

GAO

Testimony

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Lobbying and Political Activities of  
Tax-Exempt Organizations

Statement of  
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Before the  
Subcommittee on Oversight  
Committee on Ways and Means  
House of Representatives



038247

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here this morning to assist the Subcommittee in its inquiry regarding the lobbying and political activities of tax-exempt organizations. Our statement is based on work we did in response to your November 1986 request for information on such activities. Our work showed that (1) Congress has enacted legislation to restrict the lobbying and political activities of tax-exempt organizations; (2) while IRS' data on the nature and extent of such activities are limited, the available data indicate that certain types of tax-exempt organizations are more likely to engage in lobbying and political activities than others; (3) IRS does not have a separate compliance program to monitor such activities; and (4) IRS Form 990 provides limited information on the lobbying and political activities of tax-exempt organizations (GAO/GGD-87-32FS, Jan. 16, 1987).

RULES RELATED TO LOBBYING  
AND POLITICAL ACTIVITIES OF  
TAX-EXEMPT ORGANIZATIONS

Most tax-exempt organizations are exempt under section 501(c) of the Internal Revenue Code. This section contains 25 categories of tax-exempt organizations, including section 501(c)(3) charitable, educational, and religious organizations; 501(c)(4) social welfare organizations; and 501(c)(5) labor unions. Other sections of the Internal Revenue Code also provide exempt status for political organizations, various cooperatives, and other organizations.

The Internal Revenue Code section 4911(d) defines "lobbying" or "influencing legislation" as

"(A) any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof, and (B) any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation."

Treasury regulation defines "political activity" as all direct or indirect participation or intervention in any political campaign on behalf of or in opposition to any candidate for public office, including publication or distribution of written statements on behalf of or in opposition to such a candidate.

In the Revenue Act of 1934 and in subsequent legislation, Congress restricted the lobbying and political activities of tax-exempt organizations. Under current law, for example, section 501(c)(3) organizations are prohibited from engaging in political activities. Also, public charities organized under this section must limit their lobbying activities to an insubstantial portion of their total activities. They may elect to have insubstantial lobbying expenses governed by specific dollar expenditure limitations pursuant to section 501(h). Churches, private foundations, and certain other organizations may not elect this expenditure test. Further, an excise tax is placed on the lobbying activities of private foundations exempt under this same

section. Other exempt organizations are subject to different, but generally less restrictive, rules relating to lobbying and political activities. Appendix I provides information on the major prohibitions on and tax consequences of lobbying and political activities by selected tax-exempt organizations.

TAX-EXEMPT ORGANIZATIONS

MOST LIKELY TO ENGAGE IN

LOBBYING AND POLITICAL

ACTIVITY

IRS statistics indicate that there are over 800,000 section 501(c) tax-exempt organizations. This does not include an unknown number of religious organizations which did not, or were not required to, apply for tax-exempt status. According to IRS program officials, organizations found most likely to engage in lobbying and/or political activities are section 501(c) public charities, social welfare organizations, labor unions, business leagues, war veteran groups, and section 527 political organizations. Appendix II of this statement presents a brief description of each of these types of organizations.

Complete data on the nature and extent of lobbying and political activities by tax-exempt organizations are not available. However, data on planned activities reported to IRS on organizations' applications for tax-exempt status indicate that less than 1 percent of these organizations engage in lobbying and/or political activities. The data indicate that most of the lobbying and/or political activities by section 501(c)

organizations seem to be concentrated among section 501(c)(4) social welfare organizations, section 501(c)(5) labor unions, and section 501(c)(6) business leagues. As of October, 1986, there were about 253,000 organizations in these three categories. Appendix III of this statement presents the specific numbers of tax-exempt organizations in categories most likely to engage in lobbying or political activities.

#### IRS' EFFORTS TO MONITOR

#### LOBBYING AND POLITICAL

#### ACTIVITIES

IRS does not have a separate compliance program to monitor the lobbying and political activities of all tax-exempt organizations. The Office of the Assistant Commissioner (Employee Plans and Exempt Organizations) is responsible for monitoring these activities as part of its overall efforts to administer IRS programs pertaining to tax-exempt organizations. The office issues revenue rulings and provides overall guidance on lobbying and political activities, maintains limited statistical data on lobbying and political activities, and identifies and reviews lobbying and political activities as part of routine compliance examinations.

In fiscal year 1986, IRS examined 20,084, or about 5 percent, of tax-exempt organizations' returns, and lobbying or political activity was the principal issue in 432, or about 2 percent, of the returns examined. As a result of these examinations, IRS revoked the exempt status of 25 organizations because

of general lobbying activities, modified the status of 24 organizations because of general lobbying and political activities, and changed the tax liability of 11 organizations because of political activities and grass roots lobbying.

In addition to routine examinations, IRS also reviews the income and expenditures of some tax-exempt organizations engaging in political activities and reporting taxable income. Such tax-exempt organizations are required to report taxable income on Form 1120-POL--U.S. Income Tax Return for Certain Political Organizations. In 1986, IRS screened about 700 of these forms for audit potential and examined 145 of them. Statistics are not readily available on the reasons for and results of these examinations.

FORM 990 PROVIDES LIMITED  
INFORMATION ON LOBBYING  
AND POLITICAL ACTIVITIES

Form 990, Return of Organization Exempt From Income Tax, is an annual information return filed by certain tax-exempt organizations to provide IRS with information about their activities. This form is available for public use. Form 990 contains a variety of information, including the type of organization, an income and expense schedule, a balance sheet, the program services rendered, the names of officers and directors, and other activity-oriented information. Appendix IV is a copy of Form 990 and its related Schedule A.

Form 990 and its related Schedule A provide some information related to lobbying and political activities, but this information is limited. For example, the organizations that file the forms are required to report their expenditures related to political activities. Also, section 501(c)(3), (5), and (6) organizations are required to report their expenditures related to lobbying. Except for section 501(c)(3) organizations, the form does not require the organization to identify the nature of the lobbying or political activities. Further, not all tax-exempt organizations are required to file a Form 990. Therefore, these forms cannot be used to obtain a complete overview of the nature and extent of the lobbying and political activities of the tax-exempt community.

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In sum, there are over 800,000 tax-exempt organizations, not including some religious organizations, and Congress has restricted their lobbying and political activities. Available IRS statistics do not clearly indicate the percentage of tax-exempt organizations that engage in lobbying and/or political activities. IRS has no special compliance program to monitor lobbying and political activities, but reviews such activities as part of routine examinations. IRS Form 990 contains limited information on the lobbying and political activities of tax-exempt organizations.

This concludes my prepared statement. We would be pleased to respond to your questions.

MAJOR PROHIBITIONS ON AND TAX CONSEQUENCES  
OF LOBBYING AND POLITICAL ACTIVITY BY  
SELECTED TAX-EXEMPT ORGANIZATIONS

	Section 501(c)(3) public charities not electing section 501(h)	Section 501(c)(3) public charities electing section 501(h)	Section 501(c)(3) private foundations	Section 501(c)(4) social welfare organizations Section 501(c)(5) labor unions Section 501(c)(6) business leagues Section 501(c)(19) veterans groups	Section 527 political organizations
Prohibited lobbying activities	Substantial lobbying is prohibited.  Lobbying activities include (1) any attempt to effect general public opinion or any segment thereof, and (2) any attempt to influence legislation through communication with legislators or government officials who help formulate legislation.	Lobbying beyond specific dollar amounts is prohibited.  Lobbying activities include (1) any attempt to effect general public opinion or any segment thereof, and (2) any attempt to influence legislation through communication with legislators or government officials who help formulate legislation.	Substantial lobbying is prohibited, and most lobbying related expenditures are heavily taxed. Willful repeated acts or a willful and flagrant act of lobbying could cause termination of the organization's private foundation status.	Lobbying is not prohibited and can be the primary means of achieving the exempt purpose.	Lobbying is permitted, but it cannot be the primary purpose of the organization.
Prohibited political activities	All direct or indirect participation or intervention in any political campaign on behalf of or in opposition to any candidate for public office, including publication or distribution of written statements on behalf of or in opposition to such a candidate, is prohibited.	All direct or indirect participation or intervention in any political campaign on behalf of or in opposition to any candidate for public office, including publication or distribution of written statements on behalf of or in opposition to such a candidate, is prohibited.	All direct or indirect participation or intervention in any political campaign on behalf of or in opposition to any candidate for public office, including publication or distribution of written statements on behalf of or in opposition to such a candidate, is prohibited. All such acts are heavily taxed.  Unbiased voter registration activities are not considered to be political activities. Expenditures related to nonpartisan and wide ranging voter registration activities are not taxable. Expenditures related to other voter registration activities are taxable.	Political activity cannot be the organization's primary purpose. According to an IRS publication, this is also IRS' position with respect to section 501(c)(5) labor unions.  Political activity which prevents the organization from primarily engaging in activities that promote the exempt purpose is prohibited.	None.



MAJOR PROHIBITIONS ON AND TAX CONSEQUENCES  
OF LOBBYING AND POLITICAL ACTIVITY BY  
SELECTED TAX-EXEMPT ORGANIZATIONS

	Section 501(c)(3) public charities not electing section 501(h)	Section 501(c)(3) public charities electing section 501(h)	Section 501(c)(3) private foundations	Section 501(c)(4) social welfare organizations Section 501(c)(5) labor unions Section 501(c)(6) business leagues Section 501(c)(19) veterans groups	Section 527 political organizations
Tax consequences	<p>Contributions are deductible for donors unless funds are earmarked for lobbying.</p> <p>Substantial lobbying causes revocation of exempt status.</p> <p>There are no specific criteria for substantial lobbying. The facts and circumstances of each individual case determines if substantial lobbying is taking place.</p> <p>Expenditures for nonpartisan analysis, and testimony at the request of a legislative body, are not taxable as lobbying expenditures.</p>	<p>Contributions are deductible for donors unless funds are earmarked for lobbying.</p> <p>Under the section 501(h) election, permitted lobbying expenditures are calculated on a sliding scale and are equal to 20 percent of the first \$500,000 of exempt purpose expenditures, plus 15 percent of the second \$500,000, plus 10 percent of the third \$500,000, plus 5 percent of any additional expenditures. The maximum nontaxable amount that can be spent on general lobbying is \$1 million. The tax rate on expenditures that exceed this ceiling is 25 percent.</p> <p>Grass roots lobbying is limited to 25 percent of the lobbying nontaxable amount.</p> <p>Exempt status will be revoked if excess expenditures continue over a 4-year period.</p> <p>Expenditures for nonpartisan analysis, and testimony at the request of a legislative body, are not taxable as lobbying expenditures.</p>	<p>Contributions are deductible for donors unless funds are earmarked for lobbying.</p> <p>A 10 percent excise tax is initially imposed on lobbying expenditures. If such expenditures are not corrected within the taxable period, a 100 percent excise tax is imposed on the lobbying expenditures.</p> <p>A 50 percent excise tax on lobbying expenditures can be imposed on foundation management if it refuses to agree to part or all of the correction.</p> <p>Expenditures for nonpartisan analysis, and testimony at the request of a legislative body, are not taxable as lobbying expenditures.</p>	<p>Contributions are generally not deductible as charitable contributions.<sup>a/</sup> Membership dues may be deductible as ordinary and necessary business expenses, except those used for political action or grassroots lobbying.</p> <p>Membership dues used for lobbying not germane to the exempt purpose are not deductible by members of section 501(c)(5) and (6) organizations.</p> <p>Any amounts spent by these section 501(c) organizations for political purposes are taxed at the highest corporate rate.</p> <p>These section 501(c) organizations can establish separate segregated funds to receive political contributions and make political expenditures. Separate segregated funds are taxed in the same manner as section 527 political organizations.</p>	<p>Business deductions are not allowed for any contributions to a political party, group, committee, or candidate.</p> <p>Investment income is taxed at the highest corporate tax rate. If a principal campaign committee of a candidate for Congress is designated, investment income will be taxed at the regular corporate rate.</p>

Source: Internal Revenue Code and Regulations

<sup>a/</sup> Complex rules govern the deductibility of contributions to some section 501(c) organizations. For example, taxpayers can deduct contributions made to section 501(c)(19) war veteran organizations even though no lobbying limitation has been placed on these organizations.

TYPES OF TAX-EXEMPT ORGANIZATIONSMOST LIKELY TO ENGAGE IN LOBBYINGAND/OR POLITICAL ACTIVITIES

<u>Organization category</u>	<u>Type of Tax-Exempt Organization</u>
Section 501(c)(3)	Entities organized and operated exclusively for religious, charitable, scientific, testing for public safety, literacy, or educational purposes, or for the prevention of cruelty to children or animals, or to foster amateur sports.
Section 501(c)(4)	Civic leagues or organizations operated exclusively for the promotion of social welfare and local associations of employees devoted to charitable, educational, or recreational purposes.
Section 501(c)(5)	Labor, agricultural, or horticultural organizations operated to provide education or instruction on improving working conditions and products.
Section 501(c)(6)	Business leagues, chambers of commerce, real estate boards, professional football leagues, etc., established to improve business conditions.
Section 501(c)(19)	Post or organization established to promote the welfare of past or present members of the Armed Forces.
Section 527	Political organizations established to accept contributions and make expenditures for a political candidate.

NUMBER OF TAX-EXEMPT ORGANIZATIONS  
IN CATEGORIES MOST LIKELY TO  
ENGAGE IN LOBBYING AND/OR POLITICAL  
ACTIVITIES AS OF OCTOBER 31, 1986<sup>a</sup>

<u>IRC section</u>	<u>Number of organizations</u>	<u>Percent of total</u>
501(c)(3) <sup>b</sup>	371,395 <sup>c</sup>	44
501(c)(4)	126,664	15
501(c)(5)	71,679	9
501(c)(6)	54,654	6
501(c)(19)	24,310	3
All other 501(c) organizations	<u>193,264</u>	<u>23</u>
Total 501(c) organizations	<u>841,966</u>	<u>100</u>

Source: IRS Exempt Organization/Business Master File.

<sup>a</sup>IRS does not have statistics on the number of section 527 political organizations.

<sup>b</sup>Excludes religious organizations which did not apply for tax-exempt status.

<sup>c</sup>According to an IRS program official, this figure includes about 37,000 private foundations.

Form **990**

**Return of Organization Exempt From Income Tax**

Under section 501(c) (except black lung benefit trust or private foundation) of the Internal Revenue Code or section 4947(a)(1) trust

Note: You may be required to use a copy of this return to satisfy state reporting requirements. See instruction D.

**1986**

Department of the Treasury  
Internal Revenue Service

For the calendar year 1986, or fiscal year beginning

, 1986, and ending

, 19

Use IRS label. Otherwise, please print or type.	Name of organization	A Employer identification number (see instruction L)
	Address (number and street)	B State registration number (see instruction D)
	City or town, state, and ZIP code	C Section 4947(a)(1) trusts filing this form in lieu of Form 1041, check here <input type="checkbox"/> (see instruction C10).

D Check type of organization—Exempt under section  501(c) ( ) (insert number), OR  section 4947(a)(1) trust  Check here if application for exemption is pending

E Accounting method:  Cash  Accrual  Other (specify)

F Is this a group return (see instruction J) filed for affiliates?  Yes  No  
If "Yes," enter the number of affiliates for which this return is filed \_\_\_\_\_

G If "Yes" to either, give four-digit group exemption number (GEN)

Is this a separate return filed by a group affiliate?  Yes  No

H  Check here if your gross receipts are normally not more than \$25,000 (see instruction B11). You do not have to file a completed return with IRS but should file a return without financial data if you were mailed a Form 990 Package (see instruction A). Some states may require a completed return.

I  Check here if gross receipts are normally more than \$25,000 and line 12 is \$25,000 or less. Complete Parts I (except lines 13-15), III, IV, VI, and VII and only the indicated items in Parts II and V (see instruction I). If line 12 is more than \$25,000, complete the entire return.

501(c)(3) organizations and 4947(a)(1) trusts must also complete and attach Schedule A (Form 990). (See instructions.)

These columns are optional—see instructions

Part I Statement of Support, Revenue, and Expenses and Changes in Fund Balances		(A) Total	(B) Unrestricted/Expendable	(C) Restricted/Nonexpendable
Support and Revenue	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support			
	b Indirect public support			
	c Government grants			
	d Total (add lines 1a through 1c) (attach schedule—see instructions).			
	2 Program service revenue (from Part IV, line f).			
	3 Membership dues and assessments			
	4 Interest on savings and temporary cash investments.			
	5 Dividends and interest from securities			
	6a Gross rents			
	b Minus: rental expenses			
	c Net rental income (loss)			
7 Other investment income (Describe <input type="checkbox"/> )				
8a Gross amount from sale of assets other than inventory	Securities			
	Other			
	b Minus: cost or other basis and sales expenses			
c Gain (loss) (attach schedule)				
9 Special fundraising events and activities (attach schedule—see instructions):				
a Gross revenue (not including \$ _____ of contributions reported on line 1a).				
b Minus: direct expenses				
c Net income (line 9a minus line 9b)				
10a Gross sales minus returns and allowances				
b Minus: cost of goods sold (attach schedule)				
c Gross profit (loss)				
11 Other revenue (from Part IV, line g)				
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8c, 9c, 10c, and 11)				
Expenses	13 Program services (from line 44, column (B)) (see instructions)			
	14 Management and general (from line 44, column (C)) (see instructions)			
	15 Fundraising (from line 44, column (D)) (see instructions)			
	16 Payments to affiliates (attach schedule—see instructions)			
	17 Total expenses (add lines 16 and 44, column (A))			
Fund Balances	18 Excess (deficit) for the year (subtract line 17 from line 12)			
	19 Fund balances or net worth at beginning of year (from line 74, column (A))			
	20 Other changes in fund balances or net worth (attach explanation)			
	21 Fund balances or net worth at end of year (add lines 18, 19, and 20)			



Form 990 (1986)

<b>Part IV Program Service Revenue and Other Revenue (State Nature)</b>		Program service revenue	Other revenue
a	Fees from government agencies		
b	.....		
c	.....		
d	.....		
e	.....		
f	Total program service revenue (enter here and on line 2)		
g	Total other revenue (enter here and on line 11)		

**Part V Balance Sheets** If line 12 or Column (B) of line 59 is more than \$25,000, complete the entire balance sheet. If line 12, Part I, and Column (B) of line 59 are \$25,000 or less, you may complete only lines 59, 66, 74, and 75. See instructions.

Note: Columns (C) and (D) are optional. Columns (A) and (B) must be completed to the extent applicable. Where required, attached schedules should be for end-of-year amounts only.	(A) Beginning of year	End of year		
		(B) Total	(C) Unrestricted/Expendable	(D) Restricted/Nonexpendable
<b>Assets</b>				
45	Cash—non-interest bearing			
46	Savings and temporary cash investments			
47	Accounts receivable ▶ _____ minus allowance for doubtful accounts ▶ _____			
48	Pledges receivable ▶ _____ minus allowance for doubtful accounts ▶ _____			
49	Grants receivable			
50	Receivables due from officers, directors, trustees, and key employees (attach schedule)			
51	Other notes and loans receivable ▶ _____ minus allowance for doubtful accounts ▶ _____			
52	Inventories for sale or use			
53	Prepaid expenses and deferred charges			
54	Investments—securities (attach schedule)			
55	Investments—land, buildings and equipment: basis ▶ _____ minus accumulated depreciation ▶ _____ (attach schedule)			
56	Investments—other (attach schedule)			
57	Land, buildings and equipment: basis ▶ _____ minus accumulated depreciation ▶ _____ (attach schedule)			
58	Other assets ▶ _____			
59	Total assets (add lines 45 through 58)			
<b>Liabilities</b>				
60	Accounts payable and accrued expenses			
61	Grants payable			
62	Support and revenue designated for future periods (attach schedule)			
63	Loans from officers, directors, trustees, and key employees (attach schedule)			
64	Mortgages and other notes payable (attach schedule)			
65	Other liabilities ▶ _____			
66	Total liabilities (add lines 60 through 65)			
<b>Fund Balances or Net Worth</b>				
Organizations that use fund accounting, check here <input type="checkbox"/> and complete lines 67 through 70 and lines 74 and 75.				
67a	Current unrestricted fund			
b	Current restricted fund			
68	Land, buildings and equipment fund			
69	Endowment fund			
70	Other funds (Describe ▶ _____)			
Organizations that do not use fund accounting, check here <input type="checkbox"/> and complete lines 71 through 75.				
71	Capital stock or trust principal			
72	Paid-in or capital surplus			
73	Retained earnings or accumulated income			
74	Total fund balances or net worth (see instructions)			
75	Total liabilities and fund balances/net worth (see instructions)			

Part VI List of Officers, Directors, and Trustees (List each officer, director, and trustee whether compensated or not.) (See instructions.)

Table with 5 columns: (A) Name and address, (B) Title and average hours per week devoted to position, (C) Compensation (if any), (D) Contributions to employee benefit plans, (E) Expense account and other allowances.

Part VII Other Information

Form with questions 76-89 and Yes/No columns. Questions cover topics like activities reported to IRS, changes in documents, unrelated business income, liquidation, related organizations, political expenditures, donated services, 501(c)(5) or (6) organizations, 501(c)(7) organizations, 501(c)(12) organizations, public interest law firms, states where return is filed, computerized records, and book care.

Please Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature and information fields for officer and preparer. Includes fields for Signature of officer, Date, Title, Preparer's signature, Date, Check if self-employed, Firm's name (or yours, if self-employed) and address, and ZIP code.

**SCHEDULE A  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Organization Exempt Under 501(c)(3)**  
(Except Private Foundation), 501(e), 501(f), 501(k), or Section 4947(a)(1) Trust  
**Supplementary Information**  
▶ Attach to Form 990.

OMB No. 1545-0047

**1986**

Name	Employer identification number
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**Part I Compensation of Five Highest Paid Employees Other Than Officers, Directors, and Trustees (See specific instructions)**

Name and address of employees paid more than \$30,000	Title and average hours per week devoted to position	Compensation	Contributions to employee benefit plans	Expense account and other allowances
Total number of other employees paid over \$30,000 ▶				

**Part II Compensation of Five Highest Paid Persons for Professional Services (See specific instructions)**

Name and address of persons paid more than \$30,000	Type of service	Compensation
Total number of others receiving over \$30,000 for professional services ▶		

**Part III Statements About Activities**

	Yes (1)	No (2)
1 During the year, have you attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? . . . . . If "Yes," enter the total expenses paid or incurred in connection with the legislative activities \$ _____ Complete Part VI of this form for organizations that made an election under section 501(h) on Form 5768 or other statement. For other organizations checking "Yes," attach a statement giving a detailed description of the legislative activities and a classified schedule of the expenses paid or incurred.	1	
2 During the year, have you, either directly or indirectly, engaged in any of the following acts with a trustee, director, principal officer or creator of your organization, or any organization or corporation with which such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary:		
a Sale, exchange, or leasing of property? . . . . .	2a	
b Lending of money or other extension of credit? . . . . .	2b	
c Furnishing of goods, services, or facilities? . . . . .	2c	
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . . .	2d	
e Transfer of any part of your income or assets? . . . . . If the answer to any question is "Yes," attach a detailed statement explaining the transactions.	2e	
3 Do you make grants for scholarships, fellowships, student loans, etc.? . . . . .	3	
4 Attach a statement explaining how you determine that individuals or organizations receiving disbursements from you in furtherance of your charitable programs qualify to receive payments. (See specific instructions)		



**Part IV Reason for Non-Private Foundation Status (See instructions for definitions)**

The organization is not a private foundation because it is (check applicable box; please check only **ONE** box):

- 5  1 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6  2 A school. Section 170(b)(1)(A)(ii). (Also complete Part V, page 3.)
- 7  3 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8  4 A Federal, state or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9  5 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter name, city, and state of hospital ▶ .....
- 10  6 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete Support Schedule.)
- 11  7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete Support Schedule.)
- 12  8 An organization that normally receives: (a) no more than 1/3 of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975, and (b) more than 1/3 of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions. See section 509(a)(2). (Also complete Support Schedule.)
- 13  9 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) boxes 5 through 12 above or (2) section 501(c)(4), (5), or (6) if they meet the test of section 509(a)(2). See section 509(a)(3).

Provide the following information about the supported organizations. (See instructions for Part IV, box 13.)

(a) Name of supported organizations	(b) Box number from above

- 14  0 An organization organized and operated to test for public safety. Section 509(a)(4). (See specific instructions)

**Support Schedule (Complete only if you checked box 10, 11, or 12 above) Use cash method of accounting.**

Calendar year (or fiscal year beginning in) ▶	(a)	(b)	(c)	(d)	(e)
	1985	1984	1983	1982	Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)					
16 Membership fees received					
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is not a business unrelated to the organization's charitable, etc., purpose					
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975					
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for your benefit and either paid to you or expended on your behalf					
21 The value of services or facilities furnished to you by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					
22 Other income. Attach schedule. Do not include gain (or loss) from sale of capital assets					
23 Total of lines 15 through 22					
24 Line 23 minus line 17					
25 Enter 1% of line 23					
26 Organizations described in box 10 or 11:					
a Enter 2% of amount in column (e), line 24.					
b Attach a list (not open to public inspection) showing the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1982 through 1985 exceeded the amount shown in 26a. Enter the sum of all excess amounts here					

(Continued on page 3)

**Part IV Support Schedule (continued)(Complete only if you checked box 10, 11, or 12 on page 2)**

27 Organizations described in box 12, page 2:

a Attach a list for amounts shown on lines 15, 16, and 17, showing the name of, and total amounts received in each year from, each "disqualified person," and enter the sum of such amounts for each year:

(1985) ..... (1984) ..... (1983) ..... (1982) .....

b Attach a list showing, for 1982 through 1985, the name and amount included in line 17 for each person (other than "disqualified persons") from whom the organization received more, during that year, than the larger of: the amount on line 25 for the year or \$5,000. Include organizations described in boxes 5 through 11 as well as individuals. Enter the sum of these excess amounts for each year:

(1985) ..... (1984) ..... (1983) ..... (1982) .....

28 For an organization described in box 10, 11, or 12, page 2, that received any unusual grants during 1982 through 1985, attach a list (not open to public inspection) for each year showing the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not include these grants in line 15 above. (See specific instructions)

**Part V Private School Questionnaire  
To Be Completed ONLY by Schools That Checked Box 6 in Part IV**

	Yes (1)	No (2)
29 Do you have a racially nondiscriminatory policy toward students by statement in your charter, bylaws, other governing instrument, or in a resolution of your governing body?		
30 Do you include a statement of your racially nondiscriminatory policy toward students in all your brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?		
31 Have you publicized your racially nondiscriminatory policy by newspaper or broadcast media during the period of solicitation for students or during the registration period if you have no solicitation program, in a way that makes the policy known to all parts of the general community you serve? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
32 Do you maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?		
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
d Copies of all material used by you or on your behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)		
33 Do you discriminate by race in any way with respect to:		
a Students' rights or privileges?		
b Admissions policies?		
c Employment of faculty or administrative staff?		
d Scholarships or other financial assistance? (See instructions)		
e Educational policies?		
f Use of facilities?		
g Athletic programs?		
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)		
34a Do you receive any financial aid or assistance from a governmental agency?		
b Has your right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached separate statement.		
35 Do you certify that you have complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation. (See instructions for Part V)		

**Part VI Lobbying Expenditures by Public Charities (See instructions)**  
**(To be completed ONLY by an eligible organization that filed Form 5768)**

Check here  **a** If the organization belongs to an affiliated group. (See instructions)  
 Check here  **b** If you checked **a** and "limited control" provisions apply. (See instructions)

<b>Limits on Lobbying Expenses</b>	(a) Affiliated group totals	(b) To be completed for ALL electing organizations
<b>36</b> Total (grassroots) lobbying expenses to influence public opinion		
<b>37</b> Total lobbying expenses to influence a legislative body		
<b>38</b> Total lobbying expenses (add lines 36 and 37)		
<b>39</b> Other exempt purpose expenses (See Part VI instructions)		
<b>40</b> Total exempt purpose expenses (add lines 38 and 39) (See instructions).		
<b>41</b> Lobbying nontaxable amount. Enter the smaller of \$1,000,000 or the amount determined under the following table—		
<b>If the amount on line 40 is—</b>		
Not over \$500,000		
Over \$500,000 but not over \$1,000,000		
Over \$1,000,000 but not over \$1,500,000		
Over \$1,500,000		
<b>The lobbying nontaxable amount is—</b>		
20% of the amount on line 40.		
\$100,000 plus 15% of the excess over \$500,000		
\$175,000 plus 10% of the excess over \$1,000,000		
\$225,000 plus 5% of the excess over \$1,500,000		
<b>42</b> Grassroots nontaxable amount (enter 25% of line 41) (Complete lines 43 and 44. File Form 4720 if either line 36 exceeds line 42 or line 38 exceeds line 41.)		
<b>43</b> Excess of line 36 over line 42		
<b>44</b> Excess of line 38 over line 41		

**4-Year Averaging Period Under Section 501(h).**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45-50 for details.)

**Lobbying Expenses During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in) ▶	(a) 1986	(b) 1985	(c) 1984	(d) 1983	(e) Total
<b>45</b> Lobbying nontaxable amount (See instructions)					
<b>46</b> Lobbying ceiling amount (150% of line 45(e))					
<b>47</b> Total lobbying expenses (See instructions)					
<b>48</b> Grassroots nontaxable amount (See instructions)					
<b>49</b> Grassroots ceiling amount (150% of line 48(e))					
<b>50</b> Grassroots lobbying expenses (See instructions)					