



Mobile County PUBLIC SCHOOLS

1 Magnum Pass | Mobile, Alabama 36618 | www.mcps.com

BOARD OF SCHOOL COMMISSIONERS
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Reginald A. Crenshaw, Ph.D., V. President - District 3
L. Douglas Harwell, Jr. - District 1
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Rev. Levon C. Manzie - District 4
SUPERINTENDENT Martha L. Peek

September 4, 2013

To Whom It May Concern:

This is to certify that the Board of School Commissioners of Mobile County, otherwise known as Mobile County Public Schools, is considered:

- A Tax-Exempt Public Charity as defined under IRS Section 501(c)(3)
- A Tax-Exempt Government Entity
- A Non-Profit Educational Institution – Pursuant to Internal Revenue Code section 170(c)(1) (see also PLR 8816063), Mobile County Public Schools are eligible to receive charitable contributions which are deductible for federal income tax purposes, subject to the limitations provided in Section 170 of the Code. The Board intends to use any donated gift for exclusively public purposes.

Thank you for your interest in Mobile County Public Schools. If you need any further information, please do not hesitate to contact my office.

Kind regards,

Lori A. Zirlott
Comptroller

Federal Employer ID # 63-6000774
State Employer ID # 69-0640434

MCPSS Comptroller Office
Telephone (251) 221-4494 Fax (251) 221-4493
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Governmental Information Letter

Government entities are frequently asked to provide a tax-exempt number or "determination" letter to prove its status as a "tax-exempt" or charitable entity. For example, applications for grants from a private foundation or a charitable organization generally require this information as part of the application process. In addition, donors frequently ask for this information as substantiation that the donor's contribution is tax deductible, and vendors ask for this to substantiate that the organization is exempt from sales or excise taxes. (Exemption from sales taxes is made under state law rather than Federal law.)

The Internal Revenue Service does not provide a tax-exempt number. A government entity may use its Federal TIN (taxpayer identification number), also referred to as an EIN (Employer Identification Number), for identification purposes.

Governmental units, such as states and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a state are entities with one or more of the sovereign powers of the state such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

An entity that is not a political subdivision but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a state, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may be tax deductible to contributors.

In order for a government entity to receive a determination of its status as a political subdivision, instrumentality of government, or whether its revenue is exempt under Internal Revenue Code section 115, it must obtain a letter ruling by following the procedures specified in [Revenue Procedure 2012-1](#) or its successor. There is a fee associated with obtaining a letter ruling.

As a special service to government entities, IRS will issue a "governmental information letter" free of charge. This letter describes government entity exemption from Federal income tax and cites applicable Internal Revenue Code sections pertaining to deductible contributions and income exclusion. Most organizations and individuals will accept the governmental information letter as the substantiation they need.

Government entities can request a governmental information letter by calling 1-877-829-5500.

Page Last Reviewed or Updated: 31-Jan-2013

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In reply refer to: 0752139588
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MOBILE COUNTY BOARD OF SCHOOL
COMMISSIONERS
PO BOX 180069
MOBILE AL 36618-0069

Governmental Information Letter

050461

Federal Identification Number: 63-6000774
Person to Contact: Tax-Exempt & Government Entity
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This responds to your request for information about your federal tax status. Our records do not specify your federal tax status. However, the following general information about the tax treatment of state and local governments and affiliated organizations may be of interest to you.

GOVERNMENTAL UNITS

Governmental units, such as States and their political subdivisions, are not generally subject to federal income tax. Political subdivisions of a State are entities with one or more of the sovereign powers of the State such as the power to tax. Typically they include counties or municipalities and their agencies or departments. Charitable contributions to governmental units are tax-deductible under section 170(c)(1) of the Internal Revenue Code if made for a public purpose.

ENTITIES MEETING THE REQUIREMENTS OF SECTION 115(1)

An entity that is not a governmental unit but that performs an essential government function may not be subject to federal income tax, pursuant to Code section 115(1). The income of such entities is excluded from the definition of gross income as long as the income (1) is derived from a public utility or the exercise of an essential government function, and (2) accrues to a State, a political subdivision of a State, or the District of Columbia. Contributions made to entities whose income is excluded income under section 115 may not be tax deductible to contributors.

TAX-EXEMPT CHARITABLE ORGANIZATIONS

An organization affiliated with a State, county, or municipal government may qualify for exemption from federal income tax under section 501(c)(3) of the Code, if (1) it is not an integral part of the government, and (2) it does not have governmental powers inconsistent with exemption (such as the power to tax or to exercise enforcement or regulatory powers). Note that entities may meet the requirements of both sections 501(c)(3) and 115 under certain circumstances. See Revenue Procedure 2003-12, 2003-1 C.B. 316.

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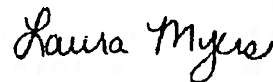
MOBILE COUNTY BOARD OF SCHOOL
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PO BOX 180069
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Most entities must file a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, to request a determination that the organization is exempt from federal income tax under 501(c)(3) of the Code and that charitable contributions are tax deductible to contributors under section 170(c)(2). In addition, private foundations and other persons sometimes want assurance that their grants or contributions are made to a governmental unit or a public charity. Generally, grantors and contributors may rely on the status of governmental units based on State or local law. Form 1023 and Publication 4220, Applying for 501(c)(3) Tax-Exempt Status, are available online at www.irs.gov/eo.

We hope this general information will be of assistance to you. This letter, however, does not determine that you have any particular tax status. If you are unsure of your status as a governmental unit or state institution whose income is excluded under section 115(l) you may seek a private letter ruling by following the procedures specified in Revenue Procedure 2007-1, 2007-1 I.R.B. 1 (updated annually).

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,



Laura Myers
Operations Manager, AM Ops. 3

a Form 990-T is required to be filed, an organization must notify the IRS by letter that it has changed its fiscal period.

If an organization changed its annual accounting period at any time within the previous 10 years and within that time it had a filing requirement, the organization must file a Form 1128, Application to Adopt, Change, or Retain a Tax Year, with its timely filed annual information return or Form 990-T, as appropriate, whether or not the filing of the information return or Form 990-T would have otherwise been required for that year.

Central organizations. A central organization can obtain approval for a group change in an annual accounting period for its subordinate organizations on a group basis only by filing Form 1128 with the Service Center where it files its annual information return. For more information, see Revenue Procedure 76-10, 1976-1 C.B. 548, as modified by Revenue Procedure 79-3, 1979-1 C.B. 483, or any later updates.

Due date. Form 1128 must be filed by the 15th day of the 5th month following the close of the short period.

3.

Section

501(c)(3)

Organizations

Introduction

An organization may qualify for exemption from federal income tax if it is organized and operated exclusively for one or more of the following purposes.

- Religious.
- Charitable.
- Scientific.
- Testing for public safety.
- Literary.
- **Educational.**
- Fostering national or international amateur sports competition (but only if none of its activities involve providing athletic facilities or equipment; however, see [Amateur Athletic Organizations](#), later in this chapter).
- The prevention of cruelty to children or animals.

To qualify, the organization must be a corporation, community chest, fund, articles of association, or foundation. A trust is a fund or foundation and will qualify. However, an individual or a partnership will not qualify.

Examples. Qualifying organizations include:

- Nonprofit old-age homes,
- Parent-teacher associations,
- Charitable hospitals or other charitable organizations,
- Alumni associations,
- Schools,
- Chapters of the Red Cross,
- Boys' or Girls' Clubs, and
- Churches.

Child care organizations. The term *educational purposes* includes providing for care of children away from their homes if substantially all the care provided is to enable individuals (the parents) to be gainfully employed and the services are available to the general public.

Instrumentalities. A state or municipal instrumentality may qualify under section 501(c)(3) if it is organized as a separate entity from the governmental unit that created it and if it otherwise meets the organizational and operational tests of section 501(c)(3). Examples of a qualifying instrumentality might include state schools, universities, or hospitals. However, if an organization is an integral part of the local government or possesses governmental powers, it does not qualify for exemption. A state or municipality itself does not qualify for exemption.

Topics

This chapter discusses:

- Contributions to 501(c)(3) organizations,
- Applications for recognition of exemption,
- Articles of Organization,
- Educational organizations and private schools,
- Organizations providing insurance,
- Other section 501(c)(3) organizations,
- Private foundations and public charities, and
- Lobbying expenditures.

Useful Items

You may want to see:

Forms (and Instructions)

- **1023** Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

See chapter 6 for information about getting publications and forms.

Contributions to 501(c)(3) Organizations

Contributions to domestic organizations described in this chapter, except organizations testing for public safety, are deductible as charitable contributions on the donor's federal income tax return.

Fundraising events. If the donor receives something of value in return for the contribution, a common occurrence with fundraising efforts, part or all of the contribution may not be deductible. This may apply to fundraising activities such as charity balls, bazaars, banquets, auctions, concerts, athletic events, and solicitations for membership or contributions when merchandise or benefits are given in return for payment of a specified minimum contribution.

If the donor receives or expects to receive goods or services in return for a contribution to your organization, the donor cannot deduct any part of the contribution unless the donor intends to, and does, make a payment greater than the fair market value of the goods or services. If a deduction is allowed, the donor can deduct only the part of the contribution, if any, that is more than the fair market value of the goods or services received. You should determine in advance the fair market value of any goods or services to be given to contributors and tell them, when you publicize the fundraising event or solicit their contributions, how much is deductible and how much is for the goods or services. See [Disclosure of Quid Pro Quo Contributions](#) in chapter 2.

Exemption application not filed. Donors cannot deduct any charitable contribution to an organization that is required to apply for recognition of exemption but has not done so.

Separate fund—contributions that are deductible. An organization that is exempt from federal income tax other than as an organization described in section 501(c)(3) can, if it desires, establish a fund, separate and apart from its other funds, exclusively for religious, charitable, scientific, literary, or educational purposes, fostering national or international amateur sports competition, or for the prevention of cruelty to children or animals.

If the fund is organized and operated exclusively for these purposes, it may qualify for exemption as an organization described in section 501(c)(3), and contributions made to it will be deductible as provided by section 170. A fund with these characteristics must be organized in such a manner as to prohibit the use of its funds upon dissolution, or otherwise, for the general purposes of the organization creating it.

Personal benefit contracts. Generally, no charitable deduction will be allowed for a transfer to, or for the use of, a section 501(c)(3) or

2. The corporation will not engage in any act of self-dealing as defined in section 4941(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
3. The corporation will not retain any excess business holdings as defined in section 4943(c) of the Internal Revenue Code, or the corresponding section of any future federal tax code.
4. The corporation will not make any investments in a manner as to subject it to tax under section 4944 of the Internal Revenue Code, or the corresponding section of any future federal tax code.
5. The corporation will not make any taxable expenditures as defined in section 4945(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Draft B

Any other provisions of this instrument notwithstanding, the trustees shall distribute its income for each tax year at a time and in a manner as not to become subject to the tax on undistributed income imposed by section 4942 of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Any other provisions of this instrument notwithstanding, the trustees will not engage in any act of self-dealing as defined in section 4941(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code; nor retain any excess business holdings as defined in section 4943(c) of the Internal Revenue Code, or the corresponding section of any future federal tax code; nor make any investments in a manner as to incur tax liability under section 4944 of the Internal Revenue Code, or the corresponding section of any future federal tax code; nor make any taxable expenditures as defined in section 4945(d) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

Effect of state law. A private foundation's governing instrument will be considered to meet these charter requirements if valid provisions of state law have been enacted that:

1. Require it to act or refrain from acting so as not to subject the foundation to the taxes imposed on prohibited transactions, or
2. Treat the required provisions as contained in the foundation's governing instrument.

The IRS has published a list of states with this type of law. The list is in Revenue Ruling 75-38, 1975-1 C.B. 161 (or later update).

Public Charities

A private foundation is any organization described in Section 501(c)(3), unless it falls into one of the categories specifically excluded from the definition of that term in section 509(a), which lists four basic categories of exclusions. These categories are discussed under the Section 509(a)(1), 509(a)(2), 509(a)(3), and 509(a)(4) Organizations headings that follow this introduction. See Section 509(a) Organizations, etc.

If your organization falls into one of these categories, it is not a private foundation and you should state this in Part X of your application for recognition of exemption (Form 1023).

If your organization does not fall into one of these categories, it is a private foundation and is subject to the applicable rules and restrictions until it terminates its private foundation status. Some private foundations also qualify as private operating foundations; these are discussed near the end of this chapter.

Generally speaking, a large class of organizations excluded under section 509(a)(1) and all organizations excluded under section 509(a)(2) depend upon a support test. This test is used to assure a minimum percentage of broad-based public support in the organization's total support pattern. Thus, in the following discussions, when the one-third support test (see Qualifying as Public Supported, later) is referred to, it means the following fraction normally must equal at least one-third.

Qualifying support total support



Including items of support in qualifying support (the numerator of the fraction) or excluding items of support from total support (the denominator of the fraction) may decide whether an organization is excluded from the definition of a private foundation, and thus from the liability for certain excise taxes. It is very important to classify items of support correctly.

Section 509(a)() Organizations

Section 509(a)() organizations include:

1. A church or a convention or association of churches,
2. An educational organization such as a school or college,
3. A hospital or medical research organization operated in conjunction with a hospital,
4. Endowment funds operated for the benefit of certain state and municipal colleges and universities,
5. A governmental unit, and
6. A publicly supported organization.

Church. The characteristics of a church are discussed earlier in this chapter under *Religious Organizations*.

Educational organizations An educational organization is one whose primary function is to present formal instruction that normally maintains a regular faculty and curriculum and that normally has a regularly enrolled body of pupils or students in attendance at the place where it regularly carries on its educational activities. The term includes institutions such as primary, secondary, preparatory, or high schools, and colleges and universities. It includes federal state, and other publicly supported schools that otherwise come within the definition. It does not include organizations engaged in both educational and noneducational activities, unless the latter are merely incidental to the educational activities. A recognized university that incidentally operates a museum or sponsors concerts is an educational organization. However, the operation of a school by a museum does not necessarily qualify the museum as an educational organization.

An exempt organization that operates a tutoring service for students on a one-to-one basis in their homes, maintains a small center to test students to determine their need for tutoring, and employs tutors on a part-time basis is not an educational organization for these purposes. Nor is an exempt organization that conducts an internship program by placing college and university students with cooperating government agencies an educational organization.

Hospitals and medical research organizations. A hospital is an organization whose principal purpose or function is to provide hospital or medical care or either medical education or medical research. A rehabilitation institution, outpatient clinic, or community mental health or drug treatment center may qualify as a hospital if its principal purpose or function is providing hospital or medical care. If the accommodations of an organization qualify as being part of a skilled nursing facility, that organization may qualify as a hospital if its principal purpose or function is providing hospital or medical care. A cooperative hospital service organization that meets the requirements of section 501(e) will qualify as a hospital.

Exceptions. The term hospital does not include convalescent homes, homes for children or the aged, or institutions whose principal purpose or function is to train handicapped individuals to pursue a vocation. An organization that mainly provides medical education or medical research will not be considered a hospital, unless it is also actively engaged in providing medical or hospital care to patients on its premises or in its facilities, on an in-patient or out-patient basis, as an integral part of its medical education or medical research functions.

Hospitals participating in provider-sponsored organizations. An organization can be treated as organized and operated exclusively for a charitable purpose even if it



"Public Charities"

A private foundation is any domestic or foreign organization described in section 501(c)(3) of the Internal Revenue Code except for an organization referred to in section 509(a)(1), (2), (3), or (4). In effect, the definition divides section 501(c)(3) organizations into two classes: private foundations and public charities.

Generally, organizations that are classified as public charities are those that

- Are churches, hospitals, qualified medical research organizations affiliated with hospitals, schools, colleges and universities,
- Have an active program of fundraising and receive contributions from many sources, including the general public, governmental agencies, corporations, private foundations or other public charities,
- Receive income from the conduct of activities in furtherance of the organization's exempt purposes, or
- Actively function in a supporting relationship to one or more existing public charities.

Private foundations, in contrast, typically have a single major source of funding (usually gifts from one family or corporation rather than funding from many sources) and most have as their primary activity the making of grants to other charitable organizations and to individuals, rather than the direct operation of charitable programs.

Additional Information

[Charitable trusts that support public charities](#)

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