer to the instructions for more information.
- 4a Are you a trust?  Yes  No. If "Yes," attach a copy of your trust agreement and a copy of your state filing with the appropriate state agency. If you have amendments to your trust agreement, attach them. Refer to the instructions for more information.
- b Have you been continued?  Yes  No. If "Yes," explain how you are continuing your organization without any change in your ownership.
- 5 Have you adopted bylaws?  Yes  No. If "Yes," attach a copy of your bylaws. If you have amendments to your bylaws, attach them. Refer to the instructions for more information.

**Part III Required Provisions for Your Organizing Document**

The following questions are designed to ensure that your organizing document meets the requirements of the Internal Revenue Code to meet the organizational requirements for 501(c)(3) status. You must check the box that applies to your organizing document. If you do not check the box that applies, you must attach a copy of your organizing document to this form. You must also attach a copy of your organizing document to your original and amended organizing documents (show your state filing information) if you are a corporation or a trust.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, educational, scientific, or other activities in the public interest. Check the box to confirm that your organizing document meets this requirement. Do not check this box if your organizing document meets this requirement only as a result of a provision in your state law or a provision in your state constitution. Refer to the instructions for more information. Location of the provision: [Redacted] Code, Section [Redacted], Paragraph [Redacted], Subsection [Redacted], Section [Redacted], Paragraph [Redacted], Subsection [Redacted].
- 2 Section 501(c)(3) requires that upon dissolution of your organization, your real and personal assets must be used exclusively for exempt purposes, such as charitable, educational, scientific, or other activities in the public interest. Check the box to confirm that your organizing document meets this requirement by expressly providing for the distribution of assets to one or more exempt organizations. Do not check this box if your state law or your state constitution provides for the distribution of assets to one or more exempt organizations. Do not check the box on line 2a, specify the location of your dissolution provision in your state law or constitution. Do not complete line 2b if you checked box 2a. Refer to the instructions for more information.
- b If you checked the box on line 2a, specify the location of your dissolution provision in your state law or constitution. Do not complete line 2b if you checked box 2a. Refer to the instructions for more information.
- c See the instructions for information and examples on the operation of state law in your particular state. Check this box if you rely on operation of state law in your state. Refer to the instructions for more information.

**Part IV Name and Description of Your Activities**

Using an appropriate description, describe your activities, other than the activities listed in the instructions, that you have already provided, or you intend to provide, in the future. This information is for the purposes of this application. You may summarize that information here and refer to the supporting parts of the application for supporting details. You may also attach the press releases, news stories, brochures, or similar documents for supporting details of your activities. Remember that if this application is approved, it will be subject to public inspection. Therefore, you may wish to describe your activities in a way that you would like to be made public. Refer to the instructions for more information.

**Part V Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Key Employees, and Highest Paid Employees**

1 a I list the names, titles, and mailing addresses of all of your officers, directors, trustees, key employees, and highest paid employees, together with their compensation for all services to the organization, whether as an officer, director, trustee, key employee, or highest paid employee, for the year ending 12/31/2017. If no compensation was paid, enter "no fee." If compensation was paid, attach a separate sheet. Refer to the instructions for information on what to include and how to calculate compensation.

Name	Title	Mailing address	Compensation (annual or estimated)
See Attached			

Part V Compensation and other financial arrangements with your officers, directors, or employees and independent contractors

b List the names, titles, addresses of each of your five highest compensated employees who received or will receive compensation for more than \$50,000 per year, plus the actual amount paid. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Table with 4 columns: Name, Title, Mailing address, Compensation amount (annual actual or estimated). Row 1 contains 'NONE'.

c List the names, titles, addresses of your five highest compensated independent contractors who received or will receive compensation for more than \$50,000 per year, plus the actual amount, if available. Refer to the instructions for information on what to include as compensation.

Table with 4 columns: Name, Title, Mailing address, Compensation amount (annual actual or estimated). Row 1 contains 'NONE'.

The following questions relate to the past, present, or anticipated relationships with you, your officers, directors, trustees, or other compensated employees and independent contractors listed in lines 1a, 1b, and 1c.

- 2a Are any of your directors, trustees, or other compensated employees related to any of your officers, directors, trustees, or other compensated employees?
b Do you have a business relationship with any of your officers, directors, trustees, or other compensated employees in their position as a sole, joint, or partial owner, partner, or proprietor of a business?
c Are any of your officers, directors, trustees, or other compensated employees related to your highest compensated employees or independent contractors listed on lines 1a, 1b, or 1c?

3 For each of your officers, directors, trustees, or other compensated employees, and each of your highest compensated independent contractors listed on lines 1a, 1b, or 1c, indicate whether you have any relationship with them.

b Do any of your officers, directors, trustees, or other compensated employees, or any of your highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organization, whether or not for taxable, that are related to you or the organization, and if so, identify the individuals, explain the relationship, and the compensation arrangement.

4 In establishing the compensation for your officers, directors, trustees, or other compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, are you or the organization using any compensation arrangements that are recommended, although they are not required, by any professional organization, such as an ethics committee, that you use?

- a Do you or will the individuals that approve or negotiate compensation arrangements know anything about an interest policy?
b Do you or will any approved compensation arrangement include any form of paying compensation?
c Do you or will you or your immediate family or the terms of an approved compensation arrangement include any form of...

**Part V Compensation of Officers, Directors, Trustees, and Independent Contractors (Continued)**

- d Do you or will you record in writing the decision made by each individual who is a director, trustee, or independent contractor regarding compensation arrangements?  Yes  No
- e Do you or will you approve compensation arrangements based on information that is not reliable or is not based on information compiled by independent firms or individuals?  Yes  No
- f Do you or will you record in writing both the information on which you rely to base your decision and the source?  Yes  No
- g If you answer "No" to any item in lines 4d, 4e, or 4f, describe how you will compensate the reasonable for your officers, directors, trustees, independent contractors, and highest compensated employees.

5a Have you adopted a policy or procedure to deal with the potential conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain the steps you have taken to ensure such as by resignation of your governing board. If "No," answer lines 5b and 5c.

b Will the procedure will you rely on to assess the interests of the individuals who are directors, trustees, or independent contractors influence over your or self-interest in the compensation?

c What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?

**Note:** A conflict of interest policy is considered to be in place if you have a written policy that is adopted by the governing board. See the instructions for Section 1.14.

6a Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and independent contractors based on a non-fixed compensation arrangement?  Yes  No

If "Yes," describe the arrangement, including the nature of the arrangement, the amount of the arrangement, and how you will determine that the arrangement is reasonable for the services provided. If "No," describe the arrangement, including the nature of the arrangement, the amount of the arrangement, and how you will determine that the arrangement is reasonable for the services provided.

b Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and independent contractors based on a non-fixed compensation arrangement?  Yes  No

If "Yes," describe the arrangement, including the nature of the arrangement, the amount of the arrangement, and how you will determine that the arrangement is reasonable for the services provided. If "No," describe the arrangement, including the nature of the arrangement, the amount of the arrangement, and how you will determine that the arrangement is reasonable for the services provided.

7a Do you or will you purchase any securities for the benefit of any of your officers, directors, trustees, highest compensated employees, and independent contractors?  Yes  No

If "Yes," describe the purchase, including the nature of the purchase, the amount of the purchase, and how you will determine that the purchase is reasonable for the services provided. If "No," describe the purchase, including the nature of the purchase, the amount of the purchase, and how you will determine that the purchase is reasonable for the services provided.

b Do you or will you sell any goods, services, or assets for any of your officers, directors, trustees, highest compensated employees, and independent contractors?  Yes  No

If "Yes," describe the sale, including the nature of the sale, the amount of the sale, and how you will determine that the sale is reasonable for the services provided. If "No," describe the sale, including the nature of the sale, the amount of the sale, and how you will determine that the sale is reasonable for the services provided.

8a Do you or will you have any leases, contracts, loans, or other arrangements with any of your officers, directors, trustees, highest compensated employees, and independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.

- b Describe any written or oral arrangements, loans, or other arrangements with any of your officers, directors, trustees, highest compensated employees, and independent contractors listed in lines 1a, 1b, or 1c.
- c Identify with whom you have a lease, contract, loan, or other arrangement.
- d Explain how you determined the fair market value of the arrangement.
- e Explain how you determined the fair market value of the arrangement.
- f Attach copies of any signed leases, contracts, loans, or other arrangements relating to such arrangements.

9a Do you or will you have any leases, contracts, loans, or other arrangements with any of your officers, directors, trustees, highest compensated employees, and independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 9b through 9f.

Part VI Compensation of Officers, Directors, Trustees, Key Employees, and Independent Contractors (Continued)

- b Describe any written or oral arrangement involving your payment of more than \$10,000.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms of the arrangement are fair to the individual.
- e Explain how you will determine or will determine your pay is more than fair market value, that you are paid no more than fair market value.
- f Attach a copy of any written or oral agreement, contract, or other document relating to such arrangement.

Part VII Your Members and Other Individuals and Organizations

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations for their activities. Your answers should include names, past or present, of individuals and organizations.

- 1 a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals?  Yes  No. Describe each program that provides goods, services, or funds to individuals.
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations?  Yes  No. Describe each program that provides goods, services, or funds to organizations.
- 2 Do any of your programs involve the provision of goods, services, or funds to a particular individual or individuals? If "Yes," explain the limitations and how revenues are allocated for each program.
- 3 Do any, in the past or present, with or without compensation, of funds, through your programs, have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or independent contractors? If "Yes," explain how individuals are eligible for goods, services, or funds.

Part VIII Successors

The following "Yes" or "No" questions relate to your history. See instructions.

- 1 Are you a successor to another organization? Answer "Yes," if you have succeeded or will succeed in the activities of another organization; you own over 20% of more of the fair market value of the net assets of another organization; or you were established under the control of an individual or organization that was a nonprofit organization. If "Yes," complete Schedule G.
- 2 Are you, since your initial application, more than 22 months after the end of each month in which you were legally organized, if "Yes," complete Schedule G.

Part IX Your Political Activities

The following "Yes" or "No" questions relate to your political activities. Your answers should pertain to past, present, and planned activities. See instructions.

- 1 Do you support or support candidates in political campaigns?  Yes  No
- 2 a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation.  Yes  No. Complete Schedule G.
- b Have you made or attempted to make a contribution to any political candidate? If "Yes," explain the contribution.  Yes  No. Attach a copy of the Form 527 or other document that you filed or attach a completed Form 527 if you are a minor. If "Yes," describe with whom your attempts to influence legislation are a substantial part of your political activities. Attach a copy of the Form 527 or other document that you filed or attach a copy of the Form 527 if you are a minor. Attach a copy of the Form 527 or other document that you filed or attach a copy of the Form 527 if you are a minor.
- 3 a Do you or will you receive or expect to receive any revenue or other income, other than expected to be paid in operating expenses, from any source, other than the source specified in the instructions?  Yes  No.
- b Do you or will you enter into contracts or other arrangements with individuals, organizations, or other entities to conduct, on your behalf, any activity that is not a substantial part of your exempt purposes? If "Yes," describe any written or oral arrangements that you made or will make, identify with whom you have or will have such arrangements, explain how the arrangements are or will be regulated at arms length, and explain how you will determine or will determine the fair market value of any property paid, at least fair market value. Attach a copy of the Form 527 or other document that you filed or attach a copy of the Form 527 if you are a minor.
- c List the state or local gaming activities, including Indian Reservations, in which you do, will, or expect to engage in gaming or other activities.



**Part VIII Your Specific Activities (Continued)**

**4a** Do you or will you undertake fundraising? If "No," do not check box or describe any fundraising activities.  Yes  No  
conduct. See instructions.

- mail solicitations
- telephone solicitations
- email solicitations
- personal fundraising solicitations
- vehicle, boat, plane, or similar similar donations
- foundation grant solicitations
- online solicitations
- accept contributions on your website
- receive contributions from an individual organization
- government grant solicitations
- other

Attach a description of each fundraising program.

**b** Do you or will you have written contracts with any individuals or organizations to raise funds for you? If "Yes," describe the nature and administration of all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be reported on the Form 990 as provided in Part IX, Financial Data. Attach a copy of any contracts or agreements.

**c** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a list of each organization for which you raise funds and attach copies of all contracts or agreements.

**d** List each state or foreign jurisdiction in which you conduct fundraising. For each state or foreign jurisdiction listed, specify whether you fundraise for your organization, for another organization, or for another organization fundraises for you.

**e** Do you or will you maintain or use any computer, tablet, or any other electronic device for which you have the right to advise on the use or distribution of funds? If "Yes," describe the type of information that is stored on the device, the type of investment or investment types or investments for the distribution of funds, and the computer or other electronic device used to store the information. Attach a copy of any written materials or documents.

**5** Are you affiliated with a governmental unit? If "Yes," explain.  Yes  No

**6a** Do you or will you...  Yes  No

**b** Describe in full the activities that you conduct for economic development activities and how these activities promote exempt purposes.

**7a** Do you use will persons other than your employees or volunteers to develop or manage your activities? If "Yes," describe each person, the role of the developer, and any business or family relationships between the developer and your office, directors, or trustees.  Yes  No

**b** Do or will persons other than your employees or volunteers manage your activities or facilities? If "Yes," describe each activity and facility, the type of activity, the manager, and any business or family relationships between the manager and you or your officers, directors, or trustees.  Yes  No

**c** If there is a business or family relationship between any manager or developer and you or your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated, and state the terms of the contract, and submit a copy of the contract or other agreements.

**8** Do you or will you enter into joint ventures, including partnerships or limited liability companies, or other organizations in which you share profits and losses with persons other than section 501(c)(3) organizations? If "Yes," describe the nature and activities of each joint venture in which you participate.  Yes  No

**9a** Are you providing for or operating a child care organization under section 501(c)(3)? If "Yes," answer questions 9b through 9d.  Yes  No

**b** Do you provide childcare so that parents or caretakers of children you care for can be gainfully employed (see instructions for definition)? If "Yes," explain how you provide the childcare.  Yes  No

**c** Of the children for whom you provide childcare, are so many as 25% more than of them cared for by you to a degree that you are a child care organization described in section 501(c)(3)?  Yes  No

**d** Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Attach a copy of the instructions and explain how you determine the availability of your services.  Yes  No

**10** Do you or will you publish, own, or have rights in music, literature, art, works, or any other scientific discoveries or other intellectual property? If "Yes," explain. Describe who owns or who owns any copyright in the work, the nature of the work, the nature of the work, and how the fees are determined and how the work is produced, distributed, and marketed.  Yes  No

**Part VIII - Your Operations**

**11** Do you or will you accept contributions of real property, contributions of securities, stocks, bonds, notes, debentures, certificates of deposit, or other financial instruments; intellectual property, such as patents, trade secrets, trademarks, copyrights, rights in music or art, licenses, royalties, automobiles, boats, airplanes, or other vehicles; or any combination of the foregoing? If "Yes," describe each contribution and any conditions imposed by the donor on the contribution and any agreements with the donor regarding the distribution.

**12a** Do you or will you operate in a foreign country or countries? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.

**b** Name the foreign countries and give the state or states in which you operate.

**c** Describe your operations in each state, country, and possession in which you operate.

**d** Describe below your operations in each foreign country.

**13a** Do you or will you grant loans, or other distributions, to any organization? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.

**b** Describe how you grant loans, grants, or other distributions to or for any other organization for purposes.

**c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.

**d** Identify each recipient organization and any relationship between you and the recipient organization.

**e** Describe the records you keep with respect to grants, loans, or other distributions, and what you make.

**f** Describe your selection process, including whether you use a grant or other awarding process.

- (i) Do you require a grant proposal? If "Yes," attach a copy of the form.
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies, in writing, the responsibilities and the manner in which the grantee will use the grant funds, and whether the grantee has agreed in writing to use the grant funds for the purposes for which this grant was made, and whether the grantee has agreed in writing to use the grant funds for the purposes for which the grant was made, and whether the grantee has agreed in writing to use the grant funds for the purposes for which the grant was made.

**g** Describe any procedures for reviewing or monitoring distributions to assure you the resources are used for your exempt purposes, if applicable, whether you require a report and a statement from the user of the resources.

**14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15a.

**b** Describe the name and the state or country of each organization, the countries in any regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.

**c** Does any foreign organization listed in line 14b accept contributions from the public on a regular or irregular basis? If "Yes," list all such organizations.

**d** Do you or will you know that any of the ultimate beneficiaries of your distributions may be you or your organization? If "Yes," describe the circumstances, and whether you have any information regarding the beneficiaries.

**e** Do you or will you make any inquiries about the recipient organization? If "Yes," describe the inquiries, including whether you inquire about the recipient organization's status, its tax-exempt status, and whether the recipient organization is a corporation or other entity, and whether the recipient organization is a corporation or other entity, and whether the recipient organization is a corporation or other entity.

**f** Do you or will you use any additional procedures to ensure that you are using the resources for your exempt purposes, if applicable, or for the purposes for which the grant was made, and whether you have any information regarding the beneficiaries, including the use of the grant funds for the purposes for which the grant was made, and whether the grant funds are being used for the purposes for which the grant was made.

Part VIII Your Section 513(c)(3) Organization

15 Do you have a close relationship with any organization that is a service organization under section 513(c)? If  Yes  No

16 Are you applying for exemption as a service organization under section 513(c)? If  Yes  No  
"Yes," explain.

17 Are you applying for exemption as a non-exempt service organization under section 513(c)? If  Yes  No  
"Yes," explain.

18 Are you applying for exemption as a critical care center under section 513(c)? If "Yes," explain.

19 Do you or will you operate a hospital, as defined in section 513(c)(2)(A), or a similar facility? If "Yes," explain.

20 Do you or will you operate a medical care facility, as defined in section 513(c)(2)(B), or a similar facility? If "Yes," explain.

21 Do you or will you operate a nursing or nursing care facility, as defined in section 513(c)(2)(C), or a similar facility? If "Yes," explain.

22 Do you or will you operate a day care center, as defined in section 513(c)(2)(D), or a similar facility? If "Yes," explain.

Note: Private foundations may use schedule "n" for actual approval by individual states.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to non-federal tax years.

1. If in existence less than 3 years, complete the statement for each year in existence and provide projections of your gross revenues and expenses based on a reasonable and good faith estimate of future income and expenses in a total of:
  - a. Three years of financial information if you have not completed a tax return for
  - b. Four years of financial information, if you have completed one tax year. See instructions.
2. If in existence 3 or more years, complete the schedule for the 3 most recent tax years and, if you wish, provide a statement that includes information about the most recent tax years because the information in Part IX has not been updated to reflect your past year's transactions.

**A. Statement of Revenues and Expenses**

Type of revenue or expense	Current tax year			Preceding year		Preceding year		Total for (a) through (c)
	(a) From To Present	(b) From 2017 To 2018	(c) From 2016 To 2017	(d) From 2015 To 2016	(e) From 2014 To 2015	(f) From 2013 To 2014		
<b>Revenues</b>								
1 Gifts, grants, and contributions received (do not include any nonqualifying amounts)	7,505,000.00	0.00	0.00	0.00	0.00	0.00	7,505,000.00	
2 Membership fees received	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
3 Gross investment income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
4 Net unrelated business income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
5 Taxes levied for your benefit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
6 Value of services or facilities furnished by government (do not include value of services generally furnished to the public without charge)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
7 Any revenue or other amounts listed above or in lines 1-12 below (attach an explanation)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
8 Total of lines 1 through 7	7,505,000.00	0.00	0.00	0.00	0.00	0.00	7,505,000.00	
9 Gross receipts from admissions, merchandise sold or services performed, or other activities related to your exempt purpose (attach an explanation)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
10 Total of lines 8 and 9	7,505,000.00	0.00	0.00	0.00	0.00	0.00	7,505,000.00	
11 Net gain or loss on sale of capital assets (attach schedule and see instructions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12 Unusual grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
13 Total Revenue Add lines 1 through 12	7,505,000.00	0.00	0.00	0.00	0.00	0.00	7,505,000.00	
<b>Expenses</b>								
14 Fundraising expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
15 Contributions, gifts, grants, and similar amounts paid out (attach an explanation)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
16 Disbursements to or for the benefit of members (attach an itemized list)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
17 Compensation of officers, directors, and trustees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
18 Other salaries and wages	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
19 Interest expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
20 Occupancy (rent, utilities, etc.)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
21 Depreciation and amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
22 Professional fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
23 Any other expense not otherwise classified (attach an explanation and services (attach an explanation))	0.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	
24 Total Expenses Add lines 14 through 23	0.00	1,000.00	0.00	0.00	0.00	0.00	1,000.00	

Part IX Financial Statements

B. Balance Sheet for your reporting period

Year End:

Assets

1	Cash	7,505.06
2	Accounts receivable, net	123.25
3	Inventories	0
4	Books and notes receivable (attach itemized list)	0
5	Corporate stock (attach itemized list)	0
6	Loans receivable (attach itemized list)	0
7	Other investments (attach an itemized list)	0
8	Prepaid expenses and other assets (attach itemized list)	0
9	Land	0
10	Other assets (attach an itemized list)	0
11	Total Assets (add lines 1 through 10)	7,628.31
Liabilities		
12	Accounts payable	0
13	Contributions payable	0
14	Mortgages and notes payable (attach an itemized list)	0
15	Other liabilities (attach an itemized list)	0
16	Total Liabilities (add lines 12 through 15)	0
Fund Balance or Net Assets		
17	Total fund balances or net assets	7,628.31
18	Total Assets (line 11) and Fund Balance or Net Assets (line 17)	7,628.31

I have not seen any substantial change in my assets or liabilities since the end of the period shown above. If "Yes," explain.

Part X Classification Status

Part X is designed to classify you as an unclassified, classified, or private foundation. If you are a private foundation, Part X is designed to determine whether you are a private operating foundation. See instructions.

1. a. Are you a private foundation? If "Yes," see the instructions.  Yes  No
 

b. As a private foundation, you are required to file an annual report with the IRS. In addition, you must file an annual report with the state in which you are organized. Attach a statement that describes the purpose, organization, and operation of the foundation. Attach a statement that describes the financial condition of the foundation. Attach a statement that describes the activities of the foundation. Attach a statement that describes the assets of the foundation. Attach a statement that describes the liabilities of the foundation. Attach a statement that describes the fund balance or net assets of the foundation. Attach a statement that describes the total assets of the foundation. Attach a statement that describes the total liabilities of the foundation. Attach a statement that describes the total fund balance or net assets of the foundation. Attach a statement that describes the total assets (line 11) and total fund balance or net assets (line 17) of the foundation.
2. Are you a private operating foundation? If "Yes," you must file an annual report with the IRS. If "No," go to the signature section of Part XI.
3. Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation. If "No," continue to line 4.
4. Have you attached either (1) an affidavit or opinion of counsel, including an affidavit or opinion from a certified public accountant or a qualified attorney, with expertise regarding this tax law matter, that sets forth the facts and circumstances and that you are likely to satisfy the requirements to be classified as a private operating foundation, or (2) a statement of your proposed operation as a private operating foundation?
5. If you answered "No" to the question above, indicate the type of organization you are, by one of the codes below. You may check only one box.
 

The organization is not a private foundation because it is:

  - 509(a)(1) an exempt organization that is a church or a convention or association of churches.
  - 509(a)(1) and 70(b)(1)(A)(ii) a cemetery and attached facilities.
  - 509(a)(1) and 70(b)(1)(A)(iii) a fraternal organization, a mutual insurance company, a mutual research organization, or a fraternal beneficiary society, lodge, or association.
  - 509(a)(2) an exempt organization that is a governmental organization.

Part X Public Charity Status (Section 170(b)(1)(A)(ii))

- e 509(a)(4) - an organization organized and operated exclusively for the public safety,
- f 509(a)(1) and 170(b)(1)(A)(ii) - an organization operated for the benefit of a college or university that is owned or operated by a governmental unit...
- g 509(a)(1) and 170(b)(1)(A)(ii) - an organization, research organization, charity, or other organization that is organized to conduct or conduct research in the field of education, health, or the environment...
- h 509(a)(1) and 170(b)(1)(A)(ii) - an organization that receives a substantial part of its financial support from the sale of contributions of property by a governmental unit or from the general public...
- i 509(a)(2) - an organization that normally receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its functions (subject to certain exceptions)
- j A publicly supported organization, but unsure if it is a public charity or a private operating foundation.

6 If you checked box (i), (ii), or (iii) in question 5 above, and you have been in existence for more than 3 years, must check your public support status. Answer line 6b if you checked box (i) in line 5 above. If you checked box (ii) in line 5 above, answer both lines 6a and 6b.

- a (i) Enter 2% of the amount (if any) on Part IX-A Statement of Revenues and Expenses.
- (ii) Attach a list showing the amount and name of each person or entity whose gifts totaled more than the 2% amount. If the answer is "None," state this.
- b (i) For each year amounts are included in lines 2, 3, and 4 of Part IX-A Statement of Revenues and Expenses, attach a list showing the name and amount received from each disqualified person. If the answer is "None," state this.
- (ii) For each year amounts were included on lines 2, 3, and 4 of Part IX-A Statement of Revenues and Expenses, attach a list showing the name and amount received from each disqualified person whose gifts were more than the larger of (i) 1% of the amount on Part IX-A Statement of Revenues and Expenses, or (ii) \$5,000. If the answer is "None," state this.

7 Did you receive any unusual grants during any of the years shown on Part IX-A Statement of Revenues and Expenses? If "Yes," attach a list showing the name of the grantor, the date and amount of the grant, a brief description of the grant, and any other information.

Part XI User Fee Information and Signature

You must include the correct user fee payment with this application. If you do not submit the correct amount, we will not process the application and we will return it to you. If you are a private operating foundation, you must include the correct Treasury Department fee. See the instructions for details. Check our website at www.irs.gov and www.Exempt-Organizations.Us for the search bar box, or call Customer Helpdesk Services at 1-877-829-5500 for confirmation.

Enter the amount of the user fee paid: \$50

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the applicant and that the information provided is true, correct, and complete.

Please Sign Here (Signature of a Chief Executive Officer, Director, or other authorized official)

Margaret Mann, Esq. (Type or print name of signer) (Typed name of signer) (Type or print title or position of signer)

11/17/2018 (Date)

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals in the Field of Public Charitable Purposes Requires Approval to Individual Grant Procedure

Section 170(e)(1)(B)(ii) - Information about individual recipients is not required to be provided in Schedule H

Public charities and private foundations that complete Part 170(e)(1)(B)(ii) through 7 of this section. See the instructions to Part X if you are not sure what type you are: a public charity or a private foundation.

- 1 a Describe the types of educational grants, fellowships, scholarships, loans, or other educational awards that you award.
- b Describe the purpose and amount of each of your scholarships, fellowships, and other educational grants and loans that you award.
- c If you award educational loans, explain the terms of the loans. Include interest rate, length of the loan, grace period, etc.
- d Describe the criteria you use to select recipients.
- e Provide copies of any financial or other records sent to recipients.
- f Provide a sample of the records you provide.

2 Do you maintain separate records, such as records of recipients, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of awards, grant manner of selection, and relationship (if any) to the donor, for awards of grants to you? Yes  No  Refer to the instructions.

3 Describe the specific criteria you use to determine who is eligible for your program. For example, eligibility criteria may consist of requiring high school students from a particular high school who are attending college, writers of scholarly books about a particular history, etc.

- 4 a Describe the specific criteria you use to select recipients. Do you use special selection criteria that would consist of prior academic performance, financial need, etc.?
- b Describe how you determine the amount of grants. Do you use a formula?
- c Describe how you determine the amount of grants.
- d Describe any requirement or condition that you impose on recipients to obtain, maintain, or qualify for renewal of a grant. For example, specific requirements or conditions could include maintaining a certain grade point average, continuing in public school after graduation, etc.

5 Describe your procedure for supervising the recipients of your grants, fellowships, scholarships, or other educational grants. Do you require recipients to provide transcripts from the educational institution they are attending, or do you have grants directly to a school or other educational institution? Do you require recipients to provide transcripts from the educational institution they are attending? Do you describe your procedure for handling action if the terms of the award are violated?

6 Who is on the selection committee for the awards made under your program, including non-current committee members? Criteria for awarding grants to recipients are provided in the instructions to this section.

7 Are relatives of members of the selection committee, or of your officers, directors, or substantial contributors eligible for awards made under your program? Yes  No  Refer to the instructions to this section.

Note: If you are a private foundation, you are not required to provide such information as to unincorporated persons or family members who are your substantial contributors and for any other persons named in certain family member relationships.

Section 170(e)(1)(B)(ii) - Information about individual recipients is not required to be provided in Schedule H

- 1 a If we determine that you are a private foundation, you will provide information about the individuals who are considered as recipients for your educational grants, fellowships, scholarships, or other educational awards.
- b For each recipient, do you:
  - 4947(b)(1)(D) - "Scholarship or fellowship grant for individual for study at an educational institution"
  - 4947(b)(1)(E) - "Other grant, including award to an individual for travel, study, or other educational purposes to enhance a particular skill of the grantee or to produce a specific product"

2 Do you represent that you will (1) arrange to receive and review grantee reports annually and (2) take steps upon completion of the purpose for which the grant was awarded, to invest the grantee's share of the proceeds of funds from their intended purposes; and (3) take all reasonable and appropriate steps to recover diverted funds from other grant funds held by a grantee are used for their intended purposes, and will file a report, within 90 days of the date the grantee's report is due, containing assurance that future diversions will not occur and that grantee will take appropriate precautions to prevent future diversions from occurring.

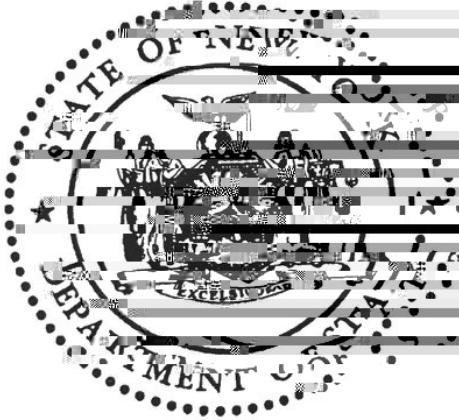
3 Do you represent that you will maintain all records relating to individual grants, including information on the recipient's educational institution, recipient's name, address, purpose of award, amount of award, and relationship to the donor, and will file a report, within 90 days of the date the grantee's report is due, containing assurance that future diversions will not occur and that grantee will take appropriate precautions to prevent future diversions from occurring.

**STATE OF NEW YORK**

**DEPARTMENT OF STATE**

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

WITNESSED my hand and official seal at the  
Department of State at Albany,  
on the 26th day of 1947.



*Wm. F. Fitzgerald*  
William W. Fitzgerald  
Executive Director, Secretary of State





**FOURTH:** Check the appropriate box(es)

The corporation is not formed to engage in any activity for any purpose requiring consent or approval of any state official, department, board, agency or other body. No consent or approval is required.

The corporation is formed to engage in an activity for a purpose requiring consent or approval of a state official, department, board, agency or other body. Such consent or approval is attached.

**FIFTH:** The corporation is a  charitable corporation,  non-charitable purpose corporation under Section 201 of the State Corporation Law.

**SIXTH:** The office of the corporation is to be located in the County of Westchester State of New York.

**SEVENTH:** The names and addresses of the three initial directors of the corporation are (A minimum of three are required).

Name: Raymond G. Ferrara

Address: 7 Halsey Place, Elmsford, NY 10523

Name: Dana A. Restaino

Address: 12 Thendara Road, White Plains, NY 10606

Name: Alvin T. Zetani

Address: 5 Listerwood Drive, Elmsford, NY 10523

**EIGHTH:** The Secretary of State is designated as agent of the corporation for the service of process. The address to which the Secretary of State and the Secretary of State may be served is Save Our Town, Inc., 12 Postnet Drive, Port Jervis, NY 13851.

Save Our Town, Inc.  
12 Postnet Drive  
Port Jervis, NY 13851

**NINTH** *(Continued)* *Corporation's selection, execution, and enforcement of powers conferred by the Internal Revenue Service in its jurisdiction.*

The following language relates to the corporation's tax exempt status and is a restatement of purposes and powers: Our Corporation in the language above does not exist for the purpose of any of the purposes set forth in paragraph 11BRL.

Save Our Tappan, Inc. shall be organized for religious, educational, and other similar activities that are not prohibited in furtherance of its Internal Revenue Code 501(c)(3) tax exempt purposes, as outlined and set forth in paragraph 11BRL. This Corporation shall not be organized for the purpose of any other purposes set forth in paragraph 11BRL under section 501(c)(3) of the Internal Revenue Code or for any other purposes set forth in paragraph 11BRL.

No part of the net earnings of this Corporation shall inure to the benefit of, or be paid or distributed to, any officer, director, officer, or other private persons, except that this Corporation shall be authorized and empowered to pay reasonable salaries and compensation for goods and services, and to make distributions in furtherance of the purposes set forth in this certificate.

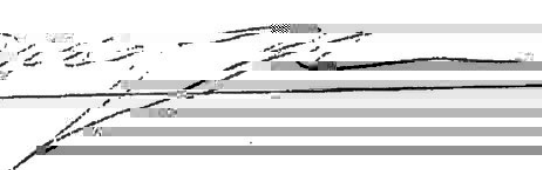
No substantial part of the activities of this corporation shall be the carrying on of any independent organization to influence legislation, except as otherwise permitted by section 501(c)(3) of the Internal Revenue Code and any regulations thereunder. This Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office.

Upon the dissolution or winding up of the corporation, the assets shall be distributed for one or more similar exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code or for any other purposes set forth in paragraph 11BRL.

Incorporated in New York  
Monte M. Mann, Esq.

Address: 12 Purdie Drive  
Port Chester, NY 10573

Signature



171222000 308

# CERTIFICATE OF INCORPORATION OF

Save Our Tappan, Inc.

(Corporation Name)

Under Section 1302 of the Not-for-Profit Corporation Law

Filer's Name: Maureen Whelan, Esq.

Mailing Address: 127 Hudson Drive

City: Hudson, New York State: NY Zip: 10873

### NOTES:

1. This certificate is subject to the provisions of the Not-for-Profit Corporation Law.
2. This filer is designated to act as the initial filing agent for this corporation.
3. The Division recommends that this legal document be prepared by the assistance of an attorney.
4. The filer does not provide legal, accounting or tax advice.

FILED

For DOS use only

2011 DEC 22

RECEIVED

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STATE OF NEW YORK  
DEPARTMENT OF STATE

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TAXES \_\_\_\_\_

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**SAVE OUR TARPAN ZEE, INC.**

**NONPROFIT CORPORATION BYLAWS**

(New York)

**ARTICLE I**

**Name & Office**

**1.01 Name**

The legal name of this corporation shall be Save Our Tarpán Zee, Inc. The principal business of the corporation will be conducted as Save Our Tarpán Zee, Inc.

**1.02 Legal & Principal Office**

The legal address of the corporation shall be as stated in Section 1.02 of the New York State Statutes with the New York Secretary of State.

The principal office of the corporation shall be located in Western County, in the State of New York, at the address of 127 Union Street, Fort Lisburn, NY 11533. The corporation shall be registered as a non-profit corporation within the State of New York for incorporation in other states in which it operates for which foreign incorporation registration is necessary.

**1.03 Change of Address**

The designation of the county or state of the corporation and the principal office may be changed by amendment of these bylaws. The board of directors may, however, change the principal office from one location to another by filing the changed address and effective date below and such changes for address shall be effective as required by amendment of these bylaws:

New Principal Address:

Date:

New Principal Address:

Date:

New Principal Address:

Date:

New Principal Address:

Date:

1.04 Other Offices

This corporation may establish offices at such other places within or without its state of incorporation as the U.S.A. or outside its borders where it is qualified to do business as its business and activities may require...

ARTICLE II

Purposes, Objectives & Powers

2.01 Purpose

Save Our Tappan Zee, Inc. hereinafter referred to as "the corporation" is a non-profit corporation organized under the laws of the State of New York for educational and scientific purposes...

The corporation is organized for charitable purposes under section 501(c)(3) of the Internal Revenue Code to:

1. PRIMARY PURPOSE: to preserve through one or more projects related to the Tappan Zee name and what it represents to the citizenry of the state of New York include landmarks, infrastructure, historic landmarks, schools, etc.
2. SECONDARY PURPOSE: to raise money for (and to prudently operate) the Tappan Zee Tappan Zee Bridge museum that commemorates the history of the Tappan Indians and the Dutch in New York.
3. TERTIARY PURPOSE: to assist and carry out any activity necessary in maintaining the Tappan Zee name to the bridge and to assist other organizations fighting similar battles for political, historical, or any reason whatsoever New York and/or American history or to directly engage in such political, historical, preservation efforts.

At times, per the discretion of the Board of Directors, we may provide opportunities for volunteer opportunities which shall not be considered as compensation for services rendered in the furtherance of the purposes of the organization.

2.02 Powers

The corporation shall have the power, authority, and jurisdiction to do all things which may be necessary or expedient to carry out its purposes, and to do all things which may be necessary or expedient to carry out its purposes, and to do all things which may be necessary or expedient to carry out its purposes.

2.03 Nonprofit Status and Exempt Activities Limitation

(a) Nonprofit Legal Status. Save Our Tappan Zoo, Inc. is a Non-profit public benefit corporation, recognized as tax exempt under Section 501(c)(3) of the Internal Revenue Code.

(b) Exemption Activities Limitation. No individual or any other person shall be an officer, director, employee, member, or representative of this corporation shall take any action which would result in the corporation being not permitted to be taken or carried out by an organization exempt and under Section 501(c)(3) of the Internal Revenue Code as it now exists, or may be amended, by any organization contributions to which are deductible under Section 170(e)(2) of such Code and regulations as it now exists or may be amended. No part of the net earnings of the corporation shall inure to the benefit or be distributed to any individual officer, director, member, or any other private person except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in the furtherance of the purposes set forth in the articles of incorporation.

(c) Distribution Upon Dissolution. Upon termination or dissolution of Save Our Tappan Zoo, Inc., any assets lawfully available for distribution shall be distributed to one (1) or more qualified organizations as described in Section 170(e)(2)(B) of the Internal Revenue Code (or its successor) in any order and manner as the Board of Directors shall determine, which organization or organizations have a charitable purpose, which includes a purpose similar to the terms mentioned in the articles of incorporation.

The organization to receive the assets shall be determined by the Board of Directors and the organization shall be selected in accordance with the provisions of the articles of incorporation and the bylaws of the corporation and the members shall not be eligible to receive the assets of the corporation.

Verified Petition in any court of competent jurisdiction in order to effect the liquidation of the corporation. The Verified Petition shall contain such statements as reasonably indicate the applicability of this section. In the event that a court of competent jurisdiction shall determine that the organization or organizations to receive the assets of the corporation giving preference to organizations incorporated within the State of New York.

In the event that the court shall find that this section is applicable but that there is no qualifying organization known to it which has a charitable purpose, which, at least, generally, includes a purpose similar to Save Our Tappan Zee, Inc. in the case of the court, the direct or indirect assets of the corporation shall be available for distribution to the Treasurer of the State of New York to be added to the general fund.

**ARTICLE III**

**Memberships**

**3.01 Non-Membership Classes**

The corporation shall have no members who have any right to vote or to participate in the corporation, its property or its affairs.

**3.02 Non-Voting Affiliates**

The Board of Directors may approve classes of non-voting affiliates with rights, privileges and obligations similar to those of the corporation. Annual meetings of the corporation shall be held for the purpose of supporting the mission of the corporation. The Board of Directors shall have the authority to create any individual or organization as affiliates, to recognize representatives of affiliates, and to make determination upon the affiliates' rights, privileges and obligations. At all times shall affiliate information be made available to the corporation and its members without the affiliate's consent. At the discretion of the Board of Directors, affiliates may be given the right to attend, vote, recommend and receive dividends and participate in the activities, clinics and other events of the corporation. Affiliates shall have no voting rights and shall not be eligible for membership of the corporation.

**3.03 Dues**

Any dues for affiliates shall be determined by the Board of Directors.



**ARTICLE IV**

**Board of Directors**

**4.01 Number of Directors**

Save Our Tappan Zoo, Inc. shall have a Board of Directors consisting of at least 4 and no more than 15 Directors. Within these limits, the Board may increase or decrease the number of Directors serving on the Board including for any purpose the directors' terms of Directors.

**4.02 Powers**

All corporate powers shall be exercised by or under the authority of the Board and the officers of Save Our Tappan Zoo, Inc. shall be liable under the direction of the Board except as otherwise provided by law.

**4.03 Duties**

It shall be the duty of the directors to:

- (a) Perform in any and all duties imposed on them collectively or individually by law, by the articles of incorporation or by the bylaws;
- (b) Except as otherwise provided in these bylaws, and in any separate employment agreement, compensation, remuneration, employment and discharge, and expense, benefits and insurance compensation, if any, of the officers, agents, and employees of the corporation;
- (c) Supervise all other officers, agents, and employees of the corporation to assure that their duties are performed properly;
- (d) Meet as such times and places as shall be determined by the bylaws;
- (e) Register their addresses, residential addresses, home addresses, and other contact information with the secretary or independent director, and to designate their addresses and other contact information by telegram or in the manner as shall be provided in the bylaws and to be notified in accordance with the prescriptions of the bylaws.

**4.04 Terms**

Director terms of office shall be as follows:

- (a) All Directors shall be elected to serve a two-year term, unless the term may be extended until a successor has been elected.

- (b) Director terms shall be staggered so that not more than one-third of the Board of Directors end their terms in any given year.
- (c) Directors may serve consecutive terms.
- (d) The term of office shall be considered a full year unless the director's successor has been elected.

4.05 Qualifications and Election of Directors

In order to be eligible to be elected a Director, a person must be at least 18 years of age. Directors may be elected at any Board meeting by the majority vote of the Board of Directors. The election of Directors to replace those who have fulfilled their term of office shall take place annually on the first day of the year in which the Board meets.

4.06 Vacancies

Vacancies on the Board of Directors shall exist (1) upon the death, resignation, or removal of any director; and (2) whenever the number of authorized directors is increased.

Any director may resign from office upon giving written notice to the Board of Directors, unless the notice specifies a later time for effectiveness of such resignation. No director may resign if the resignation would leave the Board without a duly elected director in charge of the affairs, except upon notice to the Secretary or other appropriate agency.

The Board of Directors may fill vacancies caused by resignation, death, or removal, or may appoint new Directors to fill a previously unincorporated Board position, subject to the maximum number of Directors set forth in the Bylaws.

Unexpected vacancies in the Board of Directors due to resignation or death or removal shall be filled by the Board for the balance of the term of the Director being replaced.

Unless otherwise prohibited by the Constitution of the State of California, or by any law, or by any provision of law, the Board may fill a vacancy by a person who is not a Director if the number of Directors then in office is less than a quorum, or by a person who is not a Director if the number of Directors then in office is a quorum, or by a person who is not a Director if the number of Directors then in office is a quorum, or by a person who is not a Director if the number of Directors then in office is a quorum.

4.07 Removal of Directors

A Director may be removed by a majority vote prior to the expiration of his term of office if:

- (a) the Director is absent and unexcused from two or more meetings of the Board of Directors in a twelve-month period; the Board President is empowered to remove Directors from attendance if a resolution is passed by the Board President. The President shall not have more than two excused absences from the Board in any one attendance year; and in that case, the Board President or Secretary shall exclude the President.
- (b) for cause. If a cause for removal of a Director is determined by the Board, will be made, the Director in question is given an opportunity to be heard at a meeting of the Board.

4.08 Board of Directors Meetings

- (a) Regular Meetings. The Board of Directors shall have a minimum of four (4) regular meetings per year. The Board meetings shall be held on the first (1st) Tuesday of each month or its equivalent by means of a transmission or first class (48) hour communication system, unless such notice is waived. If, however, any Director is unable to attend the meeting, notice shall be deemed to have been given if its decision is made by transmission system. Notices of meetings shall specify the date, time, and general purpose of the meeting, and shall be given in accordance with the general purpose of the meeting, and shall be given in accordance with the general purpose of the meeting.
- (b) Special Meetings. Special meetings of the Board may be called by the President, Secretary, Treasurer or any two (2) of the Board of Directors. A special meeting must be called by a leader and notice to each Director of the date, time, and place of the meeting must be given in accordance with the general purpose of the meeting, and shall be given in accordance with the general purpose of the meeting.
- (c) Waiver of Notice. Any Director may waive notice of any meeting in accordance with New York statutes.

4.09 Minutes

- (a) The minutes of the Board of Directors shall be a true and correct record of all business transacted at the meetings of the Board. No business shall be considered by the Board or any committee thereof which is not present. The only motion which the president shall entertain at such meetings is a motion to adjourn. Should a majority be present at the beginning of any meeting, the Board

during the meeting in case of a tie, the President or Treasurer shall cast the deciding vote or, if not available, the vote of the majority of the Directors present shall be the deciding vote.

(b) Majority Vote. Except as otherwise provided by law or by the Charter of the Corporation, the act of the majority of the Directors present at a meeting shall be the act of the Corporation.

(c) Binding Board Decisions. On the occasion that Directors of the Board are by a majority a decision based on a limited number of votes, the President or Treasurer in the order of presence shall be the deciding vote based on the vote based on his/her discretion.

(d) Participation. Except as provided otherwise by law, the Articles of Incorporation, or these Bylaws, Directors may participate in a regular or special meeting either in person at a physical location or through means of any means of communication available to all Directors, participating may simultaneously in such a meeting through the internet, including in person, internet video conferencing, by telephone, or conference call.

(e) In Person Meetings. In person meetings of the Board shall be held at a location of a particular location, and in such cases, the notice for the meeting shall be extended in order for all parties to make arrangements to attend. In person meetings must include a vote and a written explanation for the vote. In person meetings must include a requirement, and as such, written notice for such meetings shall be in these Articles, notice for all in person meetings required as clearly stated above.

(f) Conduct of Meetings. Recordings of the Board of Directors shall be presided over by the chairperson of the board, or if not such person has been so designated or is in his or her absence, the president of the corporation, or if he or she is absent, by the vice president of the corporation, or by a chairperson chosen by a majority vote of the members present at the meeting. The secretary of the corporation shall be the secretary of all meetings of the board, provided that in the absence of the secretary, the duties of the secretary shall be performed by any other person for as long as the meeting. Meetings shall be governed by whichever "rules of order" are designated by the board of directors.

4.10 Compensation of Board for service

Directors shall receive no compensation for carrying out their duties as Directors. The Board may, however, adopt policies providing for reasonable reimbursement of Directors for expenses incurred in connection with carrying out their responsibilities for the corporation and special meetings of the board, as well as reasonable advance payment of reimbursement of expenses incurred in the performance of their duties, such as travel and expenses to attend to the duties of the Board.

payments to directors shall be approved in advance in an action of the board of directors of the corporation, and shall be made in accordance with the provisions of the charter of the corporation, as set forth in the corporation's schedule of interests of directors.

**4.11 Compensation of Professional Services by the Directors**

Directors are not restricted in hiring or retaining independent professional services or consultants to the corporation, but only in accordance with:

- (a) the IRS publication entitled "INFORMATION ON THE BENEFITS OF PROFESSIONAL SERVICES ISSUED IN IRC '50 (c)(3)", available at <http://www.irs.gov/pub/irs-soi/02/infpub50.pdf>.
- (b) IRS Publication 4224 (02) (page 4),
- (c) IRC Section 4958; and
- (d) The corporation's Schedule of Interests of Directors.

Such remuneration shall be paid to the directors only if the corporation has approved the payment of such remuneration in an action of the board of directors of the corporation, and such payment shall be made in accordance with the provisions of the charter of the corporation, as set forth in the corporation's schedule of interests of directors.

**4.12 Nonliability of Directors**

The directors shall not be personally liable for the liabilities of the corporation or for any act or omission of the corporation.

**4.13 Indemnification of Directors and Officers**

The directors and officers of the corporation shall be indemnified for any and all liabilities incurred by them in their capacity as directors or officers of the corporation, to the extent permitted under the law of the state of the incorporation.

**4.14 Insurance for Corporate Rate Agents**

Except as may be limited by the provisions of any applicable law, the board of directors may, at any time, resolve to authorize the purchase and maintenance of insurance on behalf of any agent of the corporation (including a director, officer, employee, or other agent of the corporation) against liabilities asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the corporation would otherwise be obligated to indemnify the agent against such liabilities and whether or not the agent is a director, officer, employee, or other agent of the corporation.

**ARTICLE V**

**Committees**

**5.01 Executive Committee**

The board of directors may, by a majority vote of a quorum, designate one or more committees, the number, name, and duties of which shall be determined by the board of directors, and may authorize the committees to exercise the powers and authority of the board of directors in the management of the corporation.

corporation, to the extent permitted, and except as may otherwise be provided by provisions of law.

By a majority vote of its members, the board may at any time or from any of its meetings of the executive committee authorize, suspend, increase, decrease, or terminate, but not reduce, the number of its members in the executive committee, and may vacancies on the executive committee from among the members of the board. The executive committee shall be authorized to take of its proceedings, decisions, or resolutions which may be considered as if they were the same to the board from time to time as the board may determine.

5.02 Other Committees

The Board of Directors may, by resolution adopted by a majority of its Directors in an office, designate one or more of them as committees, each consisting of one or more Directors, to serve at the pleasure of the Board. Any committee created in the manner provided in this section of the Board shall be in full force and authority of the Board, except that no committee, regardless of its size, shall have the power to pass resolutions.

- (a) authorize any legal action on behalf of the corporation, and to execute any such action, without the approval of a majority of all members;
- (b) fill vacancies on the Board of Directors of the corporation without the authority of the Board;
- (c) amend or repeal bylaws or adopt new bylaws;
- (d) amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
- (e) appoint any other committees of the Board of Directors and the members of these committees;
- (f) expand corporate dividend to any person named for by the corporation;
- (g) approve any jurisdiction.
- (i) to which the corporation is a party and one or more Directors have a material financial interest;
- (ii) between the corporation and one or more of its Directors or the spouse of the corporation or any person in which one or more of its Directors has a material financial interest.

5.02 New Board Advisory Committees

The corporation shall have such other committees as may from time to time be designated by resolution of the Board of Directors, committees composed of persons who are members of or bona fide shareholders solely in an advisory capacity to the board.

5.04 Meetings and Authority of Committees

Meetings and action of the committees shall be governed by nondefining and taken in accordance with the provisions of these bylaws concerning the Board of Directors within such changes in the context of such bylaw provisions as or as necessary to substitute the committee and its members for the Board of Directors and that that the Board of Directors may by resolution of the committee. Special meetings of the committee may also be called by resolution of the Board of Directors. The nature of special meetings of the committee shall also be given to and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may also adopt rules for the governing of the committee not inconsistent with the provisions of these bylaws.

5.05 Informal Action by the Board of Directors

Any action required or permitted to be taken by the Board of Directors or a committee may be taken without a meeting if the consent in writing of the members of the committee is obtained by the consensus of a majority of the members of the committee by e-mail or message transmission to an e-mail address or received via an electronic communication software program to the board and that participation by a member constitutes a valid vote. The intent of this provision is to allow the Board of Directors to use modern information technology to communicate as long as a majority of the Board of Directors gives consent. Notwithstanding the Executive Director may register with the names of members of the Board of Directors in writing or by e-mail or by special meeting, or through a unanimous communication (including the participation of any interested parties).

**ARTICLE VI**

**Officers**

6.01 Designation of Board Officers

The officers of the corporation shall be the Board President, Board Vice President, Secretary and Treasurer, all of whom shall be chosen by a majority vote of the Board of Directors. Each Board Officer shall have the authority and shall perform the duties set forth in these bylaws or by resolution of the Board or the direction of an officer authorized by the Board to prescribe the duties and authority of other officers. The Board may also appoint additional vice presidents

and such other officers as it seems expedient for the proper conduct of the corporation, each of whom shall have such authority and shall perform such duties as the Board of Directors may determine. No person shall have authority to act as an officer of the corporation unless he has been appointed by the Board of Directors. No officer may act in more than one office at the same time.

6.02 Term of Office

Each officer shall serve on the Board of Directors, at any time, at the discretion of the Board, a two-year term of office and may be re-elected or re-appointed to the same office for a term of office shall be in addition to the term of office of the officer. If an officer is elected or appointed to an office and the term of office of the officer expires during the term of office of the officer, the officer shall continue to serve until the expiration of the term of office of the officer, or if otherwise disqualified to serve.

6.03 Removal and Resignation

The Board of Directors may remove any officer at any time, with or without cause. An officer may resign at any time by giving written notice to the corporation in writing deposited in the mail, if any, or in the presence of any two or more members of the Board of Directors. The resignation shall take effect as of the date of the notice, unless otherwise specified in the notice. The resignation shall not be necessary to make the contract of the officer void. The provisions of this section shall be subject to any confidential terms of a contract which has been approved or ratified by the Board of Directors relating to the employment of any officer of the corporation.

6.04 Vacancies

Any vacancy caused by the death, resignation, removal, disqualification or otherwise of any officer shall be filled by the Board of Directors, or, in the event of a vacancy in any of the offices of the President, such vacancy may be filled by appointment by the Board of Directors, or, in the event of a vacancy in any of the offices of the President, such vacancy may be filled by appointment by the Board of Directors, or, in the event of a vacancy in any of the offices of the President, such vacancy may be filled by appointment by the Board of Directors.

6.05 Duties of Board President

The Board President shall be the chief executive officer of the corporation and shall have the general and exclusive management and control of the corporation and the affairs of the corporation and the management of the corporation. The Board President shall preside at all meetings of the Board of Directors and shall perform such other duties as may be required by the Board of Directors, or, in the event of a vacancy in any of the offices of the President, such vacancy may be filled by appointment by the Board of Directors, or, in the event of a vacancy in any of the offices of the President, such vacancy may be filled by appointment by the Board of Directors.



corporation, or executive shall be deemed to have acted in accordance with the instructions of the Board of Directors, if the instructions in which such action may from time to time be authorized by the Board of Directors.

6.06 Vice President

In the absence or disability of the Board President, the acting vice president or vice president designated by the Board of Directors shall perform all the duties of the Board President, when so acting the vice president shall have all the powers and be bound by all the restrictions of the Board President. The Board of Directors shall have such other powers and authorities over duties as are provided for in the bylaws of the Corporation.

6.07 Secretary

The Secretary shall be the principal record keeper of the corporation, and shall:

- (a) Certify and keep in the principal office of the corporation the original copy of the following bylaws as amended from time to time:
  - (1) the bylaws;
  - (2) the certificate of incorporation;
  - (3) the certificate of any amendments to the certificate of incorporation;
  - (4) the certificate of any amendments to the bylaws;
  - (5) the certificate of any amendments to the articles of association;
  - (6) the certificate of any amendments to the articles of association;
  - (7) the certificate of any amendments to the articles of association;
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  - (98) the certificate of any amendments to the articles of association;
  - (99) the certificate of any amendments to the articles of association;
  - (100) the certificate of any amendments to the articles of association;
- (b) Keep or cause to be kept a book for minutes for all meetings and actions of the Board of Directors and committees of Directors, recording therein the time and date of the meeting, whether regular or special, how called, notice thereto, the names of those present or represented at the meeting, and the proceedings thereat, and whether the meeting was held in accordance with the bylaws of the Corporation.
- (c) Ensure that the minutes, resolutions, and any other documents of the corporation, any written consents approving action taken without a meeting, and any and all single documents, including but not limited to minutes and consents, shall be conspicuously posted in the principal office of this corporation. Consents, resolutions, minutes, and supporting documents shall be recorded in the records of the corporation by the Secretary or (1) the principal officer of the Board of Directors, the Secretary, or other officer for whom the minutes, consents, or supporting documents are being recorded; or (2) in any other office after the date of the meeting or written consent.
- (d) Ensure that a copy of the minutes of all meetings of the Board of Directors and committees as required by the bylaws or as required by law.
- (e) The custody of the records and of the seal of the corporation shall be a duty of the Secretary and required only by or for him, and he shall fix the seal as authorized by law or the provisions of the bylaws, to fully executed documents of the corporation.
- (f) Keep in the principal office an accurate list of all shareholders, and their names and mailing addresses, e-mail addresses, and home telephone numbers.



- (h) Utilize an online accounting system which is approved by the State Board of Accountancy.
- (i) Provide each Director with such access to the online accounting system as may be necessary to provide basic information in how to assess and manage the corporation's financial condition.
- (j) Review promptly the statements or financial reports of the corporation or any director or officer of the corporation and of the financial condition of the corporation.
- (k) Prepare, or cause to be prepared, by himself or cause to be prepared, the financial statements of the corporation in accordance with the requirements of the California Code of Regulations.
- (l) Perform all duties incident to the office of treasurer and such other duties as may be required by law, by the articles of incorporation, or by the bylaws or which may be assigned to him or her in writing by the board of directors.
- (m) Appoint, with approval of the board, a qualified independent accountant to audit the books and records of the corporation and to prepare and issue an audit report to the board of directors.

6.09 Non-Director Officers

The Board of Directors may employ such staff as it may deem necessary and assign duties to such non-director officers of the corporation.

6.10 Compensation

The salaries for the officers, if any, shall be determined from time to time by a resolution of the board of directors. In all cases, any salaries received by officers shall be reasonable and given in return for services rendered to the corporation. The officer's salaries shall be approved in advance in accordance with the provisions of the California Code of Regulations.

6.11 Continuation

It is the responsibility of the board of directors of the corporation to continue the continuation of corporate existence, and to do so by filing with the Secretary of State the necessary documents and to do so in a timely and healthily manner. The board of directors shall file the Certificate of Incorporation.

**ARTICLE VII**

**Contracts, Checks, Loans, Indemnifications & Related Matters**

**7.01. Contracts and other Writings**

The board of directors, except as much otherwise provided in these bylaws, may by resolution authorize any officer or agent of the corporation to enter into any contract or agreement or any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances. Officers or agents authorized by resolution shall have any power or authority only to execute or deliver any contract or agreement or to pledge its credit or to render it liable in any way for any purpose or in any amount.

**7.02. Checks, Drafts and Notes**

All checks, drafts, or other orders for payment or money, notes or other evidence of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents as the corporation may in its bylaws or resolution determine to be authorized by resolution of the Board of Directors. Officers or agents authorized by resolution shall have any power or authority only to execute or deliver any check, draft, note or other evidence of indebtedness or to pledge its credit or to render it liable in any way for any purpose or in any amount.

**7.03. Deposits**

All funds for the corporation or for any other purpose shall be deposited from time to time in the name of the corporation in such bank, trust company or other depository as the Board of Directors may determine.

**7.04. Liabilities**

The board of directors may accept on behalf of the corporation any liability or obligation or devise for the necessary purposes of this corporation.

**7.05. Receipts from Services**

The board of directors may accept on behalf of the corporation any receipts for services rendered by this corporation.

**7.06. Loans**

No loans shall be contracted or taken out by the corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Authority may be general or confined to specific instances.

7.07 Indemnification

Indemnification is as follows:

- (a) The corporation shall indemnify and hold harmless any Director, officer, or employee who was or is a party to any proceeding to which he or she was or is a party because he or she is or was a Director of the corporation, against reasonable expenses incurred by him or her in connection with the proceedings.
- (b) Permissible indemnification of the corporation shall include any and all expenses, including reasonable attorneys' fees, incurred by or for the Director, officer, or employee of the corporation against liability incurred by or for the Director, officer, or employee of the corporation in the performance of his or her duties in the manner authorized in the manner prescribed by law.
- (c) Advance for Expenses. If a Director, officer, or employee is a party to a civil or criminal action, suit, or proceeding, he or she shall be reimbursed for the reasonable expenses incurred by him or her in connection with the action, suit, or proceeding upon receipt of a written statement from the Director, officer, or employee of his or her good faith belief that he or she is entitled to indemnification under this Article and that an advance of such expenses is in the best interests of the corporation. The amount of such advance shall be determined by the Board of Directors.
- (d) Indemnification of Officers, Agents and Employees. Any officer, director, or employee who is not a Director is entitled to indemnification under this Article to the same extent as a Director. The corporation may also indemnify any agent or employee of the corporation who is not a Director, officer, or employee of the corporation in which the corporation is incorporated and which is incorporated in the state of New York, and the corporation shall indemnify and hold harmless any specific action for the purposes of this Article.

ARTICLE VIII

Miscellaneous

8.01 Books and Records

The corporation shall keep at its corporate office:

- (a) Minutes of all meetings of directors and committees of the board indicating the time and place of holding the same, and the names of the persons present, the business transacted, and the action taken.

and the same methods shall be used to present the same proceedings hereafter,

(b) Record of all resolutions taken by the Board of Directors at each meeting,

(c) Adequate and correct books and records in accordance with the general accounting of its property, properties, and business transactions and all accounts or financial liabilities. Receipts and disbursements, wages, and salaries;

(d) A copy of the corporation's certificate of incorporation and its amended articles which shall be open to inspection by any stockholder at any reasonable times during office hours.

8.02 Fiscal Year

The fiscal year of the corporation shall be from January 1 to December 31 of each year.

8.03 Conflict of Interest

The Board shall approve any contract or agreement involving the corporation or its interests which is, or is contemplated, in any way a transaction or arrangement which may benefit any director, officer, employee, or manager for himself or herself. The Board shall exercise its powers.

8.04 Nondiscrimination Policy

The officers, directors, committee members, employees, and persons served by this corporation shall not be discriminated entirely on a discriminatory basis with respect to race, sex, color, religion, national origin, and sexual orientation. It is the objective of this corporation not to discriminate on the basis of race, sex, color, religion, marital status, sexual orientation, age, physical disability, veteran's status, or political service or affiliation, religion, or national origin.

8.05 Corporate Seal

The board of directors may and may not use and will have a corporate seal even if not required by law. Such seal shall be kept at the principal office of the corporation and at other significant locations as determined by the Board of Directors. When a certificate or report or any other document will be executed and each authority when accompanied by the signature of a valid authorized individual representative in the ordinary course of business of the corporation, instruments which are signed by a valid authorized individual representative of the corporation, however, shall not affect the validity of any such instrument.

8.06 Directors Inspection Rights

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of every kind in the physical possession of the corporation and shall have such other rights to inspect the books, records, and documents of the corporation as may be required under the certificate of incorporation, the articles of association, and the provisions of law.

8.07 Right to Copy and Make Extracts

Any inspection under the provisions of this article may be made in person, by agent, by attorney and the right to inspect shall include the right to copy and make extracts.

8.08 Periodic Report

The board shall cause the annual report to be prepared and delivered to the office of the Secretary, and delivered within the time limits set by law.

8.09 Bylaw Amendment

These Bylaws may be amended, altered, added to or rescinded by a vote of two-thirds of the Board of Directors thereunto at a meeting of the Board provided, however,

- (a) that no amendment shall be made to these Bylaws which would cause the corporation to lose its status as a corporation under Section 207(c)(3) of the Internal Revenue Code of 1960, or the incorporation of any other state or country; and
- (b) that an amendment does not affect the voting rights of Directors. An amendment that does affect the voting rights of Directors must be approved by a majority vote of a quorum of Directors as defined in these Bylaws.
- (c) that all amendments be consistent with the continued operation of the corporation.

8.10 Standing Orders

Anyone authorized by the board of directors to sign on behalf of the corporation, including board members and officers, shall first receive verbal approval by some one in a managerial capacity from a member of the board of directors.

**ARTICLE IV**

**Counterterrorism and Due Diligence Policy**

**9.01 Policy**

In full compliance with the requirements of various laws and regulations, domestic or foreign, Our Tappan Zee, Inc. shall implement and maintain the procedures which are necessary to ensure the recipient to provide the compensation with the relevant records of financial and other information which were utilized. Although additional reference and documentation with the U.S. Department of the Treasury, entitled the "White Collar Best Practice for U.S. OFAC Sanctions," is not required, Our Tappan Zee, Inc. will, in any and all instances, recognize and pursue to provide information and suggestions (attending to the relevant information) to be evaluated and strengthened in a risk-based approach to guard against the risk of diversion or other prohibited funds or exports to or from any individual, firm, organization and their support network.

**9.02 OFAC and Other Programs**

Save Our Tappan Zee, Inc. shall also comply and implement the relevant guidelines, suggestions, laws and limitation set forth by pre-existing U.S. regulatory requirements related to combating the terrorist financing, which include, but are not limited to, various sanctions programs administered by the Office of Foreign Assets Control (OFAC) in regard to its foreign activities.

**ARTICLE V**

**Document Retention Policy**

**10.01 Purpose**

The purpose of this Document Retention Policy is to establish standards for document integrity retention, non-retention and to promote the proper management of the records of Our Tappan Zee, Inc.

**10.02 Policy**

Section 87(2)(b) of the Records Management Law requires that records of the business, required by law, unnecessary records shall be removed from the files. The cost of maintaining records is an expense which our growing business is not able to bear. A mass retention policy is more appropriate to the business records. Where possible, the non-profit shall adopt a digital, non-paper filing and retention system.

From time to time, Our Tappan Zee, Inc. shall review and update the retention schedules for specific categories of records in order to ensure regulatory compliance, and also to accomplish other objectives, such as more efficient information search and cost management. Several categories of documents that may warrant special consideration are identified below, which



minimum retention period for records shall be the retention of the documents identified below and of documents not included in the identified categories should be used to determine particularly by the application of the general guidelines affecting the document retention as well as any exception for litigation relevant documents and any other pertinent factors.

Section 2. Exemption for Litigation Material - Pursuant to the provisions of the Labor Law, the records of the Union, its officers, employees and employees to comply with any public law or record retention schedule, provided that all officers, employees and employees note the following general exemption to any schedule retention schedule in which the Union, Our Tappan Local Union, that in a corporate records are retained to litigation or litigation litigation (i.e., a dispute to be resolved in the judicial system) where you may receive those records if it is determined that the records are necessary to the resolution of the dispute. Further, the records are not subject to public access or disclosure.

Section 3. Minimum Retention Periods for Specific Categories

- (a) Corporate Documents - Records of the Union, its officers, employees and employees should be retained for a period of 7 years from the date of the last meeting of the Board of Directors. Records should be retained for a period of 7 years from the date of the last meeting of the Board of Directors. Records should be retained for a period of 7 years from the date of the last meeting of the Board of Directors.
- (b) Tax Records - Tax records include, but may not be limited to, documents concerning payroll, expense reports, financial statements, income tax returns, accounting books, records, and other documents concerning the organization's operations. These records should be retained for a period of 7 years from the date of filing the applicable return.
- (c) Employment Records - Records should include, but not be limited to, records of the Union, its officers, employees and employees, including but not limited to, personnel files, grievance complaints, union grievance records, individual employee files and appeals, state and federal records. The corporation should also keep records of the employee's records, file all final memoranda and reports, confidential records, performance reviews and evaluations taken by or against personnel. Employment and related records should be retained for five (5) years. Retirement and pension records should be kept permanently. Other employment and personnel records should be retained for seven (7) years.
- (d) Board and Board Committee Materials - Minutes minutes should be retained in permanent form in the corporate records. A clean copy of all other Board and Board Committee materials should be kept for not less than three (3) years plus any other retention period.
- (e) Press Releases/Public Filings - The corporation should retain permanent copies of all press releases and public filings. The corporation should also retain a copy of all that the corporation should retain.

its own copy to ensure the accuracy of any document accessible to the public can  
directly be accessed by any person.

(f) Legal Files: Legal documents should be accessible to date, with the option to view  
particular documents, but legal documents should be maintained for a period of  
ten (10) years.

(g) Marketing and Sales Documents: The corporation should keep a number of sales contracts  
and sales related documents for a period of time it keeps other corporate files, up to  
three (3) years. An exception to the rule shall apply to sales contracts  
leases, licenses and other legal documentation. These documents should be kept for at  
least three (3) years after the date of the agreement.

(h) Documents that include trade secrets and other confidential information, such as  
subject to intellectual property protection (patents, trademarks,  
service marks, and copyrights). The documents should be kept for the duration of the  
often used to view the corporation's data and should be treated as trade secrets when the  
corporation:

- (i) has independent economic value in the society of the corporation;
- (ii) has taken affirmative steps to keep the information confidential.

The corporation should keep all documents to date created as long as they contain the secret  
information for at least the life of the trade secret.

(i) Contracts: Final executed copies of all contracts entered into by the corporation should  
be retained. The corporation should retain copies of all contracts for at least  
(3) years after the life of the agreement and longer in the case of public or filed  
contracts.

(ii) Correspondence: Letters of resignation, notice, and other correspondence should be  
maintained for a period of five (5) years.

(k) Banking and Accounting: Accounts payable records and checks should be kept for  
seven (7) years. Bank reconciliation statements, deposits and checks should be  
kept for import and export records should be kept for three (3) years. Any  
inventories of products, materials, and supplies and any invoices should be kept for seven  
(7) years.

- (l) Insurance. Expense insurance and other insurance records, accident reports, rates, etc. should be kept permanently.
- (m) Audit Records. Books, records, and accounts should be kept in accordance with the audit records should be kept for three (3) years.

Section 4. Electronic Mail. E-mail that needs to be saved should be either:

- (a) printed in hard copy, and kept in the appropriate file, or
  - (b) downloaded to a computer file and kept in the appropriate file.
- File retention periods are open to the discretion of the Board, unless otherwise specified.

**ARTICLE XI**

**Transparency and Accountability**

**Disclosure of Financial Information with the General Public**

11.01. Purpose.

By making our financial information available to the public, we intend to ensure that our financial information is available to the general public. This Policy will:

- (a) indicate which documents and materials produced by the corporation are to be made available to the general public;
- (b) indicate which documents and materials produced by the corporation are to be made available to the general public;
- (c) specify the procedures to be followed in the event of a request for documents and materials and be altered.

The details of this Policy are as follows:

11.02. Financial Information Documents. The Corporation shall provide its financial information to the general public in accordance with the Policy and financial statements to the general public for inspection, for information.

11.03. Means and Manner of Disclosure.

Save Our Tappan Zee, Inc. shall make available its financial information on its internet website and on its website.

- (a) The documents shall be posted in a format that allows an individual user to access, download, view and print them in the manner that said user desires in the original document file with the IP address or other information except from public domain sources, such as contributor information.
- (b) The website shall clearly and prominently provide instructions for downloading it.
- (c) Save Our Tappan Zee, Inc. shall not charge a fee to provide any information. Documents shall not be posted in a format that would require software or hardware of any kind to be installed on a computer, or any other device, in order to be able to view the information.
- (d) Save Our Tappan Zee, Inc. shall inform members of the information where this information can be found including the web address. This information must be provided immediately by email or by other means and within seven (7) days of the request.

11.04 IRS Annual Information Reporting

Save Our Tappan Zee, Inc. shall submit the Form 990 to the IRS and to the members of the Board. While neither the company nor the Form 990 or a review of the Form 990 is required under state law, the corporation's Form 990 shall be submitted to each member of the Board. The Director shall make every effort to provide the Form 990 to the members and will be responsible to provide the same.

11.05 Access to and Accountability of Financial Records

Save Our Tappan Zee, Inc. shall utilize a cloud-based accounting software that offers:

- (a) An available 100% audit trail.
- (b) Linking and syncing to the corporation's bank accounts.
- (c) Read only access for every member of the board to access every financial record of the company at any time, 24 hours a day, 7 days a week.

Save Our Tappan Zee, Inc. shall require every member of the board to annually verify and check the books and records of the corporation for any anomalies, discrepancies or concerns and reporting to the board the results of this informal verification at the next board meeting. Each board member will participate in this informal verification for an entire year so that all board members participate in this responsibility on an equal and fair basis.

As the finances become more complex, the Board may use its discretion to require (2) board members during each of their terms to attend certain meetings.

11.05 Board Deliberations

Regarding the Board's deliberations:

- (a) All Board deliberations shall be open to the public except where the Board determines that it is necessary to make any specific portion confidential.
- (b) All Board minutes shall be open to the public except where the Board passes a resolution to make any specific portion confidential.
- (c) All papers and materials considered by the Board shall be open to the public following the meeting, unless they are otherwise specified. Except where the Board passes a resolution to make any specific portion confidential.

11.06 Staff Records

Regarding staff records:

- (a) All staff records shall be available to the public, except where the Board determines that it is necessary to make any specific portion confidential.
- (b) No staff records shall be made available to any person outside the corporation, except to the authorized governmental agencies.
- (c) Within the corporation, staff records shall be made available only to those persons with managerial or personnel responsibilities for that staff member, except that staff records shall be made available to the public upon request.

11.07 Donor Records

Regarding donor records:

- (a) All donor records shall be available to the public, except where the Board determines that it is necessary to make any specific portion confidential.
- (b) No donor records shall be made available to any person outside the corporation, except to the authorized governmental agencies, or to the public upon request by the donor.

- (c) Within the corporation, all records shall be made available only to those persons whose persons with a management or personal development relations for the corporation with those persons, except that donor records shall be made available to the Board of Directors.

**ARTICLE XXII**

**Codes of Ethics & Whistleblower Policy**

**12.01 Purpose**

Save Our Lappan Zee Inc. requires and expects its directors, officers, employees and volunteers to observe and practice high standards of business and personal ethics in the conduct of their duties and responsibilities. Our employees and representatives of the corporation must conduct their business with integrity in fulfilling their responsibilities in compliance with applicable laws and regulations. It is the intent of Save Our Lappan Zee, Inc. to adhere to all laws and regulations that apply to the corporation and the individuals acting on behalf of the corporation's local or international compliance. The core mission of an corporate start is necessary to be complying with various laws and regulations.

**12.02 Reporting Violations**

If any Director, officer, staff member, employee or volunteer reasonably believes that some policy, practice, or activity of Save Our Lappan Zee, Inc. is in violation of law, a written complaint must be filed by that person with the Board of Directors.

**12.03 Acting in Good Faith**

Anyone filing a complaint or reporting a violation of a statute or regulation or a law or regulation must be acting in good faith and have reasonable belief that the behavior or practice in question indicates a violation. Any false or malicious reports may constitute a violation in which there have been made knowingly or recklessness to be raised shall be viewed as a serious disciplinary offense and cause for immediate termination.

**12.04 Requirements for Protection from Retaliation**

A person filing in good faith and in compliance with the following conditions:

- (a) he/she brings the alleged impropriety, policy, practice, or activity to the attention of Save Our Lappan Zee, Inc.
- (b) does so based on reasonable suspicion;
- (c) does so with good faith.

(d) does so without knowingly using false information, and

(e) provides such information to the Board with a reasonable effort to correct the alleged unlawful activity.

The provisions described herein shall apply to all members of the organization who are required to

12.05 Protection from Retaliation

Save Our Tappan Zephyrus, Inc. shall not retaliate against any Director, officer, or member, or any employee, or volunteer who has good faith made a report or raised a concern or complaint against some practice of Save Our Tappan Zephyrus, Inc. or of an individual or entity whom Save Our Tappan Zephyrus, Inc. has, in its course of business, a reasonable belief that a practice is in violation of law, or a clear mandate of public policy.

Save Our Tappan Zephyrus, Inc. shall not retaliate against any Director, officer, or member, or any employee, or volunteer who has good faith made a report or raised a concern or complaint against some practice of Save Our Tappan Zephyrus, Inc. or of an individual or entity whom Save Our Tappan Zephyrus, Inc. has, in its course of business, a reasonable belief that a practice is in violation of law, or a clear mandate of public policy concerning the health, safety, welfare, or interest of the environment.

12.06 Confidentiality

Violations or suspected violations may be handled on a confidential basis by the committee or may be handled in a way which is not confidential. Reports of violations shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

12.07 Handling of Reported Violations

The Board, President or vice president shall promptly receive and acknowledge receipt of the reported violation or suspected violation within five business days. All reports shall be promptly investigated by the Board or its designated committee and appropriate corrective action shall be taken if warranted by the investigation.

This policy shall be made available to all members, directors, officers, employees, and volunteers, and may be included in any orientation and handbook materials provided to all about the policy.

ARTICLE XXII

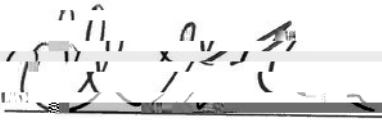
Construction of Terms

Regarding the use of words in articles of incorporation and these bylaws:

- (a) If there is any conflict between the provisions of these bylaws and the certificate of incorporation of this corporation, the provisions of the certificate of incorporation shall govern.
- (b) Should any of the provisions of these bylaws be held to be invalid for any reason, the remaining provisions shall not be affected by such holding.
- (c) All references in these bylaws to the certificate of incorporation shall be to the certificate of incorporation, articles of organization, or other organizational documents of the corporation, or to the charter or other founding documents of the corporation, as the case may be, and not to any other document.
- (d) All references in these bylaws to a section of the Internal Revenue Code shall be to such sections of the Internal Revenue Code as amended from time to time or corresponding provisions of any future federal tax code.

CERTIFICATE OF ADOPTION OF BYLAWS

I do hereby certify that the above stated Bylaws of Save Our Paperbowlz, Inc. were approved by the Board of Directors of Save Our Paperbowlz, Inc. and a true and correct copy of the Bylaws of the corporation.

President:   
 ALAN I. ZELNER

Date: 11/10/10



5768

Election/Revocation of Exemption by an Eligible

Section 501(c)(3) Organization

Form

(Rev. September 2010)

Expenditures to Influence Legislation

(Under Section 501(h) of the Internal Revenue Code)

Department of the Treasury

Internal Revenue Service

Name of organization

Service of the People

Number and street (or P.O. box number, if mail is not delivered direct to address)

12 Eldon Avenue

City, town or post office, and state

Port Chester, NY

1 Election. This is an eligible organization yet never had to have the provisions of section 501(h) of the Code applied to expenditures to influence legislation in any tax year beginning subsequent to the date of its formation.

Note: This election must be made on or before the first tax year to which it applies.

2 Revocation. As an eligible organization, we hereby revoke our election to have the provisions of section 501(h) of the Code relating to expenditures to influence legislation apply to our tax year beginning on all subsequent tax years.

Note: This revocation must be made on or before the first tax year to which it applies.

Under penalties of perjury, I declare that I am the authorized officer of this eligible organization and I am authorized to make this election/revocation on behalf of the above named organization.

(Signature of officer or trustee)

Maria M. Executive Director

(Type or print name and title)

General Instructions

Section 501(c)(3) organizations are eligible to elect to have the provisions of section 501(h) of the Code apply to their tax year beginning on the date of their formation.

Section 501(c)(3) organizations are eligible to elect to have the provisions of section 501(h) of the Code apply to their tax year beginning on the date of their formation. This election must be made on or before the first tax year to which it applies.

Under section 501(h) of the Code, an eligible organization may elect to have the provisions of section 501(h) of the Code apply to its tax year beginning on the date of its formation. This election must be made on or before the first tax year to which it applies.

To make or revoke the election, enter the appropriate data on the tax year to which it applies.

Section 501(c)(3) organizations are eligible to elect to have the provisions of section 501(h) of the Code apply to their tax year beginning on the date of their formation.

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or more similar exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code; and the corresponding section of any future related tax code.

Part V, the Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Key Employees, and Independent Contractors. List the names, titles, and mailing addresses of all of your officers, directors, trustees, and key employees listed on state their total annual compensation or proposed compensation for services to the organization, whether as an officer, employee, or independent contractor, if actually available. Enter "None" if no compensation is or will be paid. If additional space is needed, attach a separate sheet.

**BOARD MEMBERS**

Board members will not be paid for their services as board members. When traveling in the interest of Save Our Tappan Zee, Inc., they will be reimbursed for necessary and reasonable expenses while on organization business.

IRS tax law allows a corporation to make any amount of payments, long as the amounts are reasonable and are for services actually rendered, without considering the implications of the 1996 Congress enacted Section 4959 of the Internal Revenue Code imposed a tax on "excess benefit" transactions. We conclude that the payments for necessary and reasonable expenses to reimburse our participants expenses is a reasonable and appropriate as long as such expenses are reasonable and not for excess purposes.

Alan Zazzo  
[Redacted]  
Morrisville, NC 27550  
President  
No Compensation

Annette Brook  
[Redacted]  
Mountain Lake, NJ 07046  
Vice President  
No Compensation

James Anthony DeWitt III  
[Redacted]  
Stuyvesant, NY 12153  
Treasurer  
No Compensation

Dr. Dena A. [redacted]

White Plains, NY 10605

Secretary

No Compensation

Raymond Ferraro

Valhalla, NY 10585

Board Member

No Compensation

Donald J. Christman

West Nyack, NY 10994

Board Member

No Compensation

vv We ask that you please provide us with your home address designated the above street addresses as "not for mail" purposes in order to protect the privacy of each individual member. All of these addresses are also residences of our board members.

EMPLOYEES

The initial employee will for 12 months... individual salary of \$25,000/month... and then to \$35,000/month... accordance with the signed agreement... details... this salary is based on the fact that... endeavor will keep him from pursuing other... MBA, etc... not excessive.

As the company grows... the company will begin to utilize a... Report published within the next 12 months to determine appropriate salaries for all employees.

Part V, 3a. For each director, trustee, officer, or employee, compensation and benefits compensation or benefits or other compensation listed on the form. If an officer, trustee, or director, their name, qualifications, how long worked and duties:

### Board of Directors - Composition, Duties & Hours

No officers, directors, or trustees will be compensated for serving on the Board.

1. The duties of the President of the Board are found in the organization bylaws, Page 16, Paragraph 6, Section 6.05. Average 10 hours a week or as necessary.
2. The duties of the Vice President are in the organization bylaws, Page 16, Paragraph 7 of Section 6.05. Average 5 hours a week or as necessary.
3. The duties of the Secretary of the Board are found in the organization bylaws, Page 16, Paragraph 8 of Section 6.05. Average 5 hours a week or as necessary.
4. The duties of the Treasurer of the Board are found in the organization bylaws, Page 17, Paragraph 9 of Section 6.05. Average 5 hours a week or as necessary.

### Board of Directors - Names & Experience

The Board of Directors made in the organization should have combined decades of experience in business through graduate and post-graduate level education and through both training and work experience.

### President/Treasurer: Alan Zerazo



Alan recently retired after working 40 years on the railroad as a  
 Train Engineer for AT&T since 1960. He is a member of the  
 Tower Tower and for Amtrak. He enjoys being an active member of the  
 C. Smith and the other museum. He is also involved in the  
 restoration of vintage trolley & rapid transit cars. He is proud to serve as the  
 Chairman of the Board of Trustees. He is also the Chairman of the  
 restoration project to build a  
 vintage train car. He is married to his wife, and has two children.  
 Doreen of 40 years and the father of 2 children.  
 Alan is a member of the  
 history, and a member of generations who why why to let some  
 name for future generations.

## Vice President: Antette M. Danals

Growing up in a small Midwestern town along the Mississippi River, Antette's love for bridges, rivers and the history of the area is a passion that has carried her through a career in telecommunications. She has worked for several major telecommunications companies, including AT&T, where she spent 15 years in various executive positions. Her passion for the industry is evident in her work at NorthStar Networks, where she has been instrumental in the development of the company's wireless and broadband services.



Antette earned her Bachelor's degree in Business Administration from the University of Tennessee and her Master's degree in Business Administration from the Portland State University in Portland, Oregon. She has been a member of the National Association of Telecommunications Executives and the International Telecommunications Association. She is currently a member of the Board of Directors of NorthStar Networks. She is also a member of the National Association of Broadcasters and the National Association of Broadcasters. She is also a member of the National Association of Broadcasters. She is also a member of the National Association of Broadcasters.

NorthStar Networks in Richardson, Texas. Before she joined the company, she worked for several years in various executive positions at AT&T, where she was instrumental in the development of the company's wireless and broadband services. She has also worked for several other major telecommunications companies, including Sprint and Verizon. She is currently a member of the Board of Directors of NorthStar Networks. She is also a member of the National Association of Telecommunications Executives and the International Telecommunications Association. She is also a member of the National Association of Broadcasters and the National Association of Broadcasters. She is also a member of the National Association of Broadcasters.

## Secretary: Dr. Dena A. Kostant, DPT

Dena is a life-long resident of Wheaton, Illinois. She has a Bachelor's degree in Physical Therapy from the University of Illinois at Chicago. She has worked for several years in various capacities for the University of Illinois at Chicago. She is currently a member of the Board of Directors of NorthStar Networks. She is also a member of the National Association of Telecommunications Executives and the International Telecommunications Association. She is also a member of the National Association of Broadcasters and the National Association of Broadcasters. She is also a member of the National Association of Broadcasters.



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**Treasurer: James A. Anthony, Jr., D.D., Ph.D.**



Jimmy grew up in the Albany area and received his undergraduate and business school education on a regular basis. He also earned a Ph.D. in Education from the University of Albany. He has been involved in business and education for many years and is currently the Treasurer of the Albany Area Chamber of Commerce. He believes that it is imperative that we know about the people that came before us, recognizing the similarities of why we are here today and understanding the values that we grew up through. He enjoys traveling, especially in the Northeast. Jimmy also enjoys playing golf and watching the Yankees. He is currently the Treasurer of the Albany Area Chamber of Commerce.

**Board Member: Raymond Ferrara**



Ray married in 1969 to his wife Corinne as well as two children. He is a member of the Albany Area Chamber of Commerce and is currently the Treasurer of the Albany Area Chamber of Commerce. He served in the U.S. Air Force from 1960-1971 and was a member of the Albany Area Chamber of Commerce. After starting a career with the Albany Area Chamber of Commerce in 1970 as a salesman, he was promoted to the position of Regional Vice President in 1974. He was established in 1974 as the Albany Area Chamber of Commerce. In 1974, Ray moved from Albany to the Albany Area Chamber of Commerce. In 1974, he was promoted to the position of Regional Vice President. He has a company in Albany, New York, and is currently the Treasurer of the Albany Area Chamber of Commerce. He has a company in Albany, New York, and is currently the Treasurer of the Albany Area Chamber of Commerce.

and for the Albany real estate for two 40,000 sq. ft. locations handling all negotiations. Ray also has an extensive real estate experience and currently serves on the Board of Directors of the Albany Area Chamber of Commerce. He is currently the Treasurer of the Albany Area Chamber of Commerce.

### Board Member Candidate Information



... of the ... and ... County ...  
... graduated ... High School ...  
... University and ...  
... He has designed many recognizable and award ...  
... products in transportation and ...  
... for patients such as ... and human ...

**Part IV:** Have you attempted to a conflict of interest policy consistent with ... of interest policy ... Appendix A to the ... provided ... and explain how the policy has been adopted ... by resolution of your ...

Yes. The board of directors of this organization adopted a conflict of interest policy which is attached to the ... This policy is based on the simple conflict of interest policy contained in ... restrictions to ... and augmented with additional organizational specific requirements.

Our Conflict of Interest Policy requires each interested party to annually sign a statement that affirms ... a copy of the conflict of interest policy is read and understood ... in order to maintain ... one or more of its tax exempt purposes ... and all members of the ...

**Part V:** Do you or will you purchase or ... services or assets from any of your officers, directors, trustees, ... compensated ... If "Yes," describe any such purchase or interest made or intended to be made from whom, you will make it with ... the terms ... of ... length ... or ... that you pay no more than ... market value. Attach copies of any ... purchases.

See bylaws and conflict of interest ... for more details.

It is possible that the organization ... services or goods from a broad ...

- the IRS publication entitled ... ISSUES IN IRC 501(c)(3) ... [www.irs.gov/pub/irs-regs/section501c3.pdf](http://www.irs.gov/pub/irs-regs/section501c3.pdf)
- IRS publication 4221-PC (page 4-1) and



- IRC Section 4958.

Any remuneration for goods or services shall be reasonable in a fair and open market and must be reviewed and approved in accordance with the Board Conflict of Interest Policy.

IRS Publication # 4221-C states that "no director or officer of an organization can receive any amount of the benefit of an insider. An insider is a person who has a personal or financial interest in the assets of the organization such as an officer, director or trustee. This means that an organization is prohibited from allowing its income or assets to accrue to insiders. An example of prohibited treatment would include payment of an excessive amount of an insider's salary. An amount of remuneration may be exempt from this rule for an exempt status."

However, any products or services would be reasonable in a fair and open market if no other items would be provided at a reasonable and in fact, discounts may be provided if only a no suitable alternative is available. There would therefore be no remuneration.

Not for Profit Attorney Don Krasner writes "It is an obvious conflict of interest when an organization contracts with its members of the board of directors to provide goods or services to the organization if not necessarily legal, now if ever, if it is to the benefit of the organization."

Attorney Y. Kraus for Turner states in his witness, [www.sfnormail.com](http://www.sfnormail.com) "You can get a lot of concern about the IRS rules for the for-profit corporation. In a company purchasing the books, books, and for you for you. The IRS rules are not as strict as you would think they are. You are in the same position (yet), and I agree that you should be able to purchase as you would any other potential excess of the transaction." While private remuneration is not allowed, the excess in amount, the excess benefit rules were created to not let the IRS act in a retroactive fashion to avoid having to remove the exempt status of the organization because of irregularities. In addition to the IRS, you must also be concerned with whether the IRS will sense that you will put you into a legal sense from a unilaterally made case. That could be considered private remuneration. But I would worry about that only if it ever seemed to be happening. There are a lot of things you can do to minimize the risk of IRS action. In the meantime, you seem to be on the right track."

From the above reasons, save Our Tappan Board shall have adopted the Conflict of Interest Policy to address this issue, and specifically to aid in the elimination of conflict of interest issues that could not be rectified by the Board members.

**Part VI, 1a.** In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.

We plan to sell any goods and offer any services if a donor or exempt purpose activity will help us raise funds for our exempt purposes and will not in any way that does not jeopardize our tax-exempt status.

Some examples of items we will be purchasing in the short or long term are about the Tappan Indians/Dutch bumper stickers and signs that feature our organization.

**Part VI, 1b.** In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.

Please see above. Further, we do not currently provide goods, services, or funds to organizations; our way is to look towards the future.

**Part VII, 2a.** Do you attempt to influence legislation?

Yes. We may attempt to influence legislation that further's our tax-exempt purposes, but in no way that would be regarded as an attempt to influence legislation. We may undertake what is in the best interest of our organization.

**Part VIII, 5a.** Do you ever wish you were to hold or engage in gambling activities?

Yes, we may have a volunteer bingo or game night is conducted as a fundraising activity, in accordance with IRS Publication 2070 (2-1-12) Rev. 2-12-11. All standardized lotteries that are games will be voluntary. All bingo and gaming shall be conducted in accordance with federal, state, and local laws, and only after securing proper permits or licenses (if necessary). Save Our Tappan ZEP, Inc. projects to be a fundraiser for income and expenses for both bingo and gaming this year and in the next several years.

TAX YEAR	INCOME	EXPENSES
2017	\$0	\$0
2018	\$1000	\$0
2019	\$3000	\$0

**Part VIII, 4a.** Attach a description of each such fundraising activity.

**Mail Solicitations.** We plan to have a large mailing list and wish to invite individuals on that list to support our tax-exempt activities.

**Email Solicitations.** We plan to have a large mailing list and wish to invite individuals on that list to support our tax-exempt activities.

**Personal Solicitations:** We intend to raise funds from individuals, groups, and organizations including faith-based organizations and businesses by direct contact. We will invite individuals and groups with commitments to our purposes and interests to contribute to our organization. We do not have printed materials or brochures at this time. All donations will be solicited and received according to IRS guidelines.

**Vehicle Registration:** We will gladly accept donations of the type of the kind goods.

**Foundation Grant Solicitations:** We will identify and prepare proposals for grant solicitations to various foundations to serve our mission and vision and to the extent that we are eligible.

**Phone Solicitations:** When we have appropriate individuals who are suitable for phone solicitations, volunteers and board members may contact potential donors by phone to support our purposes.

**Government and Foundation Grants:** Save Our Tabranzee, Inc. will research and apply for grant opportunities and prepare grant solicitations to various foundations to serve our mission and vision to the extent that we are eligible.

**Website Donations:** We will accept donations on our website to the extent that we are eligible, always in accordance with IRS guidelines.

**Part VIII, 4.13 - No one shall have written or oral contracts with individuals or organizations to raise funds for you.**

Anyone authorized by the corporation to solicit funds on behalf of the corporation, including board members and officers, shall comply with any fund-raising solicitations that are acceptable fundraising behavior.

At this time, all fundraisers shall be either a board member, officer, or volunteer. We have no plans at this time to recruit a professional fundraising team.

**Part VIII, 4.14 - Do not solicit or accept contributions in any state in which you are not a resident. For each state of solicitation, you must be a resident of that state or your own organization, you must raise for that organization, or another organization you raise for you.**

Save Our Tabranzee, Inc. would not be involved in fundraising activities in any state throughout New York, and other states in which we have completed the appropriate fundraising paperwork, but because of our solicitation and acceptance of donors live across the globe, funds could potentially come from any state and any country. Save Our Tabranzee, Inc. will comply with any state, national, or international fundraising rules.

Funds raised or received to be used for tax-exempt purposes and are not to be used for the private inurement of any individual. The Board to ensure that funds are not knowingly diverted from any of the exempt purposes of the organization under section 501(c)(3) of the Internal Revenue Code. Revenue Rulings 58-252, T.B. 1963-2, 191 and Revenue Ruling 59-79, C.B. 1966-1, 197 which are attached in substantial part.

Part VII, 8 - Do you or will you enter into joint ventures, including partnerships or limited liability companies, or other entities, in which you share or hold an interest with other persons other than Section 501(c)(3) organizations?  Yes. Describe the activities of these joint ventures in which you will participate.

Save Our Tappan Zee, Inc. may, in the future, engage in joint ventures, partnerships and only in accordance with Internal Revenue Bulletin 2001-24, 2001-1 CB 130 (4/11/01) as well as Revenue Ruling 2004-15 (1/13/04) attached. There are no such partnerships or joint ventures in any way jeopardized under the foundation's 501(c)(3) exemption and in no way would any partnership or joint venture entered into by the foundation be a disqualifying activity that would allow the Save Our Tappan Zee, Inc. to receive any tax-exempt status beyond its state tax-exempt status.

Part VII, 10 - Do you or will you publish, own, or have rights in music, literature, art, books, sound recordings, scientific discoveries, or other intellectual property?  Yes. Explain. Describe the nature of the intellectual property, the rights, whether the work is published, and the state of development, and how any rights are or will be exercised, administered, and reported.

Yes, Save Our Tappan Zee, Inc. itself may hold intellectual property in the form of:

- certain programs and materials developed by the organization for its educational purposes
- some programs produced by the organization may be granted to the organization for its educational purposes which may be owned by the organization, or jointly owned with other organizations
- the organization may create and hold certain intellectual property, such as songs, or other literary or artistic works, which are developed and reported as part of the organization's volunteer activities
- the organization may create and hold certain intellectual property, such as songs, or other literary or artistic works, which are developed and reported as part of the organization's future

Part VIII, 12a - Do you or will you accept contributions of: real property; easements; closely held securities; patents, trademarks, and copyrights; works of art; music or other licenses; inventions; automobiles; boats, planes, or other vehicles; or other contributions?

While the Save Our Tappan Zee, Inc. does not currently have any such property, and has had no such contributions in the near future, we expect that in the future, we may accept contributions of these types of contributions, which may be used for the promotion of the organization. It should be noted that there are certain opportunities as set forth in the above which will require that the organization follow certain laws and regulations and after the transaction.

Part VIII, 12b - Describe your operations in each foreign country and region within that country in which you operate.

Revenue Rule 71, 401(b)(3) of 2013 states that a domestic corporation that conducts activities or all of its charitable activities in a foreign country is not precluded from being a 501(c)(3) organization. When we are ready to expand our programs into other countries, we will determine if we can have a presence in that country with our current resources. We are ready to expand our programs to other countries if the mission of our mission. We don't see any other need based on where the most need is at the time or where there is no assistance based on natural or man-made disasters (e.g., war, typhoons, hurricanes, drought, terrorism, etc.)

Part VIII, 12c - Describe your operation in each country and region in which you operate.

We specifically plan to start operations in the state of New York, Long Island, New York City. Our online presence will be a website that will be available in other countries. At the present time, we have no plans to operate in other countries.

Part VIII, 12d - Describe how your organization is a charitable organization and request that you enter your exempt purposes.

One of our missions is historical preservation. It has been preserved, New York and/or American history by, by, organizing an annual event: "The World's Largest Free Concert" in various countries.

Part VIII, 12e - Describe how your organization provides either distributions to or for the furtherance of your exempt purposes. Describe how you will use the net assets of the organization, or other distributions, in the form of grants, loans, or other distributions to or for the furtherance of your exempt purposes. Organizations will be to grant, loans, or other distributions to or for the furtherance of your exempt purposes.

Part VIII, 13a - Do you have any contracts with any of these organizations?

We currently do not have any relationships with any of these organizations. However, we will have a contract with one of these organizations in the future.

Part VIII, 13b - Identify each recipient organization and any relationship between you and the recipient organization.

See above answer.

Part VIII, 13c - Describe the recipients you have with respect to direct or indirect distributions you make.

We plan to distribute to various organizations.

**Part VIII, 13f** - Do you require an acknowledgment of the goods you receive from a grantor or other party?

Yes to both questions. The acknowledgment required was similar to the acknowledgment in the Uniform Form, as listed below, for any grants we would need to require a formal written report that outlines our responsibilities and those of the grantor. The grantor has granted us the right to use the funds for the purpose of providing their care and was made, provided for in the written report. The use of grant funds, require as a final written report and an accounting of how grant funds were used, and acknowledges our status as a grantee to whom the grantor is responsible in case such funds are or appear to be misused.

**Part VIII, 13g** - Describe your procedures for ensuring that contributions that assure your resources are used for further your exempt purposes in a manner that meets your needs and fund reports to the best of your ability.

See above answer.

**Part VIII, 14a** - Provide the name of each foreign organization.

We currently do not have any relationships with any foreign organizations.

**Part VIII, 14b** - Do you have contributors who may not be authorized to use contributions made to you for your exempt purposes or for purposes consistent with your exempt purposes?

Yes, we plan to make that clear to all contributors at the time any donation is made. We do not post this information on our website.

**Part VIII, 14c** - Do you or will you, through your organization, inquire about the recipient organization?

Yes, we will inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purposes for which the resources are being provided, and other relevant information. We also will provide a breakdown of the breakdown.

**Part VIII, 14d** - Do you or will you use any additional procedures to ensure your contributions to foreign organizations are used for the purposes of your exempt purposes?

We plan to have a periodic site visit by our employees or other members and/or compliance checks by independent experts to verify that grant funds are being used appropriately.

**Part IX, 23** - Any expense not otherwise included, such as telephone services (see instructions for itemization).

- These 2018 figures are *estimated*.
- These 2019 and 2020 figures are all *projected, NOT actual*.
- 2018: Line 23 - Program services: \$1,000,000; Telephone services: \$500,000
- 2019: Line 23 - Program services: \$1,000,000
- 2020: Line 23 - Program services: \$1,000,000

# International Activities Questionnaire

Although not required, we would like to have you complete this questionnaire to provide the IRS agents who process your application with the information necessary to your international activities questionnaire as part of our due diligence process.

1. Your application indicates that you operate in the following countries. Please provide the following information:

a. Identify the specific countries (and regions within the countries) in which you operate.

We currently do not operate in foreign countries.

b. Describe your operations in each country.

Should we be held responsible for any U.S. history, other firm's history, or any other information that you have provided to us through any third party, if necessary.

2. Please answer the following questions regarding your compliance with the U.S. Foreign Corrupt Practices Act (FCPA).

a. When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons and your names or individuals and entities with whom you are doing business are included on the list.

Yes, we will.

b. What other steps do you take to ensure that foreign governments or grants are not diverted to support terrorism or other prohibited activities?

On-site visits, including announced visits, will be performed periodically and records will be required for all records and documents of our tax exempt purposes. Such records will periodically be reviewed in countries where we operate as well as our partners who want to be part of the economic and development process.

c. Will you comply with all United States economic, executive orders and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with countries, entities, or individuals, or organizations, in violation of economic sanctions administered by OFAC?

Yes, we will comply with all United States economic, executive orders and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with countries, entities, or individuals, or organizations, in violation of economic sanctions administered by OFAC.

Although individuals and companies with the U.S. Department of the Treasury should submit the Voluntary Disclosure for U.S. based entities is not mandatory, the direction of Save Our Tappan Zephyrus will fully and voluntarily recognize and put into practice these guidelines and suggestions to assist in our endeavor to ensure that we are using a risk-based approach to guard against the transfer of assets of heritable funds or exploitation of charitable activity of terrorist organizations and their support networks.

We are currently in the process of reviewing the federal guidelines and various laws and limitations set forth by the existing U.S. legal requirements related to combatting terrorist financing, which include, but are not limited to, various sanctions programs administered by the Office of Foreign Assets Control (OFAC) and the Department of Justice.

d. Will you acquire from OFAC the appropriate license and registration where necessary?

Yes, we will.

3. Please answer the following about reports you will make to organizations or individuals located in foreign countries:

a. State the organizations to which you do not wish (or will distribute goods and have been recognized as tax exempt ECUS 1-1010KS state their exempt status

We do not currently have established relations with any organizations in any country that if we did but through organization and that they would be a 501(c)(3) organization located in the United States however, we have a 501(c)(3) 1968-2 C.F.R. 211 attached, states that an organization will not be considered a 501(c)(3) if it is not a U.S. corporation, and we do not intend to be a non-exempt organization. This provides a certain amount of discretion over use of the funds for Section 501(c)(3) purposes.

b. List any distributions (in kind or in cash) made to date, including recipient, when, and how much was distributed, and how the distribution was made (e.g., exempt, non-exempt).

Not applicable. No distributions made since we are just getting set up.

c. Describe your process for reviewing and approving requests for funds or goods, including purchase order, requisition, contract, or other legal guarantees, and how you determine grant amounts.



We will use the same procedures you use to limit granting of funds for the U.S.A. However, with additional oversight to take into consideration the risk of terrorism, the prevention of terrorist funding, and other national security issues:

**d. If you enter into a written grant agreement with a third party, submit representative copies of the grant agreement:**

At this time, we do not make grants unless there have been created a written agreement. When the time comes to enter into an appropriate grant agreement in accordance with the answer to paragraph (c) above:

**e. If a grant recipient is eligible for recurrent grants, explain whether the grantee must reapply and continue to provide information regarding how funds are used:**

At this time, we do not make grants unless we are reapplying. Each applicant absolutely must reapply each time, and must provide to the corporation concerning the information regarding how funds are used:

**f. Explain whether you require grants to be used by a certain legal organization or individual:**

No, we do not and we will not.

**g. Specify how you will exercise control and responsibility over the use of funds or goods granted to foreign organizations or individuals to ensure they are used properly (e.g., requiring grantees to submit periodic reports or accounting, engaging accountants to audit grantees, using representative grants for field investigations, etc.):**

Recipients will be required to fund expended in our own countries for purposes of our operations in other countries we operate in periodically to provide oversight operations begin as well as individuals who want to be part of our international development programs.

**h. Specify if and to what extent if any you share personnel to, or at, or personnel with recipient organizations:**

Not Applicable. We do not share our staff with other organizations.

# SCHOLARSHIP PROGRAMS

**1(a) Describe the types of all educational grants you provide to individuals such as**  
scholarships, fellowships, loans, etc.

If we decline to offer educational grants, we will explain our decision to be  
promote research and/or projects that help to improve New York and/or America.

**1(b) Describe the purpose and any other conditions of all other**  
educational grants and loans to you award.

See above. This will be determined based on the needs and direction of the board based on  
the prior year's financials. One condition is the scholarship must be used for education  
and when such a scholarship is granted it is a non-repayable.

**1(c) If you award educational loans, explain the terms of the loans (interest rate, length of**  
forgiveness, etc.).

We have no current plans to offer loans, but may in the future. Should we do so, the interest rate  
will be at or below market rates, and the length of time to repay the loan shall be based on  
will offer forgiveness under certain conditions (to be determined by the board), for example by  
creating a program of similar to that of the some local non-profit forgiveness program.

**1(d) Specify how your program is administered.**

We will administer the scholarship programs through email and mail marketing, as well as online  
advertising.

**1(e) Provide copies of any solicitation or announcement materials.**

We currently have no solicitation or announcement materials.

1(f) Provide a sample of any of the applicant's work.

Our application for an scholarship shall be as follows:

1. Name of scholarship (or grant) program apply to for.
2. Name and contact info.
3. Why are you applying for this scholarship?
4. How will this scholarship help you in your education?
5. Please explain in detail everything you've already done to secure funds for your endeavor in financial sources.
6. Why should we fund your endeavor?
7. What have you already done to show educational achievement with regard to...
8. How can we trust that you are going to take full advantage of any funds you?

3. Describe any specific criteria you use to select the winners of your program.

Anyone may apply to our scholarship program without restriction. Anyone answering the above questions and submitting them to us will be considered for our program as eligible.

4(a) Describe the specific criteria you use to select recipients.

1. The board of education (nominates any individual) without considering an individual's name, age, race, or sex.
2. The board of education will read all applications and rate them using a 1-10 rating scale on the following criteria (not including financial status):
  - a. Academic Achievement
  - b. Enthusiasm for the cause
  - c. Prior Proven Dedication
  - d. The Applicant's Need
  - e. Why We Should Support This Person (Based on Answers)
  - f. Likelihood of Success Based on Answers

3. The board of directors will then provide the total number of awards to be made with these funds to be determined by the board of directors. The board will award the stipend amounts in descending order of merit.

4(b) Describe how you determine the number of awards to be made annually.

This will be solely based on funding and at the sole discretion of the board based on the prior year's financial success. Once a budget is established, the board will set an annual minimum number of awards to be made. The board will also determine the maximum number of awards when possible.

4(c) Describe how you determine the amount of awards to be made.

We plan to eventually offer awards in various amounts. From \$500 to \$1,000. We will start with the \$500 grants and as funding increases, we will begin to offer awards in higher amounts. All grant amounts offered will be determined by the board.

4(d) Describe any requirements or conditions you impose on recipients to carry in, maintain or qualify for renewal of a grant.

Whenever possible and convenient, Save Our Tappan Zee will make arrangements on behalf of recipients when not possible or convenient, Save Our Tappan Zee will hold the title to the individual on a non-exclusive basis. In all cases, recipients must submit progress reports to Save Our Tappan Zee, Inc. or its authorized representative to provide proof of use of funds through receipts and/or participation forms signed by an authorized and authorized representative of Save Our Tappan Zee, Inc. If any scholarship allow for renewal of Save Our Tappan Zee management will look at the recipient's progress tracking to help and such as to help in the consulting when making any additional grant allocations.

5. Does the corporation have any policies regarding the handling of awards, application of funds, or other educational grants? Does it have a policy on obtaining reports and grade transcripts from recipients, or on any other conditions relating to a scholar under an award? If so, how are school will apply the grant funds to any of your educational institutions that are in good standing. Also, describe your procedures for handling awards.

Whenever possible, reports from instructors, grade transcripts, etc. will be used. If a recipient will be assigned a staff member from Save Our Tappan Zee, Inc. who will track the use of the funds. All recipients will be required to submit progress reports and grade transcripts to Save Our Tappan Zee, Inc. or its authorized representative. If a recipient is not in good standing, we will result in an automatic suspension on any further awards for that particular recipient.

6. Who is the selection committee for the awards and your program, including names of current committee members and criteria for evaluation. Describe the method of replacing committee members.

The current selection committee is the selection committee. Anyone who is on the board of directors is also part of this selection committee. The method of replacing committee members is the same as for the board members.

7 Are relatives or members of the selection committee, or staff, officers, directors, or substantial contributors eligible to serve on the committee for the program? If so, what measures are taken to ensure unbiased selection?

Yes. Any relative is ineligible.

FAMILY MEMBERS

A family member or an interested person shall not be a member of the selection committee, an officer, director, employee or staff member, volunteer, or substantial contributor. It is to be applied for any scholarship programs:

1. The interested person may not participate in ANY of the voting for that particular scholarship.
2. All identifying information will always be removed from all scholarship applications prior to presentation to the committee. As soon as the identifying information is removed, it will become more difficult, thus encouraging a fair and unbiased review of all candidates for all parties.
3. No more than 10% of the total annual scholarship amount may be awarded to interested family members in any given year.

# SAVE OUR TAPPAN ZOO, INC.

## NON-DISCRIMINATION POLICY

As approved by the Board of Directors

Date: January, 2010

Whereas one of the fundamental values of Save Our Tappan Zoo, Inc. is to treat all individuals with respect and dignity; and whereas Save Our Tappan Zoo, Inc. believes that the strength in their diversity and inclusiveness in all its activities and programs, including volunteers, staff, and the community in its outreach efforts;

Whereas Save Our Tappan Zoo, Inc. will not discriminate in the provision of services, employment practices, or engagement of volunteers on the basis of race, political beliefs, age, marital status, racial or ethnic status, national origin, sex, mental disability, learning disability, sexual orientation or physical disability;

Therefore Be It Resolved that Save Our Tappan Zoo, Inc. will provide its programs to the public in accordance with this policy and will accept this policy for all of its services. Our Tappan Zoo will continue to provide an environment for all individuals' enjoyment and to this world.

# SAVE OUR TAPPAN ZOO INC. CONFLICT OF INTEREST POLICY

Adopted on 11/27/2010

## ARTICLE I

### Purpose

#### 1.01 Purpose

The purpose of this conflict of interest policy is to protect the interests of Save Our Tappan Zoo Inc. (the "Organization") and to prevent any director or officer of the Organization from entering into any arrangement that may be in the financial interest of any director or officer of the Organization or any other qualified person as defined in Section 4958(c)(1) of the Internal Revenue Code as amplified by Section 4959 of the Internal Revenue Code, and to prevent, to the extent possible, "excess benefit transactions" as defined in Section 4958(b)(1)(A) of the Internal Revenue Code and as amplified by Section 4959 of the Internal Revenue Code. This policy is intended to supplement the applicable state and federal laws governing the activities of nonprofit organizations.

## ARTICLE II

### Definitions

#### 2.01 Interested Person

Any director, principal officer, or member of a committee or subcommittee or other designated power, or any other person who is a qualified named person as defined in Section 4958(c)(1) of the Internal Revenue Code as amplified by Section 4959 of the Internal Revenue Code, who has a direct or indirect financial interest, as defined below, is, or is interpreted as, responsible.

#### 2.02 Financial Interest

A person has a financial interest if the person has, either directly or indirectly through ownership, investment, or affinity:

- (a) An ownership or investment interest in any entity with which the Organization has a transaction or arrangement;
- (b) A compensation arrangement with the Organization or with any entity with which the Organization has a transaction or arrangement;

(c) A potential ownership or other interest in, or compensation or arrangement with, any entity or individual from which the organization has received a grant or other arrangement.

2.03 Conflict of Interest

A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the interest is not approved by the governing committee. If a conflict of interest exists...

2.04 Compensation

Compensation for individuals who are not directors or officers shall be as great as that which is not insubstantial.

2.05 Vendor Relationships

A vendor relationship is defined as a provider of goods or services to the corporation or its subsidiaries and includes any vendor or provider of services to the corporation.

ARTICLE III

Conflict of Interest and Other Procedures

3.01 Duty to Disclose

In connection with any actual or potential conflict of interest, any person must disclose the existence of the conflict of interest and the nature of the conflict of interest to the directors and the committee with governing board delegated powers considering the proposed transaction or arrangement.

(a) Determining Whether a Conflict of Interest Exists. A person who has a financial interest and all material facts and, after any discussion with the interested person, she shall leave the governing board or committee during the time the determination of a conflict of interest is discussed and vote. The committee regarding or contract with the person shall decide if a conflict of interest exists.

(b) Procedure for Addressing the Conflict of Interest.

- (1) An interested person may make a presentation to the governing board or committee meeting, but she shall not be present at the meeting during the discussion or vote on the transaction or arrangement including the possible conflict of interest.
- (2) The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.



- (3) After exercising due diligence, the investigating board committee shall determine whether the Organization can enter into a transaction with reasonable efforts and a net advantageous transaction or any argument, in support of a transaction, that would be in conflict of interest.
- (4) If a more advantageous transaction or arrangement can be reasonably determined under circumstances not precluding a potential conflict of interest, the governing board or committee shall determine if any director or officer is an interested director under the transaction or arrangement in the Organization's best interests, for its own benefit, and whether it is in the public interest in conformity with the above determination. It shall make its determination to withdraw from the transaction or arrangement.

(c) Violations of the Conflicts of Interest Policy

- (1) If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and order the member to appropriate disclosure explaining all relevant facts and circumstances.
- (2) If, after hearing the member's response and conducting further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary action, as appropriate.

ARTICLE IV

Vendor Relationships

4.01 Non-Participation

NO member of the organization shall be permitted to act on behalf of the organization in any way that would be in conflict of interest with such vendor.

4.02 Interested Person Vendors

Further, the corporation recognizes that many of its board members, officers, staff, members, employees, and volunteers can often be involved in outside activities, and it is the policy of the corporation to use the most appropriate vendors in the market place. Additionally, it will be the responsibility of the board to spend extra money on more expensive vendors outside the corporation less process expense and equally (or more) appropriate vendors might be found within the corporation at other times of the year.

Therefore, any board member or officer who wishes him or herself to become a vendor of the corporation in the interest of the corporation, shall disclose to the board of directors that he or she owns, controls, or is otherwise connected with a business and/or a class of business the company was formed to represent and whose products...

(a) The interested person shall submit a written disclosure to the board of directors:

- (1) explaining the value of the good, product, or service to itself,
- (2) arguing the importance of this particular good, product, or service as compared to other similar products or services currently available,
- (3) imparting the unique benefit of the company's product to the class with records of use of the good, product, or service and,
- (4) offering the good, product, or service at a price at a discount off the average price of that item, or at a discount off the average market price of similar products, goods, or services which is lower than appropriate.
- (5) The corporation shall submit a written disclosure to the board of directors, who will then determine if the disclosure is sufficient to allow the company to provide products or services, focusing on price, quality, relevance, value, and appropriateness.

(b) This disclosure shall also determine:

- (1) Whether the standard price of the product, goods, or services is above the average market price of similar products, goods, or services in the market in fact exist,
- (2) Whether the company's product is of a higher quality than the company's product class(es) and whether the purchase will in fact be beneficial to the company's mission,
- (3) Whether the product or service is of the quality necessary for the task at hand,
- (4) Whether an equality or a more favorable alternative exists that could be purchased at the same or lower price with the same or better results,
- (5) Whether the proposed product or service is the most relevant and appropriate given all other alternatives and finally,

- (b) What below, in whole or in part, the corporation will offer to the interested person for the product, good, or service:
- (c) If no other equally beneficial or superior goods, products, or services can be obtained at the same or lower price, the board may determine that the corporation's purchase from the interested persons is not an act of interest and that the transaction may proceed with the transaction.
- (d) Upon voting to purchase a product or service from the interested party:
  - (1) in the case of a good or product, the company may buy or purchase the minimum amount of stock for immediate future operations;
  - (2) In the case of a service, the company will only pay for the minimum amount of service needed for immediate future operations;
  - (3) In no situation shall the corporation purchase or acquire excess stock that cannot be used in a three month period, or provide a service that cannot be rendered within a three month period unless such a purchase or service is necessary for the company's operations and is approved by the board.

**ARTICLE V**

**Records of Proceedings**

**4.01 Minutes**

The minutes of the governing board and all committees shall contain the following:

- (a) The names of the persons who disclosed or otherwise were known to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing body's or committee's decision as to whom the conflict of interest in fact exists;
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the substance of the discussion, including any pertinent votes to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

ARTICLE IV

Compensation and Other Matters

The compensation shall hereinafter be determined by the following provisions as set forth in the following articles:

- (a) A voting member of the organization shall not receive compensation directly or indirectly, in form or substance, for services rendered to the organization, including but not limited to, participating in the management of the organization.
- (b) A voting member of the organization who is a director or officer shall receive compensation and who receives compensation directly or indirectly from the organization for services is prohibited from voting on matters pertaining to that member's compensation.
- (c) No voting member shall be voting on any or any committee which is included in compensation matters which receives compensation directly or indirectly from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- (d) When approving compensation for officers and employees, contractors and any others, compensation committee or arrangement, in accordance with the conflict of interest policy, and policies explained in the preceding and following sections of this article as well as the preceding paragraph in this section of this article, it shall be a duty of the committee to ensure that the compensation also comply with the applicable international conventions and procedures.

(1) the terms of compensation shall be approved by the board of compensation committee or the full board of the organization.

(2) and the members of the board of compensation committee who approve the compensation arrangement as set forth in the preceding section 53.4958-6(c)(ii), which generally requires that each board member or committee member approving a compensation arrangement in the organization and a disqualified person as defined in Section 53.4958-6 of the Internal Revenue Code and as amplified by sections 53.4958-5 of the Regulations.

- i. is not the person who is the subject of the compensation arrangement or a family member of such person.
- ii. is not a disqualified person who is the subject of the compensation arrangement of the person who is the subject of the compensation arrangement.

iii. does not have a financial interest in the compensation arrangement approved to approval by the person who is the subject of the compensation arrangement;

iv. has no material financial interest affected by the compensation arrangement; and

v. does not approve a transaction involving the person's tenure to the person who is the subject of the compensation arrangement, who in turn has approved or will approve a transaction providing benefits to the board or committee member.

(3) The board or compensation committee shall obtain and rely upon appropriate data as a comparability prior to approval through the terms of compensation. Appropriate data may include the following:

i. Compensation levels paid by similar situated organizations, both tax-able and tax-exempt, of the same or similar nature, portable, non-union "Similarly situated" organizations are those of similar size, type, and with similar resources;

ii. The availability of similar services in the geographic area of this organization;

iii. Current compensation surveys compiled by independent firms;

iv. Written offers from similar institutions or organizations for the services of the person who is the subject of the compensation arrangement;

v. As allowed by IRC Regulation 1.1361-6(b)(3)(ii), the organization has averaged gross receipts (including contributions) for its three prior tax years of less than \$1 million. The board or compensation committee will have obtained and relied upon appropriate data as a comparability if it obtains and relies upon data on compensation paid by three comparable organizations in the same or similar communities for similar services.

(4) The terms of compensation and the basis for approving them shall be recorded in written minutes of the meeting of the board or compensation committee that approved the compensation. Such documents shall be made.

- i. The admission of the compensation arrangement or audit data it was approved.
- ii. The members of the board or compensation committee were who were present and voting in the transaction, whose votes were cast by each board or committee member.
- iii. The comparability data obtained and applied need not be comparable.
- iv. If the board or compensation committee determines that the comparability data for a specific transaction in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the board or committee shall record the minutes of the meeting the basis for its determination.
- v. If the board or committee makes adjustments to comparability data due to geographic area or other pertinent conditions, dates, aims, objectives and the reasons for them shall be recorded in the minutes of the board or committee meeting.
- vi. Any actions taken with respect to herein provided by a board or committee member who had a conflict of interest with respect to the compensation arrangement shall be taken only after the member has disclosed the conflict of interest and obtained the approval of the transaction (for or against) by a majority of the board or committee. If a finding of conflict of interest by a member shall not be sufficient to prevent a conflict of interest was asked for and shall be discussed prior to any discussion of the compensation arrangement and a finding of the board to approve the arrangement.
- vii. The minutes of the board or committee meeting at which the compensation arrangements are approved shall be prepared before the date of the next board or committee meeting and shall be reviewed and approved by the board or committee within 30 days after the final actions of the board or committee are taken with respect to the approval of the compensation arrangements. The minutes shall be reviewed and approved by the board or committee as soon as possible, accurate and complete within a reasonable period of time and shall be reviewed and approved by the board or committee prior to or at the next board or committee meeting to confirm final actions of the board or committee by the board or committee.

**ARTICLE VI**

**Annual Statements**

**6.01 Annual Statements**

Each director, principal officer and member of a committee to whom the board has delegated powers shall annually:

- (a) Has received notice of the conflict of interest policy;
- (b) Has read and understands the policy;
- (c) Has agreed to comply with the policy; and
- (d) Understands its responsibility to disclose to the board any potential conflict of interest, and to take appropriate steps to avoid or resolve any such conflict, in order to maintain its tax-exempt status.

**ARTICLE VII**

**Periodic Reviews**

**7.01 Periodic Reviews**

To ensure the Organization operates in a manner consistent with its tax-exempt status and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether compensation arrangements and benefits are reasonable based on a survey of information, and the relationship to other organizations;
- (b) Whether partnerships, joint ventures, and arrangements with management organizations, or other organizations with which the Organization's principal purpose or activity is to provide services to the public, reflect a substantial investment of or payment for goods and services to the public for the purpose of generating a substantial financial gain for the Organization or any individual, and whether the Organization is a private inurement or private inurement to any individual, and whether the Organization is a private inurement or private inurement to any individual.

ARTICLE VIII

Use of Outside Experts

Section Use of Outside Experts

Whenever conducting or performing reviews as provided for in Article VIII the Commission may, but need not, use advisors or outside experts and each use shall not relieve the governing board of its responsibility for ensuring that periodic reviews are conducted

CERTIFICATE OF ADOPTION OF CONFLICT OF INTEREST POLICY

I do hereby certify that the above stated Conflict of Interest or Save Our Jobs, Inc. was approved by the Save Our Jobs, Inc. Board of Directors on 8/23/01

President: Signed copy sent 8/23/01

Date:



**PERSONAL AND CONFIDENTIAL**

**SAVE OUR TAPPAN, INC.**

**Conflict of Interest Statement**

1. As a(n) \_\_\_\_\_ of this Organization, do you acknowledge that you have:
  - a. Received a copy of the Organization's Conflict of Interest Policy dated \_\_\_\_\_, \_\_\_\_\_,
  - b. Read and understood the policy, in whole or in part;
  - c. Agreed to comply with the provisions of the policy and will disclose any potential conflicts of interest as stated on every next page. You may not act before completion of your Conflict of Interest statement and
  - d. Understood that the Organization is a charitable organization which is eligible to maintain its federal tax exempt status. You must complete and return this statement accompanied by one or more of the following:
    - A signed copy of your tax return for the year in which you received the policy;
    - A signed copy of your Form 990-B for the year in which you received the policy;
    - A signed copy of your Form 990-E for the year in which you received the policy;
    - A signed copy of your Form 990 for the year in which you received the policy;
    - A signed copy of your Form 990-T for the year in which you received the policy;
    - A signed copy of your Form 990-C for the year in which you received the policy;
    - A signed copy of your Form 990-BL for the year in which you received the policy;
    - A signed copy of your Form 990-BE for the year in which you received the policy;
    - A signed copy of your Form 990-BI for the year in which you received the policy;
    - A signed copy of your Form 990-BT for the year in which you received the policy;
    - A signed copy of your Form 990-BE for the year in which you received the policy;
    - A signed copy of your Form 990-BI for the year in which you received the policy;
    - A signed copy of your Form 990-BT for the year in which you received the policy;

2. Based on a review of the Organization's Conflict of Interest Policy, do you have or are you aware of any interest of you or a related person that may have or could give rise to a conflict of interest? If yes, please see Attachment A to this form.

\_\_\_\_\_ Yes \_\_\_\_\_ No

My answers above are accurately stated to the best of my knowledge and belief.

Dated \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

**PERSONAL AND CONFIDENTIAL**

**SAVE OUR TAPPAN ZEE, INC.**

**Conflict of Interest Statement**

**Attachment A**

- 1. Please list all relationships (if any) between you and a related party (as defined below) with the Organization that involve an actual or potential financial benefit to you or the related party or that otherwise may represent a conflict of interest. Within the spirit and intent of the policy, include an estimate of the related actual or potential financial benefit. Use as much space as necessary.

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- 2. Please list any business deals or transactions (as applicable) in which you or a related party (as defined below) have received a gift or gifts or any other air or ground fare when the Organization owns or controls goods or services or otherwise business dealings. Use as much space as necessary.

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- 3. Please state any potential or definite relationships with the Organization as a party and in which you or a related party (as defined below) has a direct or indirect interest. Use as much space as necessary.

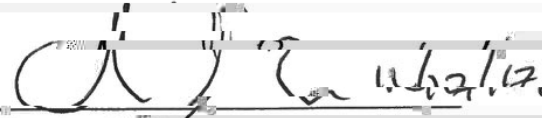
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Note: A "related party" (as defined in this policy) is a family member of a business or organization of which the person signing this statement or a family member owns or controls or owns, directly or indirectly, more than a 5% interest; has a beneficial interest in; or must be paid or directly or indirectly more than a 5% interest; or is an officer, partner, or employee. A family member is a grandchild, grandparent, stepchild, stepgrandparent, spouse, stepspouse, child, grandchild, or grandparent of the person signing this statement.

SAVE OUR TAPPAN ZEE, INC.  
BOARD MEMBER RESPONSIBILITIES

As a board member, you ACORN T. ZELATI agree to:

- Exercise your obligations faithfully,
  - o attending board meetings
  - o recognizing that the corporation is going to call you for its duties from the board of directors if it is necessary to fulfill its mission
  - o reviewing any documents for review or approval from the chief executive officer that you have a responsibility to review in the corporation
- Exercise your legal fiduciary responsibility by
  - o keeping track of corporate affairs, decisions and decisions made...
  - o keeping track of where the corporation is going...
  - o making a reasonable effort to review any financial statements and financial reports provided to you by the executive director even if you do not understand them
  - o checking the company bank account regularly to verify proper accounting, use, and distributions of an company's funds
- Exercise your legal duty of loyalty by
  - o keeping confidential the company's plans and the information shared with you...
  - o disclosing to the board any information that you have that you believe is a conflict of interest and a violation of the duty of loyalty if you do not disclose it and then also participate in the board vote on that matter. If you have a conflict, simply disclose it to the board and then abstain from voting on that matter.
  - o refusing to participate in any transaction, or any other activity, in which you agree to attempt to direct or influence the company's business without your knowledge in order to benefit some other person or entity, or to benefit the company in order to benefit the company or its officers, directors, or employees.
  - o refusing to use any company's assets for the personal or private use of any person or entity, or to use the company's assets to benefit any person or entity, or to add it to the company's assets.
- Participate as a director member of the board of directors, employees, and shareholders.

  
Signature & Date

ACORN T. ZELATI  
Printed Name

SAVE OUR PAPPANEE, INC.

BOARD MEMBER MINIMUM RESPONSIBILITIES

As a board member, you will:

- Exercise your legal duty of duty by
  - o attending board meetings
  - o ensuring that the corporation is spending 70-80% of its time and effort on its official mission
  - o reviewing and/or requesting for new or revised documents from the executive director that you deem necessary to keep the corporation in legal compliance
- Exercise your legal duty of prudence by
  - o keeping track of whom the corporation is doing business with
  - o keeping track of where company funds go
  - o making a reasonable effort to review any and all financial statements and financial statements provided to you to the extent that you can if you do not consider yourself good with the numbers
  - o checking the income information made available to you to verify proper accounting use and distribution of the Corporation's funds
- Exercise your legal duty of loyalty by
  - o keeping the focus of the company's plans on the company's agreed-upon mission
  - o committing an annual affidavit of interest statement
  - o disclosing to the board any conflict that you see or may be deemed a conflict of interest, e.g., proposing that the corporation buy services from a company that you own or in which you have a financial interest and a violation of the duty of loyalty if you do not disclose it and then also participate in the vote to make such a purchase. If you have a conflict of interest, you should disclose it to the board, and the board will then determine whether such a purchase is in accordance with the company policy.
  - o refusing to participate in any type of self-dealing or to play a part in any type of self-dealing or to attempt to direct board action or provide advice or help without board knowledge in return for some type of personal enrichment or other benefit, such as a job or other position in order to change the direction of the company.
  - o refusing to use any confidential or proprietary information for personal or financial gain or for any other personal or financial interest, e.g., board members may have the opportunity to meet and act on their personal interests, for example.
- Participate as an active member of our Pappanee, Inc. to be able to help to volunteer to employees and supporters

  
Signature of \_\_\_\_\_

Annette B...  
Printed Name: \_\_\_\_\_

SAVE OUR TAPPAN ZEE, INC.  
BOARD MEMBER ACKNOWLEDGEMENT RESOLUTION

I, Denis A. Reginald, agree to:

- Exercise your legal duty of care by
  - o attending the board meetings
  - o ensuring that the corporation is spending 100% of its income on the charitable purposes of its official mission.
  - o reviewing and approving or requesting that review any and all commitments there be any direct director that you deem necessary to keep the corporation in good operation
- Exercise your legal duty of loyalty by
  - o keeping yourself informed where donations and funds are coming from
  - o recognizing and acknowledging your primary duties to
  - o making a reasonable effort to review and approve all financial statements and balance sheets prepared by you or by the other executive directors, even if you do not accept responsibility for the good health of the funds
  - o checking the company bank accounts regularly to verify proper accounting, use and distribution of all company funds
- Exercise your legal duty of loyalty by
  - o keeping the focus of the company's actions on the company's agreed-upon mission
  - o completing an annual conflict of interest statement
  - o disclosing to the board and filing that you have had a conflict of interest of interest, e.g., proposing that the corporation buy services from a company that you own, own a committee or interest and a violation of the duty of loyalty if you do not disclose it and then also participate in the vote to make such a purchase. If you have a conflict of interest, you must mention it to the board, and the board will need to take action when it is in a conflict of interest with the company policy
  - o refraining from participating in any type of activity that you know or should know will cause you to agree to attempt to direct board policy or company benefits without board approval in return for some type of personal enrichment. In other words, you can't create policies in order to change the direction of or of the company
  - o refraining to use any company assets or confidentially or personally for profit, for sole personal enrichment, i.e., no board member may take the company email list from the board and add it to their personal email address.
- Participate as an active member of Save Our Tappan Zee, Inc. to the extent you are able to volunteer, employees, and supporters

  
Signature & Date

Denis A. Reginald  
Printed Name

SAVE OUR TAPPAN ZEPHYRUS  
BOARD MEMBER INFORMATION REGARDING DISBURSALITIES

As a board member, you are responsible for the following:

- Exercise your legal duty of care by
  - o attending board meetings
  - o ensuring that the corporation is spending 100% of its funds for the purpose of its official mission
  - o reviewing and/or directing for review and approval of all financial statements from the executive director that you deem necessary to keep the corporation in legal operation.
- Exercise your legal fiduciary responsibility by
  - o keeping track of all income when the corporation is receiving income
  - o keeping track of all expenses when the corporation is paying expenses
  - o maintaining accurate financial records in review and all financial statements and balance sheets provided to you by the executive director or any other person you consider in your course of business with numbers
  - o checking the corporation's books and records regularly to verify proper accounting, use and distribution of all company funds
- Exercise your legal duty of loyalty by
  - o keeping the interests of the corporation's plans on the ground as the corporation's agreed upon mission
  - o recognizing and avoiding conflicts of interest statements
  - o disclosing to the board any conflicts of interest that may be defined in the conflict of interest policy, proposing that the corporation pay for any services from a company in which you own or have a conflict of interest and a violation of the duty of loyalty if you do not disclose it and then also participate in the purchase of such a purchase. It is a conflict of interest if you own or have a conflict of interest in the company and the board will have to determine if you are in the conflict of interest with company policy.
  - o refusing to participate in any type of self-dealing or to pay for any services you agree to attempt to create a policy or provide company benefits without board knowledge in return for some type of personal enrichment. In other words, you can't accept bribes in order to change the direction of the company.
  - o refusing to use any company assets to disseminate or disclose personal information, financial data for sole personal use or for the use of any board member that take the company email list and add it to their personal email list for example.
- Participate as an active member of Save Our Tappan Zephyrus and its employees, and its supporters.

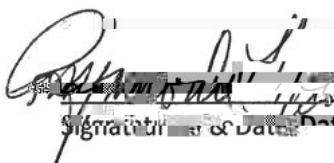
  
Signature & Date

James H. Brocato III  
Printed Name

SAVE OUR TAPPAN TREE TRUST  
BOARD MEMBER MINIMUM RESPONSIBILITIES

As a board member, you agree to:

- **Exercise your fiduciary duty of care by**
  - o attending board meetings
  - o ensuring that the corporation is maintaining 100% of its time in its time in furtherance of its official mission
  - o reviewing and approving or rejecting for delivery any documents from the executive director that you deem necessary, to keep the corporation in compliance
- **Exercise your fiduciary duty of responsibility by**
  - o keeping track of time when a board member is doing the work
  - o keeping track of where company funds go
  - o making a reasonable effort to review annual and interim financial statements and balance sheets provided to you by the executive director, even if you are not a treasurer or secretary
  - o checking the accuracy of bank account records to verify proper action being used, and distributions of all company funds
- **Exercise your fiduciary duty of loyalty by**
  - o keeping the corporation's interests on the corporation's agenda
  - o completing an annual conflict of interest statement
  - o disclosing the hierarchy of the goal you have and can be deemed a conflicting interest, e.g. proposing that the corporation buy services from a company that you own is a conflict of interest and a violation of the duty of loyalty if you do not disclose it and then participate in the vote to make such a purchase when you have a conflicting interest, mention to the board and the board will help determine whether it is in accordance with corporate policy.
  - o refusing to participate in any transaction or to play a role in any transaction that attempts to circumvent board policy or provide a company benefit without board knowledge in return for some type of personal enrichment, or to take any action that would be in order to change the direction of the company.
  - o refusing to use any company assets for personal use, or for any other purpose, or for sole personal enrichment, i.e., no board member may take the company email list and add it to their personal email list, for example.
- Participate as an active member of the Save Our Tappan Tree Trust in an example to the trustees, employees, volunteers, and supporters


  
Signature of Date


Raymond A. Johnson  
Printed Name

SAVE OUR TAPPAN ZEC, INC.  
BOARD MEMBER MINIMUM RESPONSIBILITIES

As a board member, you are expected to:

- Exercise your legal responsibility by
  - attending board meetings
  - ensuring that the corporation is spending 100% of its time in furtherance of its mission
  - reviewing and/or requesting for review any data or reports from the executive director that you do not understand or are not comfortable with
- Exercise your legal fiduciary responsibility by
  - keeping a track of funds, contributions and funding commitments
  - keeping track of where company funds go
  - making a reasonable effort to ensure that financial statements and balance sheets provided to you by the executive are correct. Even if you do not understand your good faith duties
  - checking the company bank accounts regularly to verify proper accounting, use, and distribution of all company funds
- Exercise your legal duty of loyalty by
  - keeping the focus of the corporation on the mission and the interests of the community
  - committing to annual conflict of interest statements
  - disclosing the nature of any potential conflicts of interest and abstaining from participating in the corporation's business if you have a conflict of interest or if you are in a position to make such a purchase or sale of property or other assets of the corporation, or to enter into a contract with the corporation, or to otherwise benefit from the corporation's business
  - refusing to participate in any transaction that would result in a conflict of interest or to attempt to divert or provide any of the corporation's funds without board knowledge in return for some type of personal benefit that, in other words, you can't accept in good faith in order to enhance the reputation of the corporation
  - refusing to use any company assets (e.g., computer, personal info., mission, funds, etc.) for sole personal enrichment, in any way, other than to make the company an official part of your personal email list, for example.
- Participate as an active member of Save Our Tappan ZEC, Inc. as an ex officio volunteer employee, as appropriate.

  
Signature & Date

  
Printed Name



# INITIAL ORGANIZATIONAL MEETING BY UNANIMOUS WRITTEN CONSENT OF THE BOARD OF DIRECTORS OF SAVE OUR TAPPAN ZEE, INC.

The undersigned, being all the directors of Break Dining, Inc. the Corporation, a New York nonprofit corporation, hereby affirm and certify that the following resolutions have been adopted by unanimous written consent in accordance with all state laws:

1. **CERTIFICATE OF INCORPORATION** - The Certificate of Incorporation, a copy of which shall be attached with records of this Corporation hereinafter referred to as **ADDRESSES**.

2. **BYLAWS** - The attached Bylaws are hereby adopted as and for the Bylaws of the Corporation.

3. **BOARD OF DIRECTORS** - The minimum number of directors of the corporation shall be in accordance with the Bylaws. The following persons are appointed as the initial directors of the corporation in accordance with the Bylaws and shall hold office until their successors are elected and qualified to hold office:

- a. Dr. Don Williams
- b. Mr. Raymond Korman
- c. Mr. Alan I. Zelazo

4. **PENDING BOARD MEMBERSHIP** - The following two individuals will be considered for board membership in the future, subject to board approval and election of board members:

- a. Ms. Annette Brooks
- b. Mr. Jeff Christian

5. **BOARD OFFICERS** - The following individuals are appointed as board officers:

6. **EXECUTIVE DIRECTOR** - Dr. Raymond Williams, the initiator of the Save Our Tappan Zee, Inc. that launched the movement, is hereby appointed as Executive Director of the Corporation, and at a salary of \$2,000 per month, to be paid on the 1<sup>st</sup> of each month effective January 1, 2010. His services will be formally outlined in an employment agreement. The board shall have the authority to increase (through a regular board vote) or decrease the salary of the Executive Director. The salary of the Executive Director should not be so increased and also to replace Dr. Williams with one

month notice (but only for cause), or only if it is determined unanimously by the current board of directors that the employee is no longer performing satisfactorily and a representative of the corporation and its assets.

7. **BOARD HANDBOOK** The attached handbook is hereby adopted and for the Board of Directors to read and to discuss with the corporation, and any and all changes to this handbook shall adhere to the following procedures:

- a. The board shall first vote to make changes to the handbook in accordance with the procedures set forth in this bylaws. This include the creation of a board handbook committee, with members, no less than:
- b. All board members and any other interested parties shall be subject to board vote. With given the opportunity to be heard on any proposed changes and given a 48 hour opportunity to provide feedback to the other members of the board.
- c. The board will discuss all feedback and then vote on final changes to the board handbook, taking into consideration:
  - (i) First and foremost, the spirit and intent of the former board handbook v1, dated December 2017
  - (ii) The feedback of all other board members proposed changes
  - (iii) The feedback of all other interested parties on the proposed changes
  - (iv) The current financial state of the company,
  - (v) The conflict of interest policy of the corporation
  - (vi) All applicable local, state and federal laws

8. **EMPLOYEE HANDBOOK** The attached employee handbook is hereby adopted and for the Board of Directors to read and to discuss with the corporation, and any and all changes to this handbook shall adhere to the following procedures:

- a. The board shall first vote to make changes to the handbook in accordance with the procedures set forth in this bylaws. This include the creation of an employee handbook committee, with members, no less than:
- b. All key employees (and any other interested parties) shall be subject to board vote. With given the opportunity to be heard on any proposed changes and given a 48 hour opportunity to provide feedback to the other members of the board.

changes and offered an opportunity to provide feedback if we want to make their voice heard

c. The board will discuss an agenda and then vote on final changes to the employee handbook taking into consideration:

- (i) First and foremost the spirit and intent of the original employee handbook, which dated December 2017
- (ii) The feedback from employees on the proposed changes
- (iii) The feedback from board discussion on the proposed changes
- (iv) The current financial state of the company
- (v) All applicable local, state and federal laws

9. VOLUNTEER HANDBOOK. The article attached outlines the adoption and implementation for the Break Driving, Inc. Volunteer Handbook of the Corporation. Any changes to this handbook shall be made in accordance with the following procedures:

- a. The board shall first vote to make changes to the handbook in accordance with the procedure which states that the vote include the employee volunteer handbook committee if deemed necessary
- b. All key employees and committee members will be notified and invited by the board to be given the opportunity to provide feedback on the proposed changes and offered an opportunity to provide feedback to the board if they want to make their voice heard
- c. The board will discuss an agenda and then vote on final changes to the volunteer handbook taking into consideration:
  - (i) First and foremost the spirit and intent of the original volunteer handbook, which dated December 2017
  - (ii) The feedback from employees who provide suggestions on the proposed changes
  - (iii) The feedback from board discussion on the proposed changes
  - (iv) The current financial state of the company
  - (v) All applicable local, state and federal laws

10. **CONFLICT OF INTEREST POLICY** The attached Conflict of Interest Policy has been adopted as an official Conflict of Interest Policy of the Corporation. The attached Annual Conflict of Interest Statement is hereby adopted as the Conflict of Interest Policy of the Corporation. All board members agree to file in this capacity and to file the attached Annual Conflict of Interest Statement with one of the following of these resolutions, and annually thereafter:
11. **AUTHORITY TO TAKE ACTION** For the purpose of carrying out the Corporation's business, its officers and directors are authorized to take any and all such actions as may be necessary or advisable to carry out the Corporation's business in any state or in any foreign country.
12. **ESTABLISHMENT OF BANK ACCOUNTS** The board of directors shall send either the President or Secretary to the bank to establish a bank account at Chase Bank, New York, NY, or Wells Fargo, NY, and thereafter authorize the corporate bank account to any individual officer or director of the Corporation to deposit and withdraw funds from the corporate bank account.
13. **HANDLING LIABILITY** The officers and directors of the Corporation shall be authorized to:
  - a. to designate such bank or banks as depositories for the funds of the Corporation as such officers deem necessary or advisable;
  - b. to open, keep and close general and special bank accounts with any Depository;
  - c. to cause to be deposited in accounts with any Depository from time to time such funds of the Corporation as the officer(s) may deem necessary or advisable;
  - d. to delegate to any officer or director of the Corporation any power or authority to check, draft or otherwise order for the payment of money issued in the name of the Corporation against any such account;
  - e. to make such general and special orders and regulations with respect to such accounts (including withdrawal authority) as the officer(s) may deem necessary or advisable.






the best interests of the Corporation, to do all such things as may be necessary or proper to carry out the affairs of the Corporation, with the power of delegation to any officer or agent of the Corporation, and to sue and be sued, and to do all such things as may be necessary or proper to carry out the affairs of the Corporation.

20. **INITIAL BOARD MEETING.** The undersigned parties agree to hold the first formal regular board meeting at 7:00 p.m., Wednesday, December 17, 1970, or as soon as is practical thereafter.

21. **SUBSEQUENT BOARD MEETINGS.** The undersigned parties agree to hold a regular board meeting at least once each month in accordance with the Board Manual, as it may be amended from time to time, and to place on the agenda of each board meeting such business as can be brought before the board. Each board member agrees to make every reasonable effort to attend the time to schedule and attend every board meeting of the Corporation.

22. **EFFECTIVE DATE:** The above Resolutions dated and effective as for the date hereof, signed by the persons whose names are on the original founding board members of the Corporation.

	Signature	Date
Dr. Dena Keslar - Board Member		12/17/70
Mr. Ray Ferris - Board Member		12/17/70
Mr. Alan I. Zelazo - Board Member		12/17/70

**ORGANIZATIONAL MEETING  
BY UNANIMOUS WRITTEN CONSENT  
OF THE BOARD OF DIRECTORS  
OF SAVE OUR TAPPAN ZEE, INC.**

The undersigned, being all the directors of Save Our Tappan Zee, Inc., a Florida corporation, do hereby certify that the following resolutions were adopted at a meeting of the Board of Directors of Save Our Tappan Zee, Inc., held on January 1, 2018, and that the same were approved by the affirmative vote of a majority of the directors of Save Our Tappan Zee, Inc. in accordance with all state laws:

1. **HIRING OF EXECUTIVE DIRECTOR** - The undersigned members of the Board of Directors hereby nominate and unanimously select Mr. Raymond A. Ferrera as the Executive Director of the Corporation with an annual salary of \$100,000, plus a bonus of \$10,000 on January 1, 2018, and paid either monthly or twice-monthly as \$1,000 per week thereafter.
2. **FORMAL EMPLOYMENT AGREEMENT** - Approval of this resolution by the Board of Directors shall constitute approval of the employment of Mr. Ferrera as an employment agreement to be signed by all members of the Board of Directors.
3. **EFFECTIVE DATE** - This resolution shall be effective as of the date of signing by the undersigned individuals. Each undersigned hereby certifies that he or she has read and understands the contents of this resolution and has signed the same as a true and correct copy of the same.

	Signature	Date
Dr. Derick Desjardins - Board Member		12/28/17
Mr. Ray Ferrera - Board Member		12/28/17
Mr. ... - Board Member		12/28/17

**EMPLOYMENT AGREEMENT MONROE MANN**

The undersigned, being all the directors of Save Our Paper Plant, Inc., the Corporation, a New York nonprofit corporation, and Dr. Monroe Mann, hereby entered as follows:

1. **HIRING OF EXECUTIVE DIRECTOR.** Dr. Mann is hereby hired as the new Executive Director of the Corporation with a minimum salary of \$2,000/month, to be payable starting on January 1, 2008, and a six-week probationary or trial period of \$1,000/two weeks thereafter.
2. **TERM.** In recognition of the fact that Dr. Mann started the institution and was responsible for its movement to this point, his compensation as such is the total agreed upon in the above and he agrees to seat himself as Executive Director for a minimum of three months until at least March 27, 2008. This is to ensure that the company gains its footing as it grows with minimal disorganization.
3. **TERMINATION CLAUSE.** The above contract is null and void in the event of the following circumstances:
  - a. Extreme gross negligence that would be a major damage to the company as determined by unanimous vote of the board.
  - b. Fraud in the use of the company's name or other activities, or any activity targeting the corporation that is proven to be a major damage to the corporation.
  - c. Deliberate or negligent actions that are in violation of the law, repeated, extensive, and/or willful, or that are in violation of the law and responsible for the loss of the company's name or other activities as specified in paragraph (2) below.
4. **REPEAL CLAUSE.** The board may choose to reduce or terminate Dr. Mann as Executive Director at any time, with two weeks' notice by the board, and this shall be a unanimous board decision except as noted in paragraph 2, above.
5. **RESIGNATION.** Dr. Mann agrees to give notice to the board of his resignation in writing. If such notice is given, the board will immediately convene a special meeting of the board in person or by phone to establish a new executive officer or temporary executive officer. In all cases, Dr. Mann agrees to provide his assistance in finding and training a new Executive Director, for a period of not less than 60 days or until a replacement is found.



6. EXECUTIVE DUTIES AND RESPONSIBILITIES:

Reporting to the Board of Directors, the Executive Director will have overall strategic and operational responsibility for Save Our Tappan Zephyrus, Inc.'s management, programs, staff, fundraising, and mission execution. He will initially be very dependent on knowledge of field, core programs, operations, and business plans.

Key responsibilities include:

A. Leadership & Management:

1. Ensure ongoing strategic plan implementation, ongoing operational evaluation, and consistent quality of financial and administrative fundraising, communications, and systems, recruitment, and timely access to resources needed to achieve the strategic goals of the company annually.
2. Actively engage, leverage, and utilize Save Our Tappan Zephyrus employees, volunteers, board members, event committees, members, supporters, partnering organizations, donors, and funders.
3. Develop, maintain, and support a strong Board of Directors, serve as ex-officio of each committee, seek and build board involvement with strategic direction for both ongoing and long-term success, as well as for the national rollout.
4. Lead, coach, and mentor staff, and for Save Our Tappan Zephyrus, manage internal and external relations.
5. Ensure effective systems and processes are in place and evaluate program components, so as to meet necessary needs that can be effectively communicated to the board, funders, and other constituents.

B. Fundraising, Programs, & Communications:

1. Expand local and national revenue-generating and fundraising activities to support existing program operations and any future expansion, while simultaneously reducing any debt.
2. Develop and implement fundraising strategy and concept, and the Board that will keep the corporation financially and operating for years to come.
3. Develop and implement a comprehensive strategy that will be a significant funding for the corporation.

- 4. Deepen and refine the air and water communication process from such process to external relations with the goal of creating a strong and vibrant brand
- 5. Use external resources and relationships to create new opportunities

C. Planning & New Business

- 1. Design or direct the development of a national advertising and marketing program, including publicity and other promotional activities.
- 2. Work with local community organizations in the New York State to develop and coordinate various programs and projects to benefit the greater region.
- 3. Be an external focal point for the organization and communicate program results with an emphasis on the successes of the local program as a model for regional and national replication.




D. Qualifications

- 1. The Executive Director will be thoroughly committed to and a deliverer in Save Our Tappan River Fund's environmental mission.
- 2. All candidates should have proven experience in:
  - a. Leadership
  - b. Management
  - c. Fundraising
  - d. Sales
  - e. and Relationship Management experience.
- 3. The requirements for which Dr. Mann evidences all include:
  - a. NY attorney license
  - b. Track record of effectively leading and managing a non-profit
  - c. Thorough knowledge of the environmental issues of the Tappan River controversy
  - d. Experience working in all areas of the organization's mission statement, and in ALL program areas, as defined by the corporation

- e. Track record of effectively leading an information organization
- f. Proven experience in scaling a performance- and outcomes-based organization and staff
- g. Ability to point to specific examples of having developed and operationally executed strategies that have taken an organization to the next stage (e.g., grown)
- h. Unwavering commitment to quantify programs and data-driven program evaluation
- i. Excellence in organizational management, both with their own family, staff, teachers, managers and development high-performance teams, set and achieved organizational and strategic structures, and managed a significant level of cross-functional programs and fundings
- j. Past success working with a Board of Directors of similar management body with the ability to cultivate existing board members and relations
- k. Proven marketing, public relations, and fundraising experience with the ability to engage a wide range of stakeholders
- l. Uncomparable English written and verbal communication skills
- m. Persuasive and passionate communication, interpersonal, and multidisciplinary project skills
- n. Confident and easy traveling to and working in other cities and potentially other countries
- o. Excellent public speaking skills
- p. Excellent ability to interact with the public and the media
- q. Action-oriented, entrepreneurial, and adoptable and innovative approach to business planning
- r. Ability to work effectively in collaboration with diverse groups of people
- s. Passion, idealism, integrity, positive attitude, mission focus, self-motivation



12. EFFECTIVE DATE: Dated and in full force and effect as to the undersigned by the undersigned individuals. Each party to this agreement shall sign and deliver to the undersigned all of the signatures of the undersigned individuals in a document such document to be delivered in the future upon the addition of new members and/or the departure of any of the undersigned board members.

	Signature	Date
Dr. Dena R. Resiano - Board Member		11/12/11
Mr. Roy F. ... - Board Member		11/12/11
Mr. Alan J. ... - Board Member		11/12/11

### SPECIFIC DUTIES: MONROE MANN

The undersigned, Dr. Monroe Mann hereby agrees to the following specific duties in his role as executive director:

1. Continue to create and have the board and other staff sign paperwork required for the operation of the corporation.
2. Write and complete all necessary IRS (990) paperwork, and their associated state paperwork to the IRS for tax exemption.
3. Work with Google AdSense for the 2010/2011 year general grants awards program as well as the Google grant program.
4. Once eligibility is achieved, to manage the \$125,000 general awards program by actively working to create advertisements that bring in support from volunteers.
5. Work with Sal's Store to establish eligibility for the \$1,500/year news program.
6. Once eligibility is received, to manage the \$1,500/year news program by actively reaching out to past and potential donors.
7. Work with Volunteer Works to establish eligibility.
8. Once eligibility is received, to help and manage ads recruiting new volunteers.
9. Continue to raise money for the cause through our website, manbo.org, and any other possible venues, striving to raise enough money to keep a company funded for the future.
10. Continue to develop and improve the website, and to update, as necessary.
11. Create an online store and to procure, create, and then merchandise, such as:
  - a. T-Shirts
  - b. Signs
  - c. Buttons
  - d. Books
  - e. Memorabilia
  - f. Etc.
12. Manage all shipments of purchased merchandise to customers.

- 13. Keep track of inventory.
- 14. Keep track of donors and sponsors.
- 15. Implement the board vision and business campaigns as directed by the board of directors.
- 16. Organize promotional events across the state and country/world as needed to build further awareness of the mission.
- 17. Work to increase the number of signatories to the petition.
- 18. Write and send out regular updates to petition signers, company leaders, volunteers, and the media.
- 19. Continue to seek the media for updates on efforts to encourage further support for the mission.
- 20. Make time to talk with individuals about signing petitions, speakers, appear on radio, television, broadcasts to further the cause.
- 21. Recruit and manage staff and volunteers.
- 22. Attempt to establish relations with government officials in various areas of the state.
- 23. Reach out to and educate state legislators as needed and only in ways that do not jeopardize the organization's 501(c)(3) exempt status.
- 24. And any other duties mutually agreed upon by the board of directors and the undersigned.

*[Signature]*  
 Dr. Monroe Mann - Executive Director  
 12/27/2017

*[Signature]*  
 12/27/17  
*[Signature]*  
 12/27/17

Date of this notice: 01/31/2018

Employer Identification Number  
82-377704

Form: 990-4

Number of this notice: 01/31/2018

SAVE OUR TAPPAN ZEE, INC  
% MORGUE PLANN  
12 PURITAN DR  
PORT CHARLOTTE, FL 32909

Form: 990-4  
10000025-4333

IF YOU HAVE QUESTIONS REGARDING THIS NOTICE,  
SUB AT THE END OF THIS NOTICE.

WE ASSIGNED YOU AN EMPLOYER IDENTIFICATION NUMBER

Thank you for applying for an Employer Identification Number (EIN). We assigned you EIN 82-377704. This EIN will identify you, your business, and your tax records, even if you have no employees. Please keep this notice in your permanent records.

When filing tax documents, payments, and related correspondence, it is very important that you use your EIN and complete name and address exactly as shown above. Any variation may cause a delay in processing your return or other documents. If you are assigned more than one EIN, and the information is not correct as shown above, please make the corrections and the attached new EIN stub and return it to us.

Based on the information received from you, your return should be filed with the following form(s) by the date(s) shown:

Form 941	01/31/2018
Form 940	01/31/2018
Form 1120	04/15/2018

If you have questions about the form(s) on the due date(s) shown, you can call us at the phone number or write to us at the address shown at the top of this notice. If you need help in understanding your annual return, please call (800) 829-1040, see Publication 506, Accounting for Partners' Methods.

We assigned you a tax classification based on information you provided. This is not a legal determination of your tax classification. It is not binding on the IRS. If you want a legal determination of your tax classification, you may request a private letter ruling from the IRS under the guidelines in Revenue Procedure 2004-1, 2004-1 IRB 1-1. For more information, see the instructions for the appropriate Form. Certain tax classification elections can be requested by filing Form 990, Part III, Classification Election. See Form 990 and its instructions for additional information.

IMPORTANT INFORMATION FOR ALL CORPORATIONS AND PARTNERSHIPS

If you intend to elect to file your return as a small business corporation, an election must be made by a shareholder within 15 days of the end of the first year of the corporation's first tax year. All of this information is included in the instructions for Form 990, Election by a Small Business Corporation.



Rev. Rul. 2001-51

ISSUES

1. Whether, under the facts described below, an organization can be considered an organization described in section 501(c)(3) if it is not a corporation or other legal entity, but is a partnership with a for-profit corporation.

2. Whether, under the same facts, the organization is subject to unrelated business income tax under section 513(b) if its distributive share of the L's income is used for the same purposes as the L's income.

FACTS

M is a university that has been recognized as exempt from federal income tax under section 501(a) as an organization described in sections 501(c)(3) as a part of its educational program. M's officers and directors include, among others, the board of elementary and secondary school teachers.

To expand the reach of its teacher training seminars, M formed domestic L, a corporation that is conducting teacher training programs. L's Articles of Organization and Operating Agreement provide, in part, that the sole purpose of L is to offer teacher training seminars at various campus locations using M's facilities. M owns 100 percent ownership interest in L, which is a non-voting interest. M's governing documents provide that all returns of L, including its distributive share of its net income, shall be made in proportion to each member's respective ownership interests.

The governing documents provide that L will be managed by a governing board composed of three individuals who shall be the directors chosen by the governing board. The governing board shall be responsible for all aspects of the teacher training seminars, including advertising, enrolling participants, arranging for the necessary facilities, and providing to various campus locations. M's teacher training seminars will cover the same content as the seminars M conducts on its campus. However, school teachers will participate in the seminars on an

intermittent basis at various locations rather than on a regular basis. Activities that do not have an educational purpose are not to be conducted. The governing documents grant M the exclusive right to appoint the governing board. In return, the governing board shall have the right to select the individuals who shall be the directors chosen by the governing board. The governing documents grant M the exclusive right to appoint the governing board. In return, the governing board shall have the right to select the individuals who shall be the directors chosen by the governing board.

The governing documents require that the terms of all contracts and transactions entered into by L with M, with any other organization, or with any individual, shall be to the benefit and interest of M.

The governing documents provide that the net income of L shall be used for the same purposes as the net income of M. The governing documents also provide that the net income of L shall be used for the same purposes as the net income of M. The governing documents also provide that the net income of L shall be used for the same purposes as the net income of M.

M's activities include, among others, a college that has a regularly scheduled curriculum and provides instruction to students in attendance at a private campus. M's governing documents provide that the net income of L shall be used for the same purposes as the net income of M. The governing documents also provide that the net income of L shall be used for the same purposes as the net income of M.

L's governing documents provide that the net income of L shall be used for the same purposes as the net income of M. The governing documents also provide that the net income of L shall be used for the same purposes as the net income of M. The governing documents also provide that the net income of L shall be used for the same purposes as the net income of M.

Section 501(c)(3) provides that a nonprofit organization may form partnerships, or other arrangements, to further its charitable purposes or to carry out its business purposes. The Tax Court held that the operation of a partnership is not satisfied merely by establishing a partnership for charitable purposes, but that the partnership must be operated in a manner that is not primarily for the private inurement of any individual. In *United States v. American Medical Association*, 431 U.S. 696 (1977), the Supreme Court held that the American Medical Association's (AMA) operation of a partnership to provide medical services to its members was not primarily for the private inurement of any individual. The Tax Court in *United States v. American Medical Association*, 72-2 USTC ¶13,000, 35-1 USTC ¶9800 (CA-5, 1972), held that the AMA's operation of a partnership to provide medical services to its members was not primarily for the private inurement of any individual. The Tax Court in *United States v. American Medical Association*, 72-2 USTC ¶13,000, 35-1 USTC ¶9800 (CA-5, 1972), held that the AMA's operation of a partnership to provide medical services to its members was not primarily for the private inurement of any individual.

*St. David's Health Center v. United States*, 449 F.2d 1222 (CA-5, 1971). The Tax Court held that the determination of whether a nonprofit organization enters into a partnership primarily for exempt purposes is not limited to the partnership's operation, but also includes the partnership's overall business operations. The Tax Court in *St. David's Health Center v. United States*, 449 F.2d 1222 (CA-5, 1971), held that the determination of whether a nonprofit organization enters into a partnership primarily for exempt purposes is not limited to the partnership's operation, but also includes the partnership's overall business operations. The Tax Court in *St. David's Health Center v. United States*, 449 F.2d 1222 (CA-5, 1971), held that the determination of whether a nonprofit organization enters into a partnership primarily for exempt purposes is not limited to the partnership's operation, but also includes the partnership's overall business operations.

**Tax on Unrelated Business Income**

Section 511(a) provides for the imposition of tax on the unrelated business taxable income (UBTI) of a nonprofit organization. Section 512(a)(1) defines "unrelated business taxable income" as the gross income derived by any organization from any unrelated trade or business, less the deductions allowed. Section 513 provides that a trade or business is related to the organization if it is a partnership in which the organization is a partner, or if it is a partnership in which the organization is a partner, or if it is a partnership in which the organization is a partner.

See Rev. Rul. 2004-17, 2004-1 CB 149

6/1/04

(2) When an credit card annual fee is an interest-free loan, it is includible in gross income by the cardholder if the fee is not a benefit provided by the issuer for any specific benefit provided by the issuer to the cardholder.

**FACTS**

X, a taxpayer, has an over-the-counter credit card issued by a credit card issuer. The cardholder is not required to pay an annual fee for the card. The cardholder is not required to pay an annual fee for the card. The cardholder is not required to pay an annual fee for the card.

Credit card issuers, including X's issuer, offer certain cardholders an annual fee. These credit card issuers make various benefits and services available to their cardholders during the year. Although they provide these benefits and services to cardholders, no part of the annual fee is for a specific benefit or service provided by the issuer to the cardholder.

Each cardholder's gross income for the year is determined under the conditions under which X may charge the cardholder an annual fee. X charges other cardholders an annual fee that is retained on a pro rata basis if the cardholder closes the account during the year.

Under the applicable cardholder agreement, no annual fee is payable until X posts an annual fee charge to the cardholder's credit account. X reflects this charge in the cardholder's credit card statement. A cardholder may pay the full amount or part of the annual fee in a single charge or under the terms of a payment plan that requires X to post the amount in installments.

**LAW AND ANALYSIS**

For federal income tax purposes, interest is an amount paid in consideration for the use or forbearance of money. *Deputy v. Duval*, 308 U.S. 488 (1940), 1940-2 CB 110. *Railroad Co. v. Corliss*, 311 U.S. 552 (1942), 1942-2 CB 224. The treatment of the fee for the cardholder is determined by the nature of the fee as reported for federal income tax purposes.

Rev. Rul. 2004-51

ISSUES

Whether, under the facts described below, an organization can conduct, to qualify for exemption from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code which contributes the portion of its assets not used to conduct its business out of its activities through a limited liability company (LLC) formed with a for-profit corporation.

Whether, under the same facts, the organization is subject to unrelated business income tax under section 511 on its distributive share of the LLC's income.

FACTS

M is a university that has been recognized as exempt from federal income tax under section 501(a) as an organization described in section 501(c)(3). As a part of its educational programs, M offers summer seminars to enhance the technical level of elementary and secondary school teachers.

The expanded reach of its teacher training seminar, M forms a limited liability company, L, with O as the sole member conducting its business through L. L's activities are to offer teacher training camps on various campuses nationwide using video technology. M and O each hold a 50 percent ownership interest in L, which is proportionate to the value of their respective capital contributions to L. The governing documents provide that all income or gain realized by L at various locations shall be made in proportion to the respective respective ownership interests.

The governing documents provide that L will be managed by a governing body comprised of M and three directors and three directors chosen by O under the governing documents. L will be managed and operated exclusively for the purposes of conducting all aspects of the video teacher training seminars, including advertising, enrolling participants, arranging for the necessary facilities, distributing the course materials, and broadcasting the seminars to various locations. L's seminars will cover the same content covered in the seminars at M's campus. However, not all teachers will participate through an interactive video

at various locations other than in person. The governing documents grant M the exclusive right to approve the curriculum, training materials, and instructions, and to determine the standards for essential components of the seminars. The governing documents grant L the exclusive right to select the locations where participants can receive a video instruction seminar and to improve the quality (such as camera operators) to conduct the video teacher training seminars. An officer of M may give his consent or approval to the governing documents, its activities and transactions and any other contracts, agreements, and any other documents operated for the benefit of L and any other person, and that all non-exempt activities will be at fair market value determined by reference to the fair market value of the services the education. The governing documents its activities to conduct the teacher training seminars and also that L not engage in any activities that would jeopardize M's exemption under section 501(c)(3). L does not operate in accordance with the purposes of the governing documents.

Activities that do not further exempt purposes. The governing documents grant M the exclusive right to approve the curriculum, training materials, and instructions, and to determine the standards for essential components of the seminars. The Supreme Court has held that the governing documents grant L the exclusive right to select the locations where participants can receive a video instruction seminar and to improve the quality (such as camera operators) to conduct the video teacher training seminars. An officer of M may give his consent or approval to the governing documents, its activities and transactions and any other contracts, agreements, and any other documents operated for the benefit of L and any other person, and that all non-exempt activities will be at fair market value determined by reference to the fair market value of the services the education. The governing documents its activities to conduct the teacher training seminars and also that L not engage in any activities that would jeopardize M's exemption under section 501(c)(3). L does not operate in accordance with the purposes of the governing documents.

Cir. 2001), provides that a corporation or other entity organized in the United States, subject to appropriate conditions, may form a partnership for the purpose of conducting a business that is not a charitable, educational, or religious activity, if the partnership is organized and operated exclusively for the purpose of conducting such a business, and if the partnership is not organized or operated for the purpose of generating income for the private inurement of any individual. The facts establish that the partnership in question is organized and operated exclusively for the purpose of conducting a business that is not a charitable, educational, or religious activity, and that the partnership is not organized or operated for the purpose of generating income for the private inurement of any individual. Therefore, the partnership is eligible for the exemption under Section 511(c)(2).

*St. David's Health Care System*, 2001-1 CB 185, 186 (CA-11, 2001). The court in *St. David's* held that the partnership in question was organized and operated exclusively for the purpose of conducting a business that is not a charitable, educational, or religious activity, and that the partnership is not organized or operated for the purpose of generating income for the private inurement of any individual. The facts establish that the partnership in question is organized and operated exclusively for the purpose of conducting a business that is not a charitable, educational, or religious activity, and that the partnership is not organized or operated for the purpose of generating income for the private inurement of any individual. Therefore, the partnership is eligible for the exemption under Section 511(c)(2).

**Tax on Unrelated Business Income**

Section 511(a), in part, provides for the imposition of tax on the unrelated business taxable income defined in § 512 of organizations described in § 513(c). Section 512(a)(1), defines unrelated business taxable income as the gross income derived by an organization from any activity other than the activity in § 513 regularly carried on by it, less the deductions allowed, but computed with the modifications provided in § 512(b). Section 512(c) provides that, if a trade or business regularly carried on by a partnership of which an organization is a member is an unrelated trade or business with respect to the organization, in computing its unrelated business taxable income, the organization shall disregard a share of the partnership's net income, as determined in § 512(b), attributable to the partnership if such share is not distributed to the partnership or business and is shared with the partner or other organization described in § 513(c)(2).

DRAFTING INFORMATION

Section 1361 - S Corp Election

The primary author is [redacted] of the Internal Revenue Service, Office of Chief Counsel, Tax Exempt and Government Entities Division. For further information regarding this revenue ruling, contact [redacted] at (202) 283-8938 (not a toll-free call).

Section 1361(b)(1)(A) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(B) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361 - Unrelated Business Income Tax Exempt Organizations

Unrelated business income tax consequences for a section 501(c)(3) or (2) organization that enters into a joint venture with a for-profit organization as an insubstantial part of its activities. See Rev. Rul. 2004-51, 2004-1 CB 174.

Section 1361(b)(1)(C) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(D) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361 - Unrelated Business Taxable Income

Unrelated business income tax consequences for a section 501(c)(3) organization that enters into a joint venture with a for-profit organization as an insubstantial part of its activities. See Rev. Rul. 2004-51, 2004-1 CB 174.

Section 1361(b)(1)(E) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(F) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Rev. Rul. 2004-51

ISSUE

Section 1361 - Unrelated Trade or Business

Unrelated business income tax consequences for a section 501(c)(3) organization that enters into a joint venture with a for-profit organization as an insubstantial part of its activities. See Rev. Rul. 2004-51, 2004-1 CB 174.

Section 1361(b)(1)(G) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(H) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361 - Unrelated Original Issue Discount

Rev. Proc. 2004-33 provides automatic procedures for taxpayers to change their method of accounting for original issue discount on debt instruments. This revenue procedure also sets forth the conditions under which a taxpayer's treatment of the fees as interest or as OID on a point-of-sale card loan will not be challenged. See Rev. Proc. 2004-33, 2004-1 CB 174.

Section 1361(b)(1)(I) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(J) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(K) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(L) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

Section 1361(b)(1)(M) provides that a corporation may elect to be treated as a small business corporation if it is a domestic corporation and has no more than 100 shareholders. The election must be made by the end of the first year of the corporation's existence.

San Antonio, Texas

9-12-74

Rev. Rul. 71-460, 1971-2 C.B. 201

A domestic corporation that carries out all of its charitable activities in a foreign country is not eligible for exemption under section 501(c)(3) of the Code.

A domestic corporation that is beneficially owned by individuals who are citizens or residents of the United States and whose activities are carried out in a foreign country is not eligible for exemption under section 501(c)(3) of the Code. Since its activities are carried out in a foreign country, the corporation is not eligible for exemption under section 501(c)(3) of the Code. The fact that the corporation is organized in the United States, the fact that its activities are carried out in a foreign country, and the fact that its activities are carried out in a foreign country are not preclusive of the corporation from qualifying as an exempt organization under section 501(c)(3) of the Code. The same is true if all of its charitable activities are carried out in a foreign country. With respect to deductibility of contributions to the organization, see section 170 of the Code. See, also, Revenue Ruling 63-252, 1963-2 CB 1131 and Revenue Ruling 66-79, 1966-1 CB 48.

Sore An Toppom 2004

372 77841

Office of Chief Counsel  
Internal Revenue Service  
**Memorandum**

Number: 200504021

Re: [Redacted]

CC: TEGE: [Redacted]

PREC: [Redacted]

UMLC: 507.000-00, 507.000-01

date: January 26, 2004

to: Foreign Grants and Dispositions Project Leads

from: [Redacted]

*[Handwritten signature]*

subject: [Redacted]

**Introduction**

There presently are a number of issues primarily to U.S. charities that are...  
organizational and also are related to...  
engaging with international...  
increase...  
country laws, procedures and...  
international organizations and...  
nearly all of these... activities... have had an international component.

First, this discussion... international grant making... U.S. charities...  
international grant making... U.S. charities...  
rules that apply to domestic...  
to an... activity, and... organization...

<sup>1</sup> All section references are to the Internal Revenue Code.



PRFSE-10600222

discussion sets forth the standards applicable to private foundation grants in the case of funding activities

**In General**

A section 501(c)(3) organization may conduct not only in its charitable activities in a foreign country. Rev. Rul. 74-400, 1974-2 CB 226. See also Rev. Rul. 58-117, 1958-1 CB 251 (organization assists needy families in developing countries by providing access to health, education, credit, and other services and by providing economic aid and furnishing other technical assistance); Rev. Rul. 68-165, 1968-1 CB 253 (organization furnishes education and provides technical and material assistance to improve living conditions in underdeveloped countries in America).

A section 501(c)(3) organization may make grants or other payments to a section 501(c)(3) organization. Rev. Rul. 63-149, 1967-1 CB 149. There is no geographical limitation.

A section 501(c)(3) organization will not lose its exempt status even though it distributes funds to organizations that are not themselves tax-exempt. The exemption organization must insure use of the funds by limiting distribution to specific projects and must maintain records of the use of the funds and maintain records of the distribution of the funds. See Rev. Rul. 68-489, 1968-2 CB 237. The records must be kept for a period of 10 years and the geographical distribution of the funds must be reported.

Similarly, a section 501(c)(3) organization will not lose its exempt status if it distributes funds to individuals, provided the distribution is based on the transfer of the organization's property. See, for example, the distribution of the organization's property to individuals. See Rev. Rul. 68-489, 1968-2 CB 237. The distributions are made to the organization, and the organization must maintain records of the distribution of the funds. See Rev. Rul. 68-489, 1968-2 CB 237. The records must be kept for a period of 10 years and the geographical distribution of the funds must be reported.

A deduction is not allowable under section 2055 (estate tax) with respect to a transfer of property to a foreign government or political subdivision thereof, unless it is used for exclusively charitable purposes. Rev. Rul. 74-523, 1974-2 CB 304. A similar deduction is allowable for a transfer of property to a domestic government or political subdivision if the use is exclusively for public purposes. See Rev. Rul. 68-489, 1968-2 CB 237.

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In The Church of Jesus Christ of Latter-day Saints, 40 B.T.R. 116 (1977), the Supreme Court considered for purposes of the definition of a charitable organization under Section 170(c)(2)(B) whether the Church's administrative activities, including the maintenance of a library, the printing of books, and the operation of a mission center, were deductible. The Court noted that the regulations under Section 170(c)(2)(B) are not meant to be applied mechanically but rather to give effect to the purposes of the statute. The Court held that the Church's activities were deductible if they were in the public interest and not primarily for the private inurement of any individual. The Court noted that the regulations under Section 170(c)(2)(B) are not meant to be applied mechanically but rather to give effect to the purposes of the statute.

When providing relief to disaster victims there is an overriding public policy in favor of the organization. The Supreme Court in *Rev. Rul. 56-304*, supra, held that the activities of a religious organization were deductible if they were in the public interest and not primarily for the private inurement of any individual. The Supreme Court in *Rev. Rul. 77-130*, supra, held that the activities of a religious organization were deductible if they were in the public interest and not primarily for the private inurement of any individual. The Supreme Court in *Rev. Rul. 77-130*, supra, held that the activities of a religious organization were deductible if they were in the public interest and not primarily for the private inurement of any individual.

**Deductibility of Contributions**

Contributions to a section 501(c)(3) organization that is not a charitable organization are not deductible. The fact that the contributions are used for charitable purposes does not make them deductible. The Supreme Court in *Rev. Rul. 63-252*, 1963-2 CB 70, 71, 101, held that contributions to a non-charitable organization are not deductible even if the contributions are used for charitable purposes.

Rev. Rul. 63-252 provides examples of what is and is not permissible in each example, the foreign organization is an organization that is not a charitable organization. The Supreme Court in *Rev. Rul. 63-252*, 1963-2 CB 70, 71, 101, held that contributions to a non-charitable organization are not deductible even if the contributions are used for charitable purposes. The Supreme Court in *Rev. Rul. 63-252*, 1963-2 CB 70, 71, 101, held that contributions to a non-charitable organization are not deductible even if the contributions are used for charitable purposes.

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Rev. Rul. 66-252 also provides an example of a domestic charitable organization that further its own purposes by making grants to other charitable organizations and makes such grants for purposes which are not the primary purpose of the organization reviewed and approved. The grants are made from the net assets of the charitable organization to other charitable organizations which are subject to the same restrictions. No special income tax is raised by any such grant. Rev. Rul. 66-252 also states that such grants are not deductible for the grantor if the grantor is an individual to the extent that the grantor is an individual. This example, the contribution by individuals to the domestic charitable organizations is considered to be deductible.

Rev. Rul. 66-279, 1966-1 C.B. 462 amplifies Rev. Rul. 66-252 by providing rules for determining whether a domestic charitable organization is a charitable organization for the use of computerized data processing. The organization must be organized and operated exclusively for charitable purposes. Contributions to a foreign charity grant are not deductible. While a domestic charity can use the contributions abroad, it cannot merely transfer them to a foreign charity. The domestic charitable organization in Rev. Rul. 66-279 is a domestic charity which have become interested in the work of a foreign organization which was organized and operated exclusively for charitable, scientific and educational purposes. The name of the domestic organization and its purposes must consist of the name of the foreign organization and the domestic charitable organization must be organized and operated for specific purposes which are the purposes of the foreign organization.

In determining whether a charity should have the benefits of the provisions of the organization in Rev. Rul. 66-279, the board of directors of the organization and the board of directors of the foreign organization should consider the following factors: (1) The making of grants and contributions and the use of funds for the purposes of the foreign organization as provided in the charter of the foreign organization; (2) The extent to which the board of directors of the domestic organization have power to make grants to any organization or person for purposes other than charitable, scientific, or educational purposes which are the primary purposes of the foreign organization; (3) The board of directors shall receive all requests for funds from other organizations, shall inquire into such requests and report to the board of directors, who shall have the power to approve or deny such requests; (4) The board of directors shall require that the grantees furnish periodic reports showing how the funds were expended for the purposes which were approved by the board of directors; (5) The board of directors shall, in its absolute discretion, refuse to make any grants of funds to any person or organization unless such assistance is for any or all purposes for which it is requested. The board of directors also provide that the board of directors approves a grant to the foreign organization for a specific purpose or purposes, and the domestic charitable organization is authorized to make that particular grant to the foreign organization. The board of directors shall, in its absolute discretion, refuse to make any grants of funds to any person or organization unless such assistance is for any or all purposes for which it is requested.

Rev. Rul. 66-279 summarizes that the domestic charitable organization is eligible for special grants that are reviewed and approved by the board of directors of the foreign organization. In addition, the domestic charitable organization should be organized and operated for specific purposes which are the purposes of the foreign organization.

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that it has a commercial distinction as to the use of contributions received on it. Therefore, contributions received by the same person from the same organization from such contributions are reported as two separate gifts for the purposes of section 2503(b) and 2511(b), the ordinary rules governing the grant. Because of these controls, the ordinary rules permitted a deduction under section 170.

Special Rules Applicable to Private Foundations

Grants to Individuals

Section 4947(f) imposes a tax on the taxable expenditures of private foundations. A taxable expenditure is defined in section 4947(f)(1) as any amount or incurred by a private foundation as a result of an individual for travel, study, or similar purposes unless the grant satisfies the conditions of section 4947(f)(2). Section 4947(f) is applicable to a grant if the grant is made to an individual and the grant is made to an individual as found generally in the rules of section 4947(f).

Any grant made to an individual for travel, study, or similar purposes is not a taxable expenditure if the grant was awarded on an objective and nondiscriminatory basis and was made pursuant to a procedure approved in advance by the Internal Revenue Service. The procedure must be designed to administer to the satisfaction of the Commissioner that (1) the grant is not a contribution for the purpose of section 170(e)(1)(B) and is not a prize or award not includable as gross income pursuant to section 4947(f)(2)(B)(i) or (ii) disregarding (3); and (2) the grant is not selected from the general public, or (3) the grant had the purpose of achieving a specific objective, including but not limited to a literary, artistic, musical, scientific, religious, or other similar activity. The procedure must also be designed to ensure that the grant is not intended to be a contribution.

In order to secure advance approval by the Internal Revenue Service, the procedure for making grants to individuals, the private foundation must demonstrate that the grant procedure includes a subjective and objective determination of the grant procedure is reasonable, fair, and based on the merit and performance of the activities intended to be financed; and (3) the grant is not a contribution for the purpose of the grant if the grant is not intended to be a contribution.

No single procedure or set of procedures will determine whether a grant is a contribution. Nevertheless, the procedure (or set of procedures) must include the following elements: (1) the grant is not a contribution if the grant is not intended to be a contribution; (2) the grant is not a contribution if the grant is not intended to be a contribution; and (3) the grant is not a contribution if the grant is not intended to be a contribution.

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### Grants to Non-exempt Organizations

Section 4945(d) states that the term "foundation" does not include a corporation, partnership, trust, or other entity which is not a private foundation and which is not a charitable organization as defined in section 501(c)(3). The grantor organization exercises "expenditure responsibility" with respect to the grants.

Section 4945(d) also states that, "expenditure responsibility" means that the foundation is responsible for the grant. It is the grantor's responsibility to ensure that the grant is used for the purposes for which it was made. (1) The grantor must file a report with the Internal Revenue Service. (2) The grantor must file a report with the Internal Revenue Service. (3) The grantor must file a report with the Internal Revenue Service. (e).

### Grants to Foreign Organizations

Many foreign organizations which do not have funds or net assets in the United States are described in section 501(c)(2) or 501(c)(4). (1) (2) (3) Hence, grants to such organizations may be taxable expenditures unless the grantor organization is not a taxable expenditure. The first test is:

The first test, in Treas. Reg. 53.4945-1(a)(2)(i), provides that if the grantor organization does not have substantial funds or net assets in the United States, a foreign organization will be treated as a grant to a section 501(c)(3) organization if, in the reasonable judgment of the grantor organization, the grant is for the benefit of a foundation or other organization which is organized and operated exclusively as described in section 501(c)(3). The grantor organization's judgment is defined by its generally accepted legal sense within the boundaries of public policy and judicial decision. This test does not apply to testing for public charity organizations.

The second test, in Treas. Reg. 53.4945-1(a)(2)(ii), provides that if a grantor organization makes a grant to a foreign organization which is described in section 501(c)(2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), (14), (15), (16), (17), (18), (19), (20), (21), (22), (23), (24), (25), (26), (27), (28), (29), (30), (31), (32), (33), (34), (35), (36), (37), (38), (39), (40), (41), (42), (43), (44), (45), (46), (47), (48), (49), (50), (51), (52), (53), (54), (55), (56), (57), (58), (59), (60), (61), (62), (63), (64), (65), (66), (67), (68), (69), (70), (71), (72), (73), (74), (75), (76), (77), (78), (79), (80), (81), (82), (83), (84), (85), (86), (87), (88), (89), (90), (91), (92), (93), (94), (95), (96), (97), (98), (99), (100), (101), (102), (103), (104), (105), (106), (107), (108), (109), (110), (111), (112), (113), (114), (115), (116), (117), (118), (119), (120), (121), (122), (123), (124), (125), (126), (127), (128), (129), (130), (131), (132), (133), (134), (135), (136), (137), (138), 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Rev. Proc. 92-94, 1992-2 CB 507, provides that a private foundation may pass its reasonable judgment regarding the determination, and rely upon the determination upon an affidavit of the foreign grantor, which was prepared under oath by the foundation.

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Thus, under the revenue procedure, a foreign grantee does not have to file a return for each grant year. The audit will be subject to the usual rules. An audit will be considered in the matter if the grant is not in compliance.

**Review and Supervision of Grants to Non-exempt Organizations**

A private foundation must maintain expenditure responsibility over grants to non-exempt organizations (other than section 501(c)(1), (2), and (3)) for the grant. It is not responsible for the grantee's activities. The grantee is responsible for the grant. The grantee must take certain precautions to ensure that the grant will be used for proper purposes. (In some cases, the grantee may be required to maintain a list of grant recipients and make a list of grant recipients and make a list of grant recipients. The grantee must also complete a report from the grantee. The grantee must also file a report with the Internal Revenue Service. Section 513(b)(1), (2), and (3) apply to the grantee. The grantee must comply with these requirements.

**Pre-Grant Inquiry, RV Requirement**

Before a private foundation makes a grant to a non-exempt organization, subject to expenditure responsibility, the private foundation should conduct a limited pre-grant inquiry to ensure that the grant will be used for proper purposes. Special rules apply to satisfy the requirements of the grant. The grantee must file a report with the Internal Revenue Service. Section 53.4945-5(b)(1) applies to the grantee. The grantee must comply with these requirements.

The pre-grant inquiry should cover such matters as the grantee's history, the grantee's activities, the grantee's financial condition, the grantee's management, activities, and practices of the grantee organization.

The scope of the pre-grant inquiry will vary in each case depending on the size and purpose of the grant, the period over which it will be paid, and any other factors. The grantee must file a report with the Internal Revenue Service. Section 53.4945-5(b)(1) applies to the grantee. The grantee must comply with these requirements.

**Terms of Grant Agreements**

Compliance with the expenditure responsibility rules will also require the grantee organization to make a commitment to the grantee. The grantee must file a report with the Internal Revenue Service. Section 53.4945-5(b)(1) applies to the grantee. The grantee must comply with these requirements.

The commitment must include provisions that

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a. indicate that the grantee organization must have the grant proceeds available to be used for the grant purposes, including the purchase of capital equipment, specific programs or series of programs, or the general support of the grantee organization, and that the grantee organization must have the grant funds available to be used for non-section 170(c)(2)(B) purposes.

b. indicate that the grantee organization must have the grant funds available to be used for grant purposes.

c. indicate that the grantee organization must establish a plan for the use of funds (unless the grant is for private foundation purposes) and in which case the income will be made available to the grantee organization within two years or it is apparent that funds will be used for grant purposes.

d. indicate that the grantee organization must maintain records and expenditures must be maintained and available to make such records available to the grantor. The grantee organization must also agree to use funds in a manner consistent with section 4945(d)(1), through (4), and (5).

Written Agreements for Grants to Foreign Organizations

If the grant is to a foreign organization, the written grant agreement must impose restrictions that are consistent with the limitations placed on domestic private foundations. Such restrictions may be expressed in appropriate terms under the law or custom and practice of the country in which the grantor or grantee is domiciled. If the grantor or grantee is domiciled in a foreign country, the agreement imposes restrictions on the use of the grant proceeds in a manner consistent with the restrictions imposed on a domestic private foundation. See section 170(e)(5)(B).

Conclusion Based on Current Published Precedent

Special interest in foreign tax credits coverage only in a few areas.

It is not clear that the donor's intent, as to the grant proceeds, is to be used for charitable purposes. When the grant is made to a political subdivision, the grant proceeds are used for exclusively charitable purposes.

For private foundation purposes, the grant proceeds will be treated as a contribution under section 501(c)(3) if the grantee organization is a private foundation. The grantee organization is not a private foundation if it is a corporation, partnership, or trust, or if it is a political subdivision. In addition, written agreements are required for political subdivisions.

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must impose restrictions that are substantial, equivalent to those used for the kinds of domestic payments.

As a general matter, the Commissioner will treat the contributions of control and oversight services made by the donor making a substantial, deductible charitable contribution or making a contribution that is not a tax-able expenditure under the US Code as fully satisfactory, these requirements.



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Revenue Ruling 35-252

Section 170 - Charitable Contributions And Gifts

Deductibility of contributions by individuals to a corporation organized in the United States which thereafter transfers some or all of its assets to a foreign corporation

Advice has been requested as to the deductibility under section 170 of the Internal Revenue Code of contributions by individuals to a foreign corporation organized in the United States which thereafter transfers some or all of its assets to a foreign corporation

Section 170 of the Code provides, in pertinent part, as follows:

(a) ALLOWANCE OF DEDUCTION

(1) GENERAL RULE. There shall be allowed as a deduction for contributions to a charitable contribution as here defined in this subsection (b) any amount of which is deductible under the law of the State in which the contribution is made as a deduction for contributions to a corporation organized under the laws of the United States.

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(c) CHARITABLE CONTRIBUTION. The term "charitable contribution" means a contribution of gift to a corporation organized under the laws of the United States.

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(2) CORPORATION, WHICH, BEING A CORPORATION ORGANIZED IN THE UNITED STATES

(A) created under the laws of any State or Territory, the District of Columbia, or any possession of the United States;

(B) organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes or for the prevention of cruelty to children or animals;

(C) no part of the net income of which inures to the private inurement of any individual and

(b) ... of substantial part of the activities of which is carrying on ... property or otherwise influencing, or influencing legislation.

A contribution or gift by a corporation, partnership, trust, estate, foundation, or other entity, is deductible only if it is to be used within the United States or any of its possessions for purposes specified in subsection (b).

In determining whether the contributions or for the use of a particular contribution, must community interest, and if not, the contribution are deductible, it must first be determined that the recipient organization was established or organized in the United States or a state or territory of the District of Columbia, or a possession of the United States, as required by section 170(c)(2)(A)(i).

(c) (2) (A) (i) of the Code. If the organization does not qualify under section 170(c)(2)(A)(i) of the Code, it is, if it was not established or organized in the United States, not a contribution for purposes of section 170 of the Code. See, e.g., *Muzaffer Fiselekci et al. v. Commissioner*, 29 T.R.M. 967 (1958). It may, however, be that the recipient was organized and operated exclusively for one of the purposes specified in section 170(c)(2)(B) of the Code, namely, religious, charitable, educational, literary, or scientific purposes or for the prevention or relief of human suffering, and that it meets the requirements of section 170(c)(2)(B) of the Code.

Assuming that an organization otherwise meets the requirements of section 170(c)(2)(A)(i) of the Code, the question arises as to whether the organization is eligible for part of its funds to be a foreign charitable organization. A foreign charitable organization would not be deductible. The question presented here is whether the funds should differ when they are contributed to a charitable organization which is a foreign charitable organization.

Prior to the passage of the Revenue Act of 1954, there were no restrictions as to the place of creation or character of an organization as to which a deductible contribution could be made. Section 170(c) of the Revenue Act of 1954, which permits a deduction for contributions to charitable organizations, limited the deduction for contributions to domestic organizations which used such contributions exclusively for the purposes specified in section 170(c)(2)(B) of the Code. When the passage of the Revenue Act of 1954 changed the law, it provided that contributions by individuals were deductible only if the recipient was a domestic organization. See discussion of that section in Ways and Means Committee Report, H. Rept. No. 1608, 80th Cong., 1st Sess., 1967, at 118. In *Section 170(c)(2)(B) of the Revenue Act of 1954*, it was stated that the requirement that an organization be "domestic" is a requirement that it have been organized in the United States or a possession thereof. It is submitted that the same requirement was re-enacted as section 170(c)(2)(B) of the 1954 Code.

As the effect of section 170(c)(2)(B) of the Code is to limit the place of creation of a charitable organization to which a deductible contribution may be made, and does not restrict the area in which deductible contributions may be used, the sentence in section 170(c)(2)(B) of the Code that a deductible contribution must be used within the United States accordingly, the following language should not be construed as limiting in any way the geographical areas in which deductible contributions by individuals may be used.

The deductibility of the contributions here at issue will be discussed in connection with several illustrative examples set out below. The general organization referred to in each of the examples is an organization which is chartered in a foreign country and is operated in that country, all the requirements of section 171 A (a) (2) of the Code excepting the requirement set forth in section 170 (c) (2) (B) (i) of the Code. The domestic organization in each example is a corporation organized under the laws of the United States and in each case the question to be decided is whether the contributions to the domestic organization are deductible under section 170 of the Code.

(1) In pursuance of a plan to solicit funds in this country, a foreign organization caused a domestic organization to be formed. At the time of formation the domestic organization would conduct administrative campaigns to pay the administrative expenses from the collection of contributions in any of the various foreign organizations.

(2) Certain persons in this country desirous of aiding a foreign organization's work, formed a charitable organization within the United States. The charter of the domestic organization provides that it will receive contributions and send them at convenient intervals to the foreign organization.

(3) A foreign organization entered into an agreement with a domestic organization which provides that the domestic organization will conduct administrative campaigns on behalf of the foreign organization. The domestic organization has previously received a grant that contributions to it are deductible under section 170 of the Code in violation of the agreement if the domestic organization represents itself prospectively, contractually or otherwise, as raising funds with respect to the foreign organization.

(4) A domestic organization conducts a variety of charitable activities in a foreign country. Where its purposes can best be furthered by forwarding funds to charitable groups in the foreign country, the domestic organization makes such grants for purposes which it has reviewed and approved. The grants are paid from its general funds and all the grant organization's activities from the public, non-federal fund is raised by a solicitation on behalf of particular foreign organizations.

(5) A domestic organization which has been organized in a foreign country, formed a subsidiary in this country to facilitate its operations in the United States. The subsidiary is organized for purposes of administrative convenience and the domestic organization will continue to operate its operations. If the parent domestic organization solicits for contributions for the specific purpose of carrying out its charitable activities in the foreign country and it will continue to do so in the future. However, if the subsidiary or the foreign subsidiary is a domestic organization will transmit funds it receives for its administrative activities directly to the organization.

It is [\*8] recognized that special earmarking of the use of destination of funds would be a qualifying charitable organization and would be the donor's or a deduction. In *B. L. Thomas v. Commissioner*, 277 U.S. 441 (1928), the court held that amounts paid to a foreign organization were not deductible, where the contributions were earmarked for the benefit of a particular ward of the organization. Similarly see *Revenue Ruling 54-580*, 1954-2 CB 305, 7-97-11. These cases indicate that an inquiry into the deductibility of a contribution need not stop at the point where the amount has been paid to a qualifying organization if the contribution is earmarked for the benefit of a particular ward. It is appropriate to look beyond the fact that the recipient is a qualifying organization to determine whether the payment benefits identifiable individuals or a specific institution.

Similarly, if a corporation is required from other reasons to act as a shareholder in the charter of a corporation, an individual or an individual that receives income from the organization in determining whether such contributions are deductible is appropriate to determine whether the ultimate recipient of the contribution is a qualifying organization. [9] well established in the law of taxation that "A given result at the end of a string of events is not made a different result because reached by following a different path." *Helvering v. Helvering*, 308 U.S. 393, 396, 55 S. Ct. 282, 78 L. Ed. 375, 1934-1 CB 393, 20-1 USTC ¶10,000, 10-110 Mot. Rev. It seems clear that the requirements of section 170(e)(1)(A) will be satisfied if contributions inevitably committed to a foreign organization were held by a domestic entity because, in the course of transmission to the foreign organization, they came to rest momentarily in a qualifying domestic organization. In such cases, the domestic organization is only nominally the donee; the real donee is the ultimate recipient.

Accordingly, the service which a contribution to a domestic organization derives from the first and second examples set forth above are not so different as to require the domestic organization to be described in the prior tax law which would apply for the purpose of the contribution.

On the other hand, contributions to a foreign organization are not so different as to require the fourth example will not be applicable in any manner, and it is not necessary to describe individuals who are subject to control by the domestic organization. It is not necessary to describe individuals who are considered to be the recipient of such contributions for purposes of applying section 170(e)(1) of the Code. Similarly, the domestic organization described in the fourth example is considered to be the real beneficiary of contributions it receives from the foreign organization in merely an administrative matter of domestic law. It is not necessary that contributions are ultimately paid over to the foreign organization and that the domestic organization is not the real recipient of those contributions. Accordingly, contributions by individuals to a domestic organization described in the fourth and fifth examples are not so different as to require the domestic organization to be described in the prior tax law.

Pursuant to the authority contained in section 7803(a) of the Code, the principles stated herein will not be applied to the contributions of individuals to a domestic organization prior to the date of the enactment of the Code, and the Service will not apply the Code to those contributions if those contributions otherwise would have been deductible under the law in effect at the time of their determination.

165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

1992 EDUCATION LEXI

# DOMESTIC ORGANIZATION WITH ELIGIBILITY FOR EXEMPTION

## 1. Introduction.

This article discusses the treatment of domestic and foreign organizations under foreign and domestic law. It focuses on the eligibility for exemption under IRC 509, deductibility of contributions, business and profits under IRC 170, 2055, and 2522, and the treatment of donations of real property and interests in foreign organizations.

## 2. Exemption and Foundation of Status Issues

Historically, the Internal Revenue Code has been primarily sanctioned the operations of U.S. charities in foreign countries. IRC 170(c) provides that a contribution by an exempt organization to a foreign organization is deductible but only if the contribution is used within the United States for a purpose exclusively for IRC 170(c)(2)(B) purposes. There is no similar restriction imposed upon the use of an individual, unless such individual is IRC 170. Also, the exemption and contribution provisions do not contain any language regarding

The Service confirmed this position in 1971 with the publication of Rev. Rul. 71-460, 1971-2 CB 221. Rev. Rul. 71-460 held that a domestic charity which qualified for exemption under the IRC 509(c)(3) and which carried on business activities abroad, if those activities were not intended to limit the extent of its domestic operations, was not intended to limit the extent of its domestic operations. In fact, Rev. Rul. 71-460 states that exemption was not to be jeopardized even if the domestic organization carries on the same activities in foreign countries. The activities in foreign countries were deemed to be employed by Rev. Rul. 71-460. Although the Service had not published specifically on the point, the Service's position did not alter any past actions on foreign organizations. The two Service rulings, P-87-2 and 7-375, 1987-1 CB 140 and Rev. Rul. 87-54, 1987-1 CB 48, have clarified the deductibility of contributions to domestic organizations making grants to foreign organizations and have clarified the

Organizations making grants to foreign organizations have one procedural prohibition in its operations. It is the same as that which applies to domestic organizations. Since most foreign organizations have not been incorporated under the laws of the domestic organization in its jurisdiction, it is not to exercise supervision and control over the use of the funds as provided for in Rev. Rul. 87-48, 1987-2 CB 210. Rev. Rul. 87-48 also requires sufficient control records that laws have been used.

for IRC 501(c)(3) purposes in some respects, these requirements and the requirements organizations must meet in order to assure the deductibility of contributions by domestic donors. This topic will be discussed later in this paper.

The central exemption issue in these cases is, within the usual exemption case, whether an organization is organized and operated for charitable purposes under IRC 501(c)(3). Generally, the characterization of private inactivity under foreign law is not controlling. It should be noted, however, that the Service has not yet ruled in a situation where an organization's status is illegal under foreign law. If a case contains this issue, the technical advice should be sought from the National Office.

One further issue involves status of state or government charitable organizations. The Service has ruled in several special circumstances where that status is granted to foreign governments in order to serve IRC 501(c)(3) purposes. This issue has not been published, however. Further, the Service may have to address the situation where a domestic charity makes a grant to an organization that is a governmental entity but does not exercise governmental powers, i.e., hospitals, universities, etc. This kind of issue should be referred to the National Office for consideration.

It is clear that domestic organizations can derive a number of programs with foreign governments. For example, in Rev. Rul. 74-177, 1974-1 CB 251, the Service held that an organization assisting needy families in "developing" countries may be exempt. The organization participated in a program of economic development and cooperation with the United States and other governments.

There are several additional issues that deal with incorporation outside the U.S. In Rev. Rul. 74-177, 1974-1 CB 251, the Service held that a domestic organization with a counterpart group in Latin America to provide assistance for projects qualified for exemption under IRC 501(c)(3). In Rev. Rul. 74-177, 1974-1 CB 251, the Service held that an organization that is incorporated and operated under the laws of a foreign country does not qualify for exemption for purposes of IRC 501(c)(3) the term "legislation" includes foreign as well as domestic laws.

Generally, there are no special rules for incorporation of organizations with foreign operations. There is one special rule relating to the issue of incorporation. Rev. Rul. 74-201, 1974-1 CB 317, holds that a domestic organization organized and operated in accordance with foreign law is not eligible for the requirements of IRC 501(c)(3) if it is not otherwise in compliance with the requirements of IRC 501(c)(3).

509(c)(3) qualifies as a supporting organization if it is an organization that may qualify as a 509(c)(1) or (2) organization, regardless of the fact that it does not satisfy 509(c)(2) because it was not organized other than in the United States, and is located in the District of Columbia, territory, or possession of the United States.

3. Contributions to Domestic Organizations of Foreign Organizations

IRC 170(c)(2)(A) provides that a charitable contribution to be deductible must be made to an organization located in the United States or in any possession thereof, or under the jurisdiction of the United States, Puerto Rico, the Virgin Islands, or any possession of the United States.

In S. E. The Tax Court in *Commissioner v. Estate of Pauline*, 40 TC 114 (1963), held that amounts paid to provide special education for a child in the Children's Home and Aid Society were not deductible because they were for the benefit of that child. This case, *Commissioner v. Estate of Pauline*, 40 TC 114 (1963), established the principle that an inquiry as to the deductibility of a contribution need not stop there. It is determined whether the contribution is for the benefit of the immediate recipient or a qualified organization to determine whether the contribution is deductible under Reg. 1.170-2(d).

Rev. Rul. 65-252 applied these principles to the question of deductibility of contributions to foreign organizations and concluded:

"A given contribution may be deductible if it is made to a different recipient because of the following facts: *Minnesota Tea Co., Inc.*, 50 TC 135 (1968), acq., 37 AFTR2d 1305 (C.B. 1925-1-288); *Commissioner v. Giffman*, 108 TC 355 (2007), acq., 358 Ct. D. 1431, C.B. 1940-1-136. Moreover, it seems clear that the requirements of section 170(c)(2)(A) of the Code are satisfied if contributions are voluntarily committed to a foreign organization were held to be deductible because, in the course of their usual operations to the foreign organization, they came across to not exactly a qualifying domestic organization. In such case, the domestic organization is not, nominally, the donee of the contribution, but the ultimate foreign recipient."

Rev. Rul. 65-252 illustrated this point with the following examples:

(1) In pursuance of a program which finds it desirable to have a foreign organization that raises and distributes money to be formed. At the time of formation, it was organized in the United States as a corporation, which is authorized to raise a campaign, pay the administrative expenses from the collected funds and remit the balance to the foreign organization.

(2) Certain persons in the country, desiring of establishing a foreign organization, formed a charitable organization within the United States. The charter of the domestic organization provides that with reference to contributions directed thereon, it is to be made to the foreign organization.

(3) A foreign organization, which provides the domestic organization with a fund for raising a campaign on behalf of the foreign organization, the domestic organization has previously received a ruling from the IRS that it is not a charitable organization under section 170 of the Code. In conducting the campaign, the domestic organization is to receive contributions from the individuals living in the foreign organization.

(4) A domestic organization, which is engaged in charitable activities in a foreign country, where its purposes can be furthered by granting funds to charitable or educational organizations in a foreign country, the domestic organization makes such grants for purposes which are reviewed and approved. The grants are paid from its general fund and are not for the organization's income from the public, the public fund is raised by a solicitation on behalf of the charitable organizations.

(5) A domestic organization, which does charitable work in a foreign country, formed a subsidiary in that country to facilitate its operations there. The foreign organization was formed for purposes of administrative convenience.



and the domestic organization continues to carry on its operations. In the past, the domestic organization solicited contributions for the support of its carrying out its charitable activities in the foreign country if it will continue to do so in the future. However, following the formation of the foreign subsidiary, the domestic organization was not receiving any of its foreign charitable activities that organization.

Rev. Rul. 63-252 had held that contributions to organizations described in the first, second, and third examples were not deductible but that contributions to the organizations described in our examples four and five were. In examples four and five, the contributions were not earmarked for use in a foreign country and the contributions were subject to control by the domestic organization.

Rev. Rul. 64-104 clarified an ambiguity contained in examples three and four of Rev. Rul. 63-252. Rev. Rul. 64-104 provided that contributions to a domestic charity solicited for a specific project of a foreign charitable organization under Sec. 170 will be deductible if the domestic organization has approved the project and if the furtherance of its own exempt purposes and the public interest are the primary use of the contributions. It stated that the primary use of the contributions is provided among other things that the Board of Directors would determine that grantees furnish a periodic accounting to show that the funds were expended for purposes for which they were approved and the Board might, in its absolute discretion, refuse to make grants for which any funds were requested. The Revenue Ruling concluded that the test in each case is whether the organization has full and complete control and discretion as to the use of the funds and as to whether the funds would be used to carry out the charitable purposes of the domestic organization.

Rev. Rul. 75-65, 1975-1 CB 69, 70 reiterated and elaborated on the contributions to a domestic organization made grants to foreign organizations. The domestic organization was formed to carry out the program for plants and wildlife in a foreign country. Among other things, it made grants to a foreign organization for this purpose. The domestic organization maintained a control over the use of funds by making itself investigate or the purpose to which the funds would be put, by continuing to have an investigation of the recipient organization, and by continuing to have investigations to see that the money was used in accordance with the agreement. The Revenue Ruling concluded that in this case contributions by individual donors were deductible.

The principal activity of the corporation was the production of... conditions would be... the substance... connected with... of this account... was... in... of School... Commission, 75 T.C. 480 (1980), acq. 1981-1 C.B. 7. The organization was incorporated in France in 1978 for purposes which included the acquisition of a... in France. Its... where its registered agent was located. The organization had no employees in the United States and conducted no activities in this country, other than... The Service... recognized the organization's... that contributions were not... Service argued that the... assets or employment... The Service argued that the... the restriction in... a... require an organization to have domestic operations...

IRC 170(e)(2) defines charitable contributions to include a contribution to "A corporation, trust, or... A corporation, trust, or... addition, IRC 170(e) limits contributions by a... contribution as a gift by a... shall be deductible... States... The Service has ruled that since... not specifically prohibited... a domestic charitable corporation to be used abroad is deductible (Rev. Rul. 60, 1980-1 C.B. 403).

The treatment of gifts and bequests under the estate and gift tax provisions does not... in... and IRC 2522... to foreign organizations... is not... a domestic charitable corporation... within the United States...

4. Foreign Gifts to Charitable Organizations

Generally, domestic grants are made for purposes that are charitable, educational, scientific, or literary. They are, however, not limited to grants to foreign governments. The reasons for the various restrictions are discussed in the regulations under Section 42.

Section 4945(d)(4) provides that a grant to an organization other than a public charity is not a deductible expenditure unless the grantee exercises expenditure responsibility with respect to the grant. Expenditure responsibility is defined in IRC 4945(f). The regulations under Reg. 4945(d)(4) provide that a grant to an organization must have a written determination letter that it is a public charity. The grantee must also have a written determination letter that the grantee has made a "good faith determination" that the grantee organization is an organization described in IRC 501(c)(3). The "good faith determination" can be made by the grantee or an independent organization or a committee of counsel. The grantee must contain sufficient facts to permit the service to determine that the grantee would be eligible to deduct the grant under Section 501(c)(3). Similar to the requirements for public charities, the grantee must also have a written determination with respect to the handling and use of the grant under Section 4945(d)(5). The grantee must also have a written determination of expenditure responsibility with respect to the grant.

Section 4945(d)(5) provides that grants for purposes other than those specified in IRC 501(c)(2)(B) will be treated as taxable expenditures. Thus, a grant to an organization that is not described in IRC 501(c)(3) will not be a deductible expenditure. Reg. 4945(d)(5) provides that a grant must be made to a public charity and that the grant will be used for the purposes specified in the grant agreement or the terms of the grant. It is the responsibility of the grantee organization to ensure that the grant is used for the purposes specified in the grant agreement and that the grantee organization is described in IRC 501(c)(3).

Rev. Rul. 68-117, 1968-2 CB 225

A domestic nonprofit corporation (composed of individuals) civic, business, and literary organizations) which is a group in a community in the United States to promote and assist in the cultural, educational, and to provide technical and managerial assistance for or self-help projects designed to improve the living conditions of underprivileged populations in Latin America may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether the nonprofit corporation described above qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was a voluntary organization and provided organizations, businesses, schools, churches, and various individuals and particularly states of the United States were directly with village groups, jungle colonies, and other groups in a specific country in Latin America for the purpose of assisting underprivileged people to improve their living conditions through educational and self-help programs for teachers' training and office within the United States Agency for International Development, provide coordination with other government and private sector programs.

The organization's activities include providing educational materials and other services, providing medical assistance; giving advice and training necessary for health and welfare programs; promoting student and cultural exchange programs; and undertaking studies of educational needs, transportation problems, and water resources. These activities, which are encouraged and supervised by local and foreign international relief organizations, are essentially self-help projects instituted on the local level. The organization's activities in Latin America are carried out through financial aid to these activities.

This is a two-way program which utilizes the United States State's leadership in participation in the student and cultural exchange programs.

Income is derived from contributions and does not exist for services rendered by the organization.

Section 501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable educational purposes is exempt from Federal income tax.

Section 1351(a)(2)(B) of the Income Tax Code provides that the term "charitable" as used in section 501(c)(3) of the Code includes the term "educational" and also includes the "underprivileged" and "self-help" organizations designed to accomplish such purposes.

Section 1500(d)(7)(B) of the regulations defines the term "educational" as relating to the instruction or training of the individual for the purpose of improving or developing his capabilities in the instruction of the public on subjects useful to the individual and beneficial to the community.

Promoting, student and cultural exchanges, providing advice and training in administering various social, economic, and undertaking studies of and water contributions to, agriculture, education, transportation, and water resources programs improve the capabilities of the individual and instructive materials on subjects beneficial to the community. Therefore, these activities are educational. Furnishing the technical and material support improve living conditions of the population is a valuable within the meaning of section 1500(d)(7)(B) of the Code. The organization qualifies for exemption from Federal taxation under section 1500(d)(7)(B) of the Code.

Even though an organization is not within the scope of this Revenue Ruling, it may be eligible for an exemption under section 1500(d)(7)(B) of the Code if it is an "applicable Form 1023" organization. An organization, with the Director of Internal Revenue for the district in which it is located, the principal place of business, or principal office of the organization. See section 1500(d)(7)(B) of the regulations.

Rev. Proc. 92-59, 1992-2 CB 411

### SECTION 4. PURPOSES.

The purpose of this section is to amend the section of Rev. Proc. 92-59, 1992-2 CB 411, to modify and supersede Rev. Proc. 75-13, 1975-1 CB 662, to revoke Reg. Rul. 75-75, 1975-1 CB 154, and to amplify Rev. Rul. 75-70, 1975-1 CB 15, by providing guidelines for public interest law firms to provide services to the general public under a public interest law firm that are not for profit. The guidelines provided in this section will be given the controlling authority to determine that other methods and circumstances exist that are not provided in the guidelines. The guidelines in this section are not intended to apply to any organization that is not a public interest law firm as defined in the guidelines. The guidelines in this section are not intended to apply to any organization that is not a public interest law firm as defined in the guidelines. The guidelines in this section are not intended to apply to any organization that is not a public interest law firm as defined in the guidelines.

### SEC. 2. DATES OF APPLICATION.

01 In Rev. Proc. 74-80, the Service announced guidelines pursuant to which it would recognize public interest law firms as a special type of firm under section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) of the Code provides that a public interest law firm that provides services exclusively in accordance with the purposes and objectives of the Service.

02 Rev. Rul. 73-47, 1973-1 CB 152, provides that the recognition of a public interest law firm as a public interest law firm is not dependent on whether the firm is a result of a public interest law firm, but that the firm's representation is to be provided by private law firms that are not a public interest law firm.

03 Rev. Rul. 75-75 holds that charging fees from a public interest law firm makes the organization a private law firm. The Service believes that the charging of fees for services might influence which cases are accepted.

04 Rev. Rul. 75-76 holds that the fees and expenses of a public interest law firm administered by an agency and paid by opposing parties does not constitute a public interest law firm. However, the fees and expenses of a public interest law firm administered by a private law firm are not for profit. The Service believes that the charging of fees for services might influence which cases are accepted.

05 Rev. Proc. 75-76 sets forth procedures under which a public interest law firm may accept fees for its services. Under these procedures, the organization that receives the fees must first file a notice of its intention to accept fees with the Service. The organization may accept fees for its services, however, if the Service does not object to the fees.

agency in a course of similar agreement.

06 The procedures of Part 100, Section 100.13 were published to eliminate the possibility that a decision to litigate might rest on the private firm receiving information on the economic feasibility of the litigation and thus to ensure a uniform standard of procedure indistinguishable from a private firm's. The standard was recorded in order to ensure that all and work under the same general standards, distinguish a public interest law firm from the private practice of law. It is implemented without distinction between public and private law firms from receiving client aid fees.

07 Section 3 below sets forth general guidelines under which the Council will determine whether a public interest law firm meets the test of being exclusively charitable and thus eligible for a charitable exemption as an organization described in section 501(c)(3) of the Code. Section 4, however, sets forth the procedures for the accounting and reporting of the firm's activities. Section 5 sets forth the general procedures to apply in the case of the firm's failure to follow the public interest law firm that accepts such aid fees to be maintained in a public interest law firm. The procedures in section 6 are applicable to all public interest law firms.

SEC. 3. GENERAL GUIDELINES

01 The engagement of the organization in litigation shall be said to be in response to a public interest if the organization is considered to be a representative of the public interest in the litigation. A position on behalf of the public interest is one that is of public interest. Litigation may be class actions in which the resolution of the dispute is in the public interest; suits for injunctive relief or other equitable relief of public interest; suits affecting the public interest before a legislative body or other agency; test suits where the private interest is incidental and the public interest is primary.

02 The litigation or activity does not qualify as a public interest if the litigants are persons between private persons where the underlying issue is a private issue in litigation and affects a broad public interest. It will have an impact on the public interest, the organization may nevertheless be a friend of the court.

03 The organization and those who attempt to achieve its objectives shall be bound by a code of ethics and shall be subject to the disciplinary authority of the applicable standards of ethics.

04 The organization files with its annual information return a description of all cases litigated and the rationale for the decision that the matter may qualify as a public interest generally.

05 The organization shall provide a financial statement to the public interest law firm arrangement, rate the responsibility of a board or committee of persons of the public interest.

interest, which is in the best interest of the employees or persons who are members of the organization, and the organization is not organized for the private inurement of any individual.

06 The organization is not organized through the use of any trust or other legal device in a manner that is designed to avoid the application of the provisions of section 501(c)(3) of the Code.

07 The organization does not incur any expenses for the purpose of paying a retainer for the cost of litigation that is for the private inurement of any individual.

08 The organization does not pay any expenses for the purpose of exceeding the procedures set forth in Section 501(c)(3) of the Code.

09 The organization does not otherwise comply with the provisions of section 501(c)(3) of the Code, and it may not participate in, or intervene in, any political campaign on behalf of (or in opposition to) any candidate for public office. No part of the organization's activities may consist of carrying on propaganda or otherwise attempting to influence legislation, except as permitted in section 501(c)(3) of the Code.

10 The organization may not incur any expenses for the purpose of opposing parties for the purpose of paying a retainer for the cost of litigation. The organization may not incur any expenses for the purpose of paying a retainer for the cost of litigation. The organization may not incur any expenses for the purpose of paying a retainer for the cost of litigation. The organization may not incur any expenses for the purpose of paying a retainer for the cost of litigation.

SEC. 4. ACCEPTANCE OF ATTORNEYS' FEES

01 The organization may accept attorneys' fees in the following cases: (a) when the fees are paid by opposing parties; (b) when the fees are paid by a court in a judgment or decree approved by such court; or (c) when the fees are paid by a settlement or agreement.

02 The organization may accept attorneys' fees in the following cases: (a) when the fees are paid directly by the litigants; (b) when the fees are paid by a court in a judgment or decree approved by such court; or (c) when the fees are paid by a settlement or agreement.

03 The organization may accept attorneys' fees in the following cases: (a) when the fees are paid directly by the litigants; (b) when the fees are paid by a court in a judgment or decree approved by such court; or (c) when the fees are paid by a settlement or agreement.

04 Cases in which a court award of attorney's fees is possible may not be accepted if the organization believes the litigants have a sufficient commercial or financial interest in the outcome of the litigation to pay the attorney's fees. The organization may not accept attorneys' fees in the following cases: (a) when the fees are paid directly by the litigants; (b) when the fees are paid by a court in a judgment or decree approved by such court; or (c) when the fees are paid by a settlement or agreement.



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05. The total amount of all attorneys' fees (not awarded and not in the firm's clients) must not exceed 50 percent of the total of assets of the organization...

06. The organization will not be liable for attorneys' fees in any contract that would result in a conflict of interest...

07. All attorneys' fees will be paid to the organization through their firm's payroll attorneys. All staff attorneys are under employment with the organization...

08. In addition to the provisions of Section 3.04 of this procedure, the organization will file the necessary affidavits for the attorneys' fees sought and recover them in each case.

SEC. 5. ADDITIONAL FEES APPLICABLE TO CLIENT PAID FEES

01. Client-paid fees may not include actual cost incurred in each case, viz. the salaries of the lawyer and other personnel, the cost of the printing time...

02. Once having undertaken a representation, a public interest law firm may not withdraw from the case because it is not financially able to see the case through to completion.

SEC. 6. EFFECT OF OTHER DOCUMENTS

Rev. Proc. 75-60 is hereby superseded. Rev. Proc. 75-12 is hereby superseded. Rev. Proc. 75-76 is hereby revoked. Rev. Proc. 75-76 is hereby...

SEC. 7. EFFECTIVE DATE

This revenue procedure is effective for ten years beginning after December 31, 1987.

DRAFTING INFORMATION

The principal purpose of this review procedure is to ensure that the information provided to the public is accurate and complete. This procedure is designed to ensure that the information provided to the public is accurate and complete.

The information provided to the public is accurate and complete. This procedure is designed to ensure that the information provided to the public is accurate and complete.

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Save On Taxes

501(c)(3) Organizations

### What Activities May a Nonprofit Public Charity Engage In?

Once a public charity has been prohibited from a particular activity, it is exempt under section 501(c)(3) if its officers, directors, and other persons in control must ensure that the organization maintains its exempt status and meets its organizational purposes.

A 501(c)(3) nonprofit must not be restricted in its activities and must not absolutely refrain from certain activities that would jeopardize its tax-exempt status. The following activities are prohibited:

#### Private Inurement and Self-Dealing

A public charity is prohibited from allowing more than an insubstantial amount of private inurement or private inurement to individuals. This is true even if the individual is a tax-exempt organization such as a church or a private foundation. The benefit is more than incidental.

No part of a nonprofit's net earnings may inure to the benefit of an insider. An insider is a person who is an officer, director, or a key employee of the organization. An example of a prohibited activity would be paying an insider an excessive salary.

If a public charity provides an appointment benefit to any person who is prohibited from exercising substantial influence over its affairs, the value of any goods or services provided in connection with the appointment must not exceed the value of the benefit. A prohibition against such a transaction must be included in the organization's governing documents. See Regulations, Excess Benefit Transactions on page 12.

A public charity that has become a charitable trust may have a person in an exempt position who would not be a tax-exempt organization. See www.irs.gov for more information about private inurement and excess benefit transactions.

Internal Revenue Code Section 4958. Taxes on excess benefit transactions

(a) Initial taxes

(1) On the disqualified person

There is hereby imposed on each excess benefit transaction a tax equal to 20 percent of the excess benefit. The tax imposed by this paragraph shall be paid by the disqualified person referred to in subsection (a)(1) with respect to such transaction.

(2) On the management

In any case in which a tax is imposed by paragraph (1), there is hereby imposed on the disqualified person of any organization manager in the excess benefit transaction, including if he is such a transaction, a tax equal to 20 percent of the excess benefit, unless such participation is not willful and is due to reasonable cause. The tax imposed by this paragraph shall be paid by any organization manager who participated in the excess benefit transaction.

(b) Additional tax on the disqualified person

In any case in which an initial tax is imposed by subsection (a)(1) on an excess benefit transaction and the entire excess benefit involved in such transaction is not repaid, directly or indirectly, within the taxable period, there is hereby imposed a tax equal to 200 percent of the excess benefit involved. The tax imposed by this subsection shall be paid by any disqualified person referred to in subsection (a)(1) with respect to such transaction.

(c) Excess benefit transactions; excess benefit tax

(1) Excess benefit transaction

(A) In general

The term "excess benefit transaction" means any transaction which results in an excess benefit being provided to a disqualified person by an applicable tax-exempt organization, and which is directly or indirectly for the use of or for the benefit of the disqualified person, if the value of the economic benefit provided exceeds the value of the consideration for such purposes or the fair market value of the services rendered, and shall not be treated as consideration for performance of or services rendered to the organization if the value of such services or the value of the consideration for such purposes or the fair market value of the services rendered exceeds the value of the economic benefit provided.

(B) Excess benefit

The term "excess benefit" means the excess referred to in § 4958(a)(1).

(2) Activities to include certain non-revenue activities

To the extent provided in regulations prescribed by the Secretary, the term "excess benefit transaction" includes any transaction in which the amount of any economic benefit provided to or for the use of a disqualified person is determined in whole or in part by the revenue-producing or non-revenue-producing activities of the organization only if such transaction results in the amount of such benefit not permitted under paragraph (3) or (4) of section 4958(a), as the case may be, in the case of any such transaction, the excess benefit shall be an amount in lieu of the amount not so permitted.

(d) Special rules for purposes of this section

(1) Joint and several liability

Each person who is liable for any tax imposed by subsection (c) or by section (b) shall be jointly and severally liable for such tax.

(2) Limit for management

With respect to any tax imposed by subsection (c), the maximum amount of such tax shall not exceed \$10,000.

(e) Applicable tax-exempt organization

Save As Figure 2

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For purposes of this subsection, the term "eligible tax-exempt organization" means

(1) any organization which (with respect to any excess benefit transaction described in paragraph (3) or (4) of this section

501(c) and exempt from tax under section 511(a) and (f) is an organization described in paragraph (1) at any time during the year ending ending date of the year. Such term shall not include a private foundation as defined in section 170(e)(9).

(f) Other definitions

For purposes of this section:

(1) Disqualified person

The term "disqualified person" means, with respect to any transaction -

(A) any person who was at any time during the 1-year period ending on the date of such transaction, in a position to exercise substantial influence or act in behalf of the organization,

(B) a member of the family of an individual described in subparagraph (A) and

(C) a 35-percent controlled entity.

(2) Organization manager

The term "organization manager" means, with respect to any tax-exempt organization, any officer, director, trustee, or such organization (or any individual having powers or responsibilities similar to those of an officer, director, or trustee of the organization).

(3) 35-percent controlled entity

(A) In general

The term "35-percent controlled entity" means -

(i) a corporation in which persons described in subparagraph (B) own more than 35 percent of the total combined voting power,

(ii) a partnership in which such persons own more than 50 percent of the profits interest,

and (iii) a trust or estate in which such persons own more than 50 percent of the beneficial interest.

(B) Constructive ownership

Rules similar to the rules for constructive ownership apply for purposes of this paragraph.

(4) Family members

The members of a family shall be determined as if such members also included the brothers and sisters (whether or not actually siblings) of the individual and their spouses.

(5) Taxable period

The term "taxable period" means, with respect to any tax-exempt organization, beginning with the first year in which the transaction occurs and ending on the earliest of -

(A) the date of finality of the deficiency under section 1312(a) or the date the tax imposed by subsection (a)(1) is assessed,

(B) the date on which the tax imposed by subsection (a)(1) is assessed.

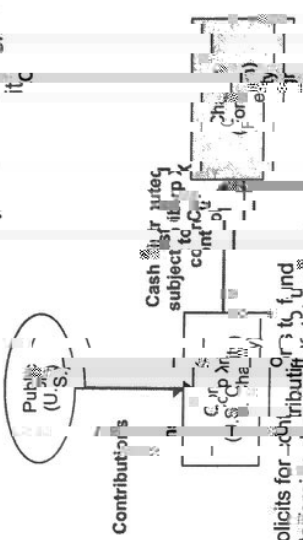
(6) Correction

The terms "correction" and "corrective" with respect to any excess benefit transaction involving the excess benefit to the extent possible, and the taking of any other measures necessary to place the organization in a financial position not worse than that in which it would be in if the disqualified person were deemed under the highest fiduciary standard

Revenue Ruling 66-79

Deductibility of Contributions to Foreign Federal Charity

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Solicitor for a fund  
Charity (Foreign)

Section 170(e)(1)(C) provides that contributions to a foreign charity are not deductible for U.S. taxpayers. This rule applies to contributions made by individuals, corporations, and partnerships. The only exception to this rule is for contributions made by a U.S. citizen or resident alien to a foreign charity that is a qualified foreign organization under Section 170(b)(1)(C).

A qualified foreign organization is defined in Section 170(b)(1)(C) as a foreign organization that is organized and operated exclusively for religious, educational, scientific, literary, or charitable purposes and is exempt from income tax under the laws of the foreign country.

Section 170(b)(1)(C) also requires that the foreign organization be a charitable organization under the laws of the foreign country. This means that the organization must be organized and operated exclusively for charitable purposes and must be exempt from income tax under the laws of the foreign country.

Section 170(e)(1)(C) provides that contributions to a foreign charity are not deductible for U.S. taxpayers. This rule applies to contributions made by individuals, corporations, and partnerships. The only exception to this rule is for contributions made by a U.S. citizen or resident alien to a foreign charity that is a qualified foreign organization under Section 170(b)(1)(C).

A qualified foreign organization is defined in Section 170(b)(1)(C) as a foreign organization that is organized and operated exclusively for religious, educational, scientific, literary, or charitable purposes and is exempt from income tax under the laws of the foreign country.

Section 170(b)(1)(C) also requires that the foreign organization be a charitable organization under the laws of the foreign country. This means that the organization must be organized and operated exclusively for charitable purposes and must be exempt from income tax under the laws of the foreign country.

Section 170(e)(1)(C) provides that contributions to a foreign charity are not deductible for U.S. taxpayers. This rule applies to contributions made by individuals, corporations, and partnerships. The only exception to this rule is for contributions made by a U.S. citizen or resident alien to a foreign charity that is a qualified foreign organization under Section 170(b)(1)(C).

A qualified foreign organization is defined in Section 170(b)(1)(C) as a foreign organization that is organized and operated exclusively for religious, educational, scientific, literary, or charitable purposes and is exempt from income tax under the laws of the foreign country.

Section 170(b)(1)(C) also requires that the foreign organization be a charitable organization under the laws of the foreign country. This means that the organization must be organized and operated exclusively for charitable purposes and must be exempt from income tax under the laws of the foreign country.

Revenue Ruling 56-409, 1956-2 CB 230

An organization will not be considered exempt under section 501(c)(3) if it distributes its funds to nonexempt organizations provided it retains control and discretion over the use of the funds for its exempt purposes.

An organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 distributed its funds to organizations not themselves exempt under that provision. The exempt organization ensured that the funds were for section 501(c)(3) purposes by limiting its distributions to specific projects that are in furtherance of its own exempt purposes. It retains control and discretion as to the use of the funds and maintains records as to the manner in which the funds were used for section 501(c)(3) purposes. Held, the distributions did not jeopardize the organization's exempt status under section 501(c)(3) of the Code.

See also Revenue Ruling 67-415, O.B. 1967-1, 135, regarding a charitable organization exempt under section 501(c)(3) which provides financial assistance to other charitable organizations that are also exempt under section 501(c)(3). See also Ruling 63-252, O.B. 1963-2, 101 and Ruling 66-79, O.B. 1966-1, 48, for requirements with respect to the distribution of funds under section 170 of the Code for contributions, including as to charitable organizations organized in the United States and the manner in which some of the funds are distributed to a foreign charitable organization.

U.S. DEPARTMENT OF THE TREASURY AND INTERNAL REVENUE SERVICE  
VOLUNTARY BEST PRACTICES FOR U.S.-BASED CHARITIES

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<sup>1</sup> This document is a revised version of the original *Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S.-Based Charities*, released by the U.S. Department of the Treasury in November 2002. This revised version incorporates comments received in response to the issuance of the original guidelines released for public comment in December 2005.

These Guidelines are designed to assist charitable entities at good faith to protect themselves from terrorist abuse and are not intended to address the problem of terrorism. Organizations that use the cover of charitable work, whether real or perceived, to support terrorism or to provide support for terrorism or to provide support for terrorism. Non-adherence to these Guidelines may constitute a violation of existing U.S. laws, including, but not limited to, the Internal Revenue Code. No person should be excused from any civil or criminal liability for any violation of any law, including these Guidelines, on the basis of their adherence to these Guidelines. In particular, adherence to these Guidelines shall not be considered to constitute any criminal or civil liability for any violation of any law, including these Guidelines, or for any other violation of any law. The Department of Justice prosecutes persons who engage in prohibited transactions with persons who are designated under the International Emergency Economic Powers Act, as amended, or with persons who are designated under the Executive Order on Prohibiting Transactions with Specially Designated Nationals and Blocked Persons. These Guidelines are also separate and apart from any guidance that applies to charities under the Internal Revenue Code ("IRC").



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US-151, P. 2/447

# I. Introduction...

Upon issuance of Executive Order 13224 / 2001 by President George W. Bush directed the U.S. Department of the Treasury (Treasury) to... government and the international community to... campaign against the sources and conduits for terrorist financing. Investigations have revealed terrorist abuse of charitable organizations... and move funds, provide logistical support, etc. cultivate support for terrorist organizations and operations... donor confidence and jeopardizes the integrity of the charitable sector... indispensable to both national and world communities...

In response to this threat, Treasury... Voluntary Best Practices for U.S.-Based Charities... In December 2001... interested parties. Treasury... comment-based... improve their ability to... terrorist and their support networks.

The Guidelines are designed to... the kinds of practices... These Guidelines are voluntary and do not create, supersede... requirements applicable to U.S. persons... these guidelines does not constitute... violating... representative and exhaustive or... through their extensive experience and expertise in delivering international aid have already developed effective internal controls and practices... abuse. In view of this, Treasury does not want charities to... controls and practices. Rather, the Guidelines are intended to assist... re-evaluating or strengthening a risk-based approach to... of diversion of charitable funds... support network.

In addition, these Guidelines are intended to assist charities in... compliance with... which include but are not limited to... Foreign Assets Control (OFAC)...

The risk-based nature of these Guidelines... all approaches... operations... exigent circumstances (such as... prudent and reasonable measures...

donors are encouraged to consult with their financial institutions to ensure measures to prevent infiltration, exploitation, or abuse by terrorists. Although the Guidelines do not guarantee that these measures will be incorporated into the policies and practices, see 10.10.10 in the Guidelines for the role of the community of charitable resources from which they are used, as well as the opportunity to report any suspicious financing or abuse.

Treasury recognizes the vital importance of the charitable community in providing essential services around the world. Treasury also understands the difficulty of providing assistance to those in need often in remote and inaccessible regions, and understands the efforts of the charitable community to meet these needs. The goal is to ensure that the charitable community is not hindered in its efforts to protect the integrity of the charitable sector and good faith donors by offering sector ways to prevent terrorist organizations from supporting their charitable activities for their own benefit.

## II. Foundational Principles of Good Charitable Practice

A. Charities are independent of any, and are a part of the U.S. GOVERNMENT. All U.S. persons, charitable organizations must comply with the laws of the United States, which include, but are not limited to, all OFAC-administered sanctions programs.

<sup>2</sup> OFAC sanctions programs include those relating to proliferation of weapons of mass destruction, terrorism, and other threats to national security, as well as those relating to global human rights, international law, or environmental protection. Sanctions programs normally prohibit U.S. persons from providing goods and services and financial transactions, and may require U.S. persons to block the assets and property of persons designated under the relevant Executive Order of law. The particular prohibitions and obligations of U.S. persons vary by program. OFAC also issues licenses to U.S. persons to engage in transactions that would otherwise be prohibited. For more information on OFAC sanctions programs and general licensing, please see <http://www.treas.gov/ofac> or contact the OFAC Enforcement and Compliance Section at [enforcement@ofac.treas.gov](mailto:enforcement@ofac.treas.gov).

For further information on OFAC-administered sanctions programs and general licensing, please see <http://www.treas.gov/ofac> or contact the OFAC Enforcement and Compliance Section at [enforcement@ofac.treas.gov](mailto:enforcement@ofac.treas.gov).

OFAC guidelines for non-governmental organizations wishing to provide humanitarian activities in sanctioned countries are available at <http://www.treas.gov/ofac>.

Customer helpfully can access information for entities subject to sanctions from various sources, as found at <http://www.treas.gov/ofac> or <http://www.treas.gov/ofac>.

The United States relies on a variety of activities in fighting the threat of terrorist financing. Charitable organizations, including those that are efforts against the funding of terrorism, are also among others.

- the financing of terrorists (18 U.S.C. § 2382);
- providing material support or resources to terrorists (18 U.S.C. § 2384); and
- providing material support or resources to foreign terrorist organizations (18 U.S.C. § 2385).

In that effort, the U.S. also has a strong interest in preventing terrorist activities from being carried out.

- B. Charitable organizations are required to adopt practices in accordance with those required by law that provide assurance that their assets are used exclusively for their charitable or other legitimate purposes.
- C. Individuals acting in their capacity as any one or more of the governing body members should exercise due care in the performance of their responsibilities, which is consistent with applicable common law as well as local, state, and federal statutes and regulations.
- D. Governmental fiscal and programmatic responsibilities and accountability are essential components of the work that must be reflected in every action of the charitable organization and its operations.

### III. Governance, Accountability and Transparency

- A. Governing Instruments: Charitable organizations should comply in accordance with governing instruments; e.g., charters, articles of incorporation, bylaws, etc. The governing instruments should:
  1. delineate the entity's basic goal(s) and purpose(s);
  2. define the structure of the charity, including the composition of its governing body, how such body is selected and replaced, and the authority and responsibilities of the body;
  3. set forth the requirements concerning financial reporting, accountability, and practices for solicitation and distribution of funds; and
  4. state that the charity shall comply with all applicable local, state and federal laws and regulations.
- B. Independent Oversight: In order for charitable organizations to have independent oversight and to ensure the oversight of a bona fide legal organization should determine what oversight structure best suits that organization and will provide for unbiased scrutiny by its stakeholders following provisions that:

- ensure the independence of monetary interests (e.g., 168-B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z)
- engaging in monetary transactions in property derived from societal unawful activity (168-B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z 1957).

<sup>3</sup> Assets may include, but not limited to, services, resources, business, real estate, holdings, real estate, stocks, bonds, mutual funds, currency, certificates of deposits, bank accounts, trust funds, and the proceeds and investments placed therein.

<sup>4</sup> A charitable organization may never use charitable assets for inurement purposes; however, for purposes of a charitable organization may accrue unrelated business taxable income in the course of its operations. If such income is not used for the charitable purposes of the organization, it may be subject to tax. Furthermore, an organization is recognized as tax-exempt if it still may be liable for tax on its unrelated business taxable income.

basic principles for the creation of a transparent and accountable governance body (the "governance board")

1. Members of the governing board ordinarily should not have an active role in the day-to-day management or the charitable organization. The charity should establish a structure of interest, responsibility, and authority between the governing board and employees. That between should establish procedures to be followed in a member of the governing board of an organization as a conflict of interest or a perceived conflict of interest arising from the management or operations of the charity.
2. The governing board should be responsible for the charitable organization's compliance with relevant laws, its finances and accounting practices, and for the organization's mission and purpose. An employee or contractor should not have financial or other interests in the charitable organization.
3. The governing board should maintain records of its decisions.
4. Charities should regularly and make publicly available a current list of members of the governing board, their salaries and their arrangement with any subsidiary or affiliate of the charitable organization.
5. While fully respecting individual privacy, charities should maintain records of identifying information for the members of the governing board and of any subsidiaries, affiliates, and employees receiving funds from them.
6. While fully respecting individual privacy, charities should maintain records of identifying information for the members of the governing board and of any subsidiaries, affiliates, and employees receiving funds from them.
7. When served with process or when other appropriate judicialization exists, charities should produce records and records maintained in accordance with these Guidelines to the appropriate state regulatory, supervisory and law enforcement authorities in a timely fashion.

C. Key Employees

<sup>5</sup> Certain charitable organizations, such as houses of worship, certain trusts, and certain corporations, may not be able to apply this principle due to their varying organizational and operational structures.

<sup>6</sup> Subsidiaries or affiliates are organizations that are subject to the general supervision or control of a parent or central organization.

<sup>7</sup> Key employees include not only highly compensated employees but employees who have significant responsibilities, powers, or influence similar to those of officers, directors, or key employees. Key jobs also include executive management and administrative officials of a charitable organization, including those involved in the disbursement of funds.

1. Charities should maintain and make publicly available a current list of their five highest paid or most influential employees (i.e. key employees) and their salaries and director findings of the committees they receive.
2. While fully respecting individual privacy rights, charities should maintain records containing identifying information (such as name, age, home, email, and URL addresses, social security or other identification number, e.g., tax identification number, individual taxpayer identification number, citizenship, etc.) about their top non-U.S. employees. Such information should be maintained or maintained by charity through the normal course of operations and should be available to all employees, and for foreign employees working in the United States.
3. While fully respecting individual privacy rights, charities should maintain records containing identifying information for top key employees of any subsidiaries or affiliates, including in firms in foreign countries.

**IV. Financial Accountability and Transparency**

- A. The charity should have a budget adopted in advance on an annual basis, approved by the board of directors, and the budget should be available to the public.
- B. The governing board should appoint one individual to serve as the financial accountability officer who should be responsible for the charity's assets.
- C. If the charity's total annual gross income exceeds \$250,000, the governing board should select an independent certified public accounting firm to audit the finances of the charity and to prepare and publicly available annual financial statement on an annual basis.
- D. Solicitations for Funds
  1. The charity should not use state funds for the purpose of soliciting funds so that anyone exercising independent judgment should be able to determine whether the net result of the solicitation is to raise or spend funds.
  2. Solicitations for donations should occur only if they are directly to the donor, how and where the donations are going to be expended.
  3. The charity should not solicit or accept any solicitation for funds.

<sup>8</sup> The \$250,000 figure is drawn from the June 2009 report to Congress on the impact of the economic crisis on the governance of charities and organizations, which offers a comprehensive approach to improving oversight of governance of charities and organizations, recommending independent financial audits for charities that have more than \$250,000 total annual revenue. This report is available at <http://www.pronotification.org/na/>.

informational materials, distributed by any means, or the acquisition, distribution, or use of such materials, in any form or by any means.

- 4. The charity should not use, disseminate, or publicly disclose if it makes a determination that that certain tactics justify providing funds for a charitable purpose different from the purpose for which such funds were contributed or solicited.

E. Receipt and Disbursement of Funds

- 1. The charity should account for all funds received and disbursed in accordance with generally accepted accounting principles and the requirements of the Internal Revenue Code. The charity should maintain records of the charity's receipts and disbursements in its books and any other internal records.
- 2. The charity should include in its accounting of all charitable disbursements the name of each grantee, a complete address, the date, amount, and form of payment for each disbursement.
- 3. The charity's financial recording should promptly deposit all received funds into an account maintained by a bank or other financial institution. In particular, all charity disbursements should be made by check or other financial institution financial institution payment.
- 4. The charity should make disbursements by check or other financial institution payment whenever such financial arrangements are a reasonable and available. Where there are financial arrangements do not exist or such arrangements are impractical, disbursements may be made in cash or by other means. Disbursements should be made in the form of cash or other means in the case of humanitarian relief in emergency or other disaster areas of major developing countries or in remote areas affected by natural disasters. The charity should disburse cash or other means in the form of cash or other means sufficient to meet immediate and short-term needs of such areas, provide for immediate relief rather than in large sums intended to cover needs over an extended time frame, and it should ensure that such disbursements are made in the form of cash or other means for the immediate relief of such areas. The charity should maintain accurate records of such currency disbursements.

F. Management of Charitable Resources and Services

<sup>9</sup> The term "grantee," as it is used throughout these Guidelines, means an individual or organization that receives or provides resources or services. To the extent that reasonable and practical arrangements can be made, the existence of any applicable safety or security concerns should not be a barrier to the provision of such resources or services to protect the charitable resources from exploitation by terrorists, terrorist organizations, or terrorist supporters. Charities should not enter into relationships with the grantee where any doubts exist about the grantee's ability to ensure the security of charitable resources independent of any relationship with any terrorist organization.

1. The charity should maintain and make publicly available accounting records of any branches, subsidiaries and/or affiliates that receive resources and/or services from the charity.
2. The charity should make publicly available or provide to a governmental or the general public, upon request, an annual report. The annual report should describe the charity's purpose(s), programs, activities, exact legal status, the structure and responsibility of the governing body of the charity, and financial information.
3. The charity should make publicly available or provide to a governmental or the general public, upon request, financial statements including a summary of the results of the charity's most recent annual financial statements should describe the financial information of the charity and its financial activities and activities, and should include appropriate accounting principles and reporting practices.

V. Programmatic Verification

A. Supplying Resources

When supplying charitable resources (i.e., monetary and in-kind contributions), fiscal responsibility and fiduciary duty should be observed.

1. determining if the intended grantee and/or non-profit or individual contribution has the ability to not accomplish the charitable purpose of the organization and protect the resources from diversion to non-charitable purposes or exploitation by terrorist organizations and/or their support networks;
2. retaining the terms of the grant or commitment to a grant agreement signed by both the charity and the grantee;
3. ongoing monitoring of the grantee and the activities funded under the grant for the term of the grant; and
4. correcting any misuse of resources by the grantee and terminating the relationship if a misuse is confirmed.

B. Supplying Services

When supplying charitable services, fiscal responsibility on the part of a charity should include:

1. appropriate measures to reduce the risk that its assets would be used for non-charitable purposes or a charitable, terrorist organization or their support networks; and

See the [redacted] [redacted]

2012-2013 [redacted]

- 2. sufficient auditing or accounting controls to trace services to conditions of services between [redacted] and/or service providers, and use of the [redacted]

C. Programmatic Review

The charity should review the program and financial activities of the grantee as follows:

- 1. The charity should require periodic reports from the grantee on a regular basis and ensure that the reports are accurate and complete.
- 2. The charity should require grantees to take reasonable steps to ensure that funds provided by the charity are not distributed to support terrorism or support networks nor used for activities that support terrorism or terrorist organizations. The grantee should advise the charity of the steps it has taken to meet this goal.
- 3. The charity should perform on-site monitoring of grantees to the extent reasonable and consistent with the size of the disbursement, at the cost of the auditor and the risk of disbursement. The charity should ensure that the grantee has adequate controls in place to protect charitable resources from diversion to or misuse for improper purposes or support of terrorism.

VI. Anti-Terrorist Financing Best Practices

Charities should consider taking the following steps to reduce the risk of terrorist financing. The following steps are voluntary and for the purpose of reducing the risk of terrorist financing. Charities should take these steps to the extent they are consistent with applicable laws, regulations, and organizational policies. Depending upon the risk profile of an individual charity, these steps may not be applicable in all cases. Charities should apply a risk-based approach, particularly with respect to foreign grantees and the increased risks associated with overseas charitable activity.

A. The charity should collect the following basic information about grantees:

- 1. The grantee's name in English, in the local language, and any acronym or other names used to identify the grantee;<sup>10</sup>

<sup>10</sup> Charities should also be mindful of the possibility that a grantee may have been a terrorist organization or have been involved in terrorist activities. If the charity, for any reason, believes that the grantee is operating under a false identity or has used a false name, it should undertake reasonable efforts to uncover the true identity or name.



2. The jurisdictions in which a grantee maintains a physical presence
3. Any reasonably available historical information about the grantee that assures the charity of the grantee's identity and integrity, including: (i) the jurisdiction in which a grantee organization is incorporated or formed; (ii) copies of incorporating or other organizational documents; (iii) information on the individuals who formed and operate the organization; and (iv) information on training of the grantee's management history.
4. The available postal, e-mail and URL addresses and phone numbers by e-mail place of business for a grantee.
5. A statement of the principal purpose of the grantee, along with financial reports of the grantee's projects and programs.
6. The names and available postal, e-mail and URL addresses of individuals, entities or organizations to which the grantee supplies, provides or proposes to provide funding, services or other material support to the extent reasonably discoverable.
7. The names and available postal, e-mail and URL addresses of any subcontracting organizations utilized by the grantee.
8. Copies of any public filings or releases made by the grantee, including the most recent official registry documents, annual reports and financial statements with the pertinent government, tax, or public officials.
9. The grantee's sources of income, such as gifts or grants, private endowments, and other financial activities.

B. The charity should also conduct a reasonable search for information as follows:

1. The charity should conduct a reasonable search of publicly available information to determine whether there are public records, records of activity relating to terrorism, including efforts to solicit, raise, or other support. Charities should inquire into a relationship with a grantee where any terrorist-related suspicions exist.

<sup>11</sup> List-checking for a (re)detashed (detached) does not by section, does not, for instance, the safe and effective delivery of charitable funds and services is highly dependent. For this reason, it is highly important to ensure that all apply an reasonably available resources both when determining the level of detail of a particular organization and when engaging in a program to help provide services. An example of publicly available information on which charities should have access is the Terrorist Exclusion List (TEL). The TEL was established pursuant to the USA PATRIOT Act, which authorizes the Secretary of State to designate organizations or individuals as a result of their association with any individual or group the Attorney General has determined TEL allows the U.S. Government to exclude or suspend aliens from providing material assistance or other assistance for designated TEL organizations. Although many of the organizations included on the TEL are also members of the United States Foreign Assets Control (OFAC) UN INJ list, several TEL organizations are not listed on the OFAC list because of their different purposes and legal criteria associated with these lists.

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11 [unclear]

2. The change should assure that all grantees do not appear in the master list of Specially Designated Nationals and Entities maintained on OFAC's website at [www.treasury.gov/finance/enforcement/faq/faq.shtml](http://www.treasury.gov/finance/enforcement/faq/faq.shtml), and a search of the website should reflect OFAC's sanctions.
3. With respect to every person, vessel, aircraft, or other senior management or principal in charge of business and for key employees at the organization, other than those mentioned above, the extent of responsibility with the UN program is limited to the language of origin and any acronym or other names used additional.

TEL designations do not trigger any legal obligations for OFAC to provide information with additional terrorist-related information that may assist charities in making informed decisions on best ways to protect themselves from terrorist abuse or to avoid the information regarding the TEL including access to the list is not available on OFAC's website, please refer to the U.S. Department of State website at <http://www.state.gov/countries/2009/092009main>.

<sup>12</sup> The master SDN List is an iterative listing of persons that OFAC adds with whom persons have provided information or conducting a transaction and whose assets are blocked. OFAC's designations are available in a variety of formats and can be easily broken down into categories for listing purposes including country of residence, individuals vs. entities, and other variations for appropriate use in the industry. OFAC's designations should determine which OFAC program is applicable with respect to each charity's operations as well as which OFAC program is applicable.

OFAC's designations include information on its targets, including persons designations under country-based, business economic sanctions programs on individuals and entities designated under the various Executive Orders and statutes aimed at the provision of financial services to the Taliban, the Sudanese, and others to keep current with these programs. With respect to terrorist-related OFAC sanctions programs, OFAC's designations include persons designated under Executive Order 12958, Executive Order 12947, Executive Order 12958 and Executive Order 12959, as amended; such persons are called "Specially Designated Global Terrorists" or "SDGTs," "Specially Designated Terrorists" or "SDT," or "Global Terrorist Organizations" or "FTOs," respectively. SDN listings also include parties to OFAC sanctions programs, such as the Sudanese, the Taliban, and other individuals and country-based programs.

In addition to checking appropriate SDN listings, charities should be sure to check for information relating to sanctioned activities or countries that may impact their operations.

<sup>13</sup> As discussed in 2009, the SDN List is not a list of individuals. U.S. Government sanctions are primarily based on country-based and not based on individual sanctions programs. U.S. persons, including U.S. based charities, are prohibited from dealing with any of the names included on the SDN List. A charity wishing to assist a person or entity in a sanctioned country should contact OFAC first to determine if any authorization is necessary to proceed in such activity. The SDN List includes persons meeting criteria established in the authorities of OFAC's various programs. OFAC's sanctions programs, transactions with persons not named on the SDN List may nevertheless violate U.S. sanctions due to other reasons, such as designated entities in such programs. OFAC may also have administrative sanctions programs. For example, a charity engaged in a transaction with a party not on the SDN List that involves the property or interests in property of a designated party may be subject to OFAC's sanctions. This underscores the importance of charities knowing their operations and understanding their programs and transactions is critical to the use of appropriate due diligence. The SDN List is a critically important component of that due diligence. Charities can assist charities in meeting their obligations under the variety of U.S. sanctions programs that may apply to them by providing information to the part of a charitable organization's broader risk-based approach to prevent and detect against the risks of their operations.

... should assure itself that none of these individuals is subject to OFAC sanctions.

4. Charities should be aware that other nations may have their own designated terrorist-related individuals, entities, or organizations pursuant to international conventions and regional treaties such as the Convention on the Prohibition of Nuclear Weapons.

5. With respect to the key employees, other individuals, or other persons or other persons, management described in the preceding paragraphs, the charity should consider under constant review available information to ensure that such parties are not reasonably suspected of acts of activities relating to terrorism, including terrorist financing or other support, and

6. As a precondition to the issuance of a charitable grant, the charity should require grantees to certify that they are in compliance with all laws, statutes, and regulations restricting U.S. persons from dealing with any individuals, entities, or groups subject to OFAC sanctions, or any other foreign grantee, that they do not deal with any individuals, entities, or groups subject to international sanctions or any bar on the foreign grantee to support terrorism or to make violative contributions.

C. The charity should conduct due diligence on its key employees as follows:

1. The charity should conduct due diligence on each of its key employees to determine whether any of its key employees is engaged in activity relating to terrorism, including terrorist financing or other support. Charities should not employ a person where any terrorist-related sanctions exist, and

<sup>14</sup> Under United Nations Security Council Resolution 1267 (2000) (UNSCR 1267), member states must generally freeze without delay the funds and other financial assets or economic resources of designated individuals, entities, or organizations, or freeze the assets of individuals, entities, or organizations that are owned or controlled by, or acting on behalf of, such individuals, entities, or organizations. In addition, UN member states are generally prohibited from granting visas or entry permits to such individuals, entities, or organizations. In order to implement these obligations, UNSC 1267 has established a list of individuals, entities, and organizations, as a practical, as a matter of convenience, its own list of parties sanctioned under the terms of UNSC 1267. For example, the UN List of Sanctions includes those parties designated by the UN Security Council pursuant to its resolutions under UNSC 1267.

The Guidelines do not determine or endorse the use of the UNSC 1267 list as a sole basis for identifying individuals, entities, or organizations whose information is intended to assist charities in developing the new risk-based programs based upon a thorough understanding of the law in those jurisdictions in which they may operate. Charities using a list of individuals, entities, or organizations in a jurisdiction may choose to apply additional due diligence measures to determine whether that jurisdiction maintains a national list under UNSC 1267 and screening procedures of any kind for organizations and individuals, including their directors and key employees, against such a list. Such a screening procedure may be used to protect charities from potential sanctions or other consequences arising from their having been found to be in violation of such sanctions as a result of their engagement in transactions with individuals, entities, or organizations deemed to be financing or otherwise supportive of terrorist activity under the laws of most jurisdictions.

2. The charity's board of directors and its staff at no time has any knowledge of or OFAC sanctions or have violated OFAC's restrictions.

D. Should a charity be subject to a suspension or debarment of any of its own key employees, directors, or any other key employees, members of the governing board or other senior management or its staff, or any of its activity, or any other activity, including terrorist financing or other prohibited activities, are a number of available mechanisms and resources that a charity may utilize:

1. If the charity believes there is a data match on the name of one of the individuals or organizations listed above and a name to SDN List the charity should take appropriate due diligence steps to verify whether the match is valid. These steps and further guidance are available on OFAC's Web site at <http://www.oas.gov/offices/ofices/terrorism/programswelsh.htm> and

2. The charity's board of directors should on any suspicious activity, including to the front of the following information to ensure that it was not directly involve an OFAC match, through a direct referral to the Treasury's Web site at <http://www.usg.gov/offices/terrorism/programswelsh.htm> issues/protection/index.html and a guidance on the OFAC's Web site at <http://www.usg.gov/offices/terrorism/programswelsh.htm> Investigation information of identified entities in which entities should provide such suspicious information. A list of OFAC's Web site at <http://www.usg.gov/offices/terrorism/programswelsh.htm> the OFAC's Web site at <http://www.usg.gov/offices/terrorism/programswelsh.htm>

### ANNEX TO GUIDELINES

The rise in the use of charitable organizations as a means of raising funds to support terrorist activities is a relatively new phenomenon. It is the use of charitable funds to support terrorist activities, rather than the use of such funds to support charitable services and activities, which is the focus of this Annex. The use of charitable funds to support terrorist organizations and activities was reported in the range of 1990s. Terrorist organizations deliberately establish, infiltrate, or otherwise exploit charitable organizations to build terrorist support networks. Recent developments such as the exploitation by *Lashkar-e-Taiba* (L.T.) and other entities/chapters or fronts for the 2001 earthquake in South Asia, the criminal use of Hamas-associated charities to build popular support in the territories for the terrorist organization, and Hezbollah's substantial control of charitable distribution networks in Lebanon, demonstrate the ongoing importance of terrorist organizations in exploiting charitable organizations and their activities.

Treasury, together with other departments, is responsible for identifying and monitoring common such as the use of charitable funds to support terrorist activities. The use of charitable funds to support terrorist activities is a relatively new phenomenon. It is the use of charitable funds to support terrorist activities, rather than the use of such funds to support charitable services and activities, which is the focus of this Annex. The use of charitable funds to support terrorist organizations and activities was reported in the range of 1990s. Terrorist organizations deliberately establish, infiltrate, or otherwise exploit charitable organizations to build terrorist support networks. Recent developments such as the exploitation by *Lashkar-e-Taiba* (L.T.) and other entities/chapters or fronts for the 2001 earthquake in South Asia, the criminal use of Hamas-associated charities to build popular support in the territories for the terrorist organization, and Hezbollah's substantial control of charitable distribution networks in Lebanon, demonstrate the ongoing importance of terrorist organizations in exploiting charitable organizations and their activities.

U.S. designations of individuals and entities are critical to the identification of terrorist activities and exploitation of the charitable sector. To date, the U.S. has designated forty-one charities, world-wide, and twenty-nine associated individuals for their support of terrorist organizations and operations. These are set out in the Annex.

<sup>15</sup> See e.g. *Michael L. HAMAS: Politics, Charities, and Terrorism*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (documenting the financial and financial support for Hamas and other political and terrorist activities); *Hezbollah: A Short History*, by Charles L. Haddad, London: I.B. Tauris, 2005; *THE TIMES*, 14 Aug 2005 (reporting on the use of charitable funds to support terrorist activities); *where terrorist organizations are known to operate*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *controlling the provision of charitable resources and services across the globe*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *Struggle Over Ever-Higher Aid*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *terrorist organizations, such as Lashkar-e-Taiba and Jaish-e-Munawwar, are providing humanitarian aid to affected areas in the Indian subcontinent*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *Extremists Lead Opaque Relief*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *terrorist organizations are recruiting and maintaining significant numbers of members*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *Evan Kohlmann, "The Role of Charitable Organizations in International Terrorist Recruitment"*, *Journal of International Law and Politics*, 38(1), 2006, available at <http://www.dus.edu/journals/Publications/WP0706/ISSUE0706WP02006-7.pdf> (discussing the historical link between charitable organizations and terrorist activities); *from the Soviet Afghan war to the present*, *BBC News*, 21 Oct. 2005, available at [http://www.bbc.com/news/2005/10/051021\\_terror\\_ukraine.shtml](http://www.bbc.com/news/2005/10/051021_terror_ukraine.shtml) (reporting on the use of charitable funds to support terrorist activities); *one of Britain's leading Islamic charities*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities); *the West Bank to support and fund Hamas, a terrorist organization designated in the U.S. Government's*, *Hezbollah: A Short History*, by Michael L. Hamant, New Haven, Conn.: Yale Univ. Press, 2006 (reporting on the use of charitable funds to support terrorist activities).

Comprise over 100 designations of U.S. designated terrorist supporters or financiers indicating the primary information characteristics as a criterion means or support for terrorist organizations and activities. The primary information summarizes the basis of each designation to assist the donor and charitable community in making informed decisions about donations to terrorist financing and support. Further information and press releases regarding these designations are available on the Treasury Department's website at [http://www.treas.gov/offices/enforcement/ev/issues/secopr/secpr/charities\\_executive.html](http://www.treas.gov/offices/enforcement/ev/issues/secopr/secpr/charities_executive.html).

In addition to these ongoing efforts by Treasury and the U.S. Government, various charities and organizations have been recognized and named in the charitable sector by terrorist organizations. The FATF Financial Action Task Force (FATF) is an international governmental organization responsible for developing and promoting global policies to combat money laundering and terrorist financing. The FATF has published a list of terrorist organizations and individuals receiving international guidance strengthening their international and national contributions to counter non-profit organizations. Additionally, FATF has issued a list of terrorist organizations in the Pacific (MENA FATF), Eurasian (Eurasian FATF) and the Middle East and North Africa (MENA FATF) Action Task Force (MENA FATF) to address emerging typologies and threats on the active threat of terrorist financing. These typologies include that activity within their countries. These organizations and their members are responsible for the activities of their members to reach this complex and threatening threat to the development and growth of supervisory, investigative and financial authorities to identify and dismantle charities engaged in terrorist financing. Many of these charities are non-profit organizations which are engaged in terrorist financing and operations. These charities are active in the Middle East and North Africa region and have a presence in the United States. [http://www.treas.gov/offices/enforcement/ev/issues/secopr/secpr/charities\\_executive.html](http://www.treas.gov/offices/enforcement/ev/issues/secopr/secpr/charities_executive.html)

Treasury continues to engage in outreach and updates its website to communicate useful information regarding the risks of terrorist financing to the charitable sector. The U.S. and other governmental efforts to mitigate these risks and reduce terrorist abuse, and the steps the sector can take to mitigate terrorist abuse. Treasury's guidance is essential to ensure that the charitable sector is not a target of terrorist abuse. Another example of available resources is Treasury's December 2005 advisory paper which provides information on charities delivering relief in areas affected by the 2005 South Asia earthquake by detailing typologies of terrorist abuse of charities and the role of charities in the Middle East and North Africa region. This paper also shows through public information the extent to which terrorist organizations are using charities to provide aid in disaster areas where terrorist

<sup>16</sup>The efforts of the MENA FATF are a key element of international efforts to combat terrorist abuse of charities. The MENA FATF Action Task Force has issued a best practices paper, based on the FATF's standard for combating terrorist abuse of the non-profit sector, tailored to the Middle East and North Africa region. The paper provides a framework of best practices for the MENA FATF, the regulatory and procedural measures to ensure that charities are not misused or abused by terrorist financiers. The MENA FATF's best practices paper is an indispensable tool for the Middle East and North Africa region in helping to protect against terrorist abuse of charities by providing guidance to promote transparency and accountability in the charitable sector.

Save Our Tappan Lake

3/2/2017

organization that provides... effective recruitment...

Treasury, which... combat...