

facto basis. The new law, which became effective on October 9, 1969, required organizations formed after that date to submit information sufficient to establish their public charity status. Older organizations who did not submit such information, even those that had old 501(c)3 letters, were presumed to be private foundations. Those that had never filed retained the *de facto* 501(c)3 status.

If none of these apply, Question 5 of Schedule E provides for other possibilities, examples of which are mentioned in the instructions. ~~Otherwise, you must answer “Yes” to Question 6a in order to maintain your eligibility for an advance ruling. You’ll provide financial information to support that later.~~ However, if you feel that information will not accurately reflect future sources of support, you may answer “Yes” to Question 6b, then summarize what your expectations for the future are in Question 7.

At this point, if you receive a letter of recognition, it’ll begin with the date you mailed your application. Prior to that date you will be considered as having been a taxable entity. If you have a tax liability for the period preceding your application, you might elect to check the box in Question 8 of Schedule E to seek recognition under Section 501(c)4 of the Code for the period between the time your organization was founded and the date of your application.

✦ **Note:** Both charitable and social welfare organizations are exempt from federal income tax. Section 501(c)3 exempts enterprises organized and operated exclusively for charitable purposes, while Section 501(c)4 exempts those operated for the promotion of social welfare. If you feel your application reflects that you were organized and operated primarily to further the common good and general welfare of the community, you may be eligible for tax-exempt status under Section 501(c)4 of the Code as a *social welfare organization*. Donations to 501(c)4’s are not deductible as charitable contributions, otherwise this class and the procedure for obtaining recognition, is similar to 501(c)3. 501(c)4 status is ordinarily obtained by filing IRS Form 1024, *Application for Recognition of Exemption Under Section 501(a)*, which is similar to (but not as detailed as) Form 1023. In this case, you would only be required to complete the first page of that form and submit it as an attachment to this application.

Part VIII ~ Your Specific Activities

As in Part VII, the reasons for these questions will also become clear when you review the attachments you’ll have to fill out if you answer “Yes.”

- 1: “No” – the restriction is absolute; 501(c)3 organizations may not involve themselves in political campaigns.
- 2a: Exempt organizations may engage in lobbying activities. However, if that is not specifically a part of your mission, the prudent answer to this question is probably “No.”