

Instructions for Submission

Obtain an EIN

You must have applied for and received your Employer Identification Number (EIN) prior to filing a Form 1023. If your PTA has not received an EIN, you can apply online. You will get an EIN immediately upon completion. The online form can be found at:

<https://sa.www4.irs.gov/modiein/individual/index.jsp>.

Part 1: Identification of Applicant

1a: Full name of organization

Enter your corporation name.

1b: c/o Name

If Washington State PTA will be your registered agent, enter "Washington State PTA".

1c: Mailing address

If Washington State PTA will be your registered agent, enter "15 Oregon Avenue, Suite 202"

1d: City

If Washington State PTA will be your registered agent, enter "Tacoma"

1e: Country

Enter "United States"

1f: State

Enter "Washington"

1g: Zip code + 4

If Washington State PTA will be your registered agent, enter "98409-7463"

1h: Foreign province (or State)

Not applicable

1i: Foreign postal code

Not applicable

2: Employer Identification Number (EIN)

Enter the nine-digit EIN assigned to you.

3: Month the annual accounting period ends

Enter "06" the fiscal year for PTAs in Washington is July 1 to June 30.

4: Person to contact

Enter the name of the person completing this form.

5: Contact phone number

Enter the phone number of the person completing this form.

6: Fax number (optional)

Enter a fax number for the PTA (optional).

7: User fee submitted

The user fee is \$600.00 as of May 2020.

8: Organization's website (if applicable)

Enter your PTA's website address if you have one. Do not enter the school's website address.

9: List of officers

List the names, titles, and mailing addresses of your officers. (You can use the school address for each officer.)

Part II: Organizational Structure

1: Select type of organization

Select "Corporation."

2: Date of Incorporation

Enter the date that you were legally created using the format MM/DD/YYYY.

3: Select your State

Select "Washington."

4: Have you adopted bylaws?

Answer "Yes."

***Upload** a copy of the *WSPTA Uniform Bylaws*.

5: Successor organization

Most PTAs would answer "No."

Part III: Required Provisions in Your Organizing Document

***Upload** a copy of your PTA's Articles of Incorporation and any Amendments.

1: Purpose clause

Check "Yes." That your Articles of Incorporation state, "organized exclusively for charitable and educational purposes."

1a: List where it is stated

Enter "page 1, Article III, first paragraph."

2: Dissolution clause

Check “Yes” that your PTA’s Articles of Incorporation have the correct language. On page 8 of the IRS 1023 Instructions is the IRS language that needs to be included in your Articles of Incorporation.

2a: List where it is stated

Enter “page 2, Article V, paragraph 1”

Part IV: Your Activities

1: Narrative description of your activities

This is the most important part of Form 1023 - this is your contract with the IRS. **This upload is required.** You may refer to other parts of your application rather than repeat information that has been provided elsewhere. Describe completely and in detail your **past, present, or planned** activities. Include information that answers the following questions:

- What is the activity? **Give a detailed description of all activities.**
- Who conducts the activity? **PTA**
- When is the activity conducted? **Examples would be “every spring” or “every November.”**
- Where is the activity conducted? **In our school community or offsite.**
- How does the activity further your exempt purposes? **Explain.**

If your PTA is currently a 501(c)(4) organization, then you need to include that information and the date of your Letter of Determination in your narrative. Please also include a copy of your 501(c)(4) Letter of Determination with this application.

The answer to “How does the activity further your exempt purposes?” is the most important answer to any of these questions. You will be asking the government to allow you to organize as a 501(c)(3) charity with the exempt function of supporting and promoting education and benefiting children and youth. Every past, present, or planned activity should have a statement on how this activity furthers your exempt purpose.

The IRS will be concerned that your activities are geared towards your exempt function. For example, they will not grant you 501(c) (3) status if you tell them you want to support education and benefiting children, yet you raise funds and spend them on, promoting wildlife preservation. Both are worthy activities, but remember you are being organized to support and promote education, children and youth and nothing else.

The answers and documentation provided to answer this question is likely why the IRS either rejects applications or requests more information from the applicant. Be a salesperson by explaining your activities to the IRS, providing written promotional materials advertising the event, how much was raised for the activity, and how those funds raised were (or will be)

spent, and what criteria was used to select any individuals (as opposed to a whole group, like the 3rd grade) who received funds, especially if those funds are in the nature of scholarships.

- What percentage of your total time is allocated to the activity?
- How is the activity funded?

List any alternate names under which you operate, including any “aka” (also known as) or “dba” (doing business as) names. **Please look at your corporation name; you would put other and include all additional name(s) that your PTA goes by or uses.**

If a PTA has a website, you may upload copies of relevant materials to support your narrative description of activities. Providing examples of past newsletters, brochures or other written examples of activities your PTA has supported (e.g. library reading materials) and how you raised funds for them can strengthen your application.

Written examples show the IRS that your application is from a group of parents and teachers trying to help children. Showing the human element of how you raise and spend funds gives the IRS a better understanding of your PTA. This understanding makes them feel more comfortable that your exemption request qualifies as a 501(c)(3) charity under the Internal Revenue Code.

Below is a statement that a PTA might use in their narrative, if they want to provide emergency relief for disasters.

“Sample PTA (Corporation Name) would like to provide financial support for emergency relief efforts to one or more recognized 501(c)(3) organizations for natural disasters affecting large numbers of children. Our PTA would like to help as many children as possible in their time of need. Donating and encouraging our students to participate brings awareness to our students and helps them to be empathic to others during these traumatic times.”

2: Enter the appropriate 3-character NTEE code that best describes your activities

Enter “B94 Parent/Teacher Group.”

3: Describe your membership program

Most PTAs would answer “No.”

If you answer “Yes,” you must describe any benefits that only members receive. Upload a list of your different membership levels and the benefits each membership level receives. Upload a sample membership flyer, membership envelope, and a schedule of membership dues.

4: Related parties to individuals listed from Part I,9 – list of officers.

Most PTAs would answer “No.” This would not include the children of the board of directors because all children of your school community would receive the same benefit from your PTA.

5: Support or oppose a candidate in political campaigns

Most PTAs would answer “No.”

If you answer “Yes,” your PTA may not be a 501(c)(3) organization because a 501(c)(3) organization may not support or oppose a candidate for public office. This is also against the *Washington State PTA Uniform Bylaws*.

6: Influence legislation or lobbying

Check “Yes” if your PTA donates to a levy or bond fund or if your PTA has supported a bill or an initiative or sent a delegate to WSPTA Legislative Assembly in the past or plans to send a delegate in the future. It is best to check “Yes” to this question because you may want to support a levy or bond issue in the future. In the space provided, you will need to make a statement such as:

“Sample PTA’s attempts to influence legislation are not a substantial part of our activities or budget. We have spent approximately ___%* of our volunteer time and our budget over the last four years in our efforts to influence legislation”

**If your percentage is higher than 5%, please call the WSPTA office.*

Another sample statement might be:

“Our legislative activity has always been insubstantial. Less than ___%* of our volunteer time and expenses goes towards legislative activity.”

**Use 1%, 2%, 3%, 4%, or 5%.*

6a: Election 501(h) by filing Form 5768

Check “No” if your legislative activity is insubstantial, i.e. this is 5% or less of your volunteer time and expenses.

If you check “Yes,” please call the WSPTA office for help with Form 5768.

7: Intellectual property

Check “No.” If you check “Yes” you must follow IRS instructions. Examples are patents, copyrights, trade names, and formulas that will be marketed to the public.

8: Educational information on budgeting

Select “No.” Your PTA should not provide educational information to the general public on budgeting personal finance, financial literacy, saving and spending practices.

9: Grants, loans, or other distributions to organization(s)

Check “No” and continue to 10.

10: Operate in a foreign country

Check “No” and continue to 11.

11: Donor advised fund

Check “No.”

12: Operate a school

Check “No.”

13: Provide hospital or medical care

Check “No.”

14: Provide low-income housing

Check “No.”

15: Do you, or will you, provide scholarships, fellowships, educational loans, or other grants to individuals?

Most PTAs would answer “No” because the monies given to a local school district are in the nature of a restricted donation not a grant according to IRS definition. (If you have questions or are not sure about your program, please call the WSPTA office.)

You would answer “Yes” if your PTA’s scholarship and grant programs have a judging and application process. In that case, you need to complete Schedule H, Section 1, lines 1a through 7. Do not complete Section II, of Schedule H lines 1a through 3 because you are a Public Charity.

16: Fundraising

Check the boxes that pertain to your PTA’s fundraising program. You would check the “Other” box for fundraising activities like selling cookie dough or catalog sales. In the space provided, describe each fundraising program. Refer back to Part IV: Narrative Description of Your Activities, to make sure you cover each activity listed in Part IV.

17: Fundraising Activities for Another Organization

Most PTAs would check “No.”

Part V: Compensation and Other Financial Arrangements with Your Officers, Directors, Trustees, Employees, and Independent Contractors

1: Compensate officers, directors or trustees

Most PTAs would check “No.” Check “No” if no compensation is or will be paid and continue to number 2. The Board of Directors consists of the executive committee and committee chairs. (Committee chairs who are on the board of directors should be listed in the PTA’s Standing Rules).

2: Conflict of Interest Policy

Check “No” if your PTA does not have a conflict of interest policy that is consistent with the sample the IRS provides on pages 25 and 26 of IRS instructions and describe the procedures you will follow.

If you answered “Yes,” upload a copy of your Conflict of Interest Policy.

3: Compensate officers, directors or trustees

Most PTAs would check “No.”

4: Sell goods or assets

Most PTAs would check “No.”

5: Leases, contracts, loans

Most PTAs would check “No.”

6: Leases, contracts, loans, other agreements with an insider’s business

Most PTAs would check “No.”

7: Manage

Most PTAs would check “No.”

8: Joint ventures

Most PTAs would check “No.”

Part VI: Financial Data

1: For the purpose of this schedule, years in existence refer to completed tax years

- You completed less than one tax year, provide projects of your likely revenues and expenses for the current year and the two following years, based on a reasonable and good faith estimate of your future finances for a total of three years of financial information.
- You completed one tax year but fewer than five, provide projections of your likely revenues and expenses for the current year and the following three years based on a reasonable and good faith estimate of your future finances for a total of four years of financial information.
- You completed five or more tax years, provide financial information for your most recent five tax years (including the current year.)

A: Statement of Revenue and Expenses

1: Gifts, grants and contributions received.

All donations and contributions and grants from other organizations and the “fair market value” of all donated items for your auction and door prizes.

2: Membership fees received.

Enter the total amount that your PTA received in membership dues. This includes the WSPTA portion, the National PTA portion, and any council membership fees (if the PTA belongs to a council.)

3: Gross investment income.

Enter all interest from your checking accounts, savings accounts, and CDs.

4: Net unrelated business income.

If your PTA has no employees, do not enter anything on this line.

5: Taxes levied for your benefit.

A PTA does not need to enter anything on this line.

6: Value of services of facilities furnished by a governmental unit.

A PTA does not need to enter anything on this line.

7: Any revenue not otherwise listed above or in lines 9-12.

A PTA does not need to enter anything on this line.

8: Total of lines 1 through 7.

9: Gross receipts from admissions, merchandise sold, or services performed in any activity that is related to your exempt purpose.

A PTA would enter income from the sale of yearbooks, book fairs, emergency preparedness supplies, cookie dough, catalog sales, and coupon books. This line is just about all of your income for your PTA. Provide information in the space provided.

10: Total of lines 8 and 9.

11: Gain or loss on sale of capital assets.

A PTA does not need to enter anything on this line.

12: Unusual grants.

A PTA does not normally need to enter anything on this line.

13: Total revenue (addition of lines 10 through 12).

14: Fundraising expenses.

Enter the expenses for cookie dough and catalog sales and such events. List the cost of printing flyers for your fundraising event, and other fundraising expenses. Provide information in the space provided.

15: Contributions, gifts, grants (scholarships) and similar amounts paid.

If the PTA has a scholarship program (and completed Schedule H) and gave to a disaster relief fund, these amounts go on this line. Provide information in the space provided.

16: Disbursement to or for the benefit of members.

A PTA does not need to enter anything on this line.

17: Compensation of officers, directors and trustees.

A PTA does not normally need to enter anything on this line.

18: Other salaries and wages.

A PTA does not normally need to enter anything on this line.

19: Interest expense.

A PTA does not need to enter anything on this line.

20: Occupancy (rent, utilities, etc.)

A PTA does not need to enter anything on this line.

21: Depreciation and depletion.

A PTA would only have depreciation on items of value of \$1000 or more (e.g., a popcorn machine) and depreciate 20% a year.

22: Professional fees.

Enter the amount you paid an independent contractor; this includes accounting and legal services.

23: Any expense not otherwise classified such as program services.

A PTA would enter all expenses that were for the benefit of children and your purpose, membership fees, and administrative expenses (insurance, incorporation renewal and charitable solicitation renewal). This includes grants to the school district, camps, book fairs, items to enhance the classroom and hospitality. Provide information on the space provided.

24: Total expenses (addition of lines 14 through 23).

25: Itemized financial data.

B: Balance Sheet

1: Cash.

Enter all balances from your checking and savings accounts and any other accounts (CDs, etc.)

2: Accounts receivable.

Enter any payments from an individual or business. Most PTAs will have a "0" (zero) on this line.

3: Inventories.

An example would be inventory for a school store.

4, 5, and 7: Investment.

Most PTAs will enter "0" (zero) on these lines. Refer to IRS Instructions on Pages 13 and 14 for your determination.

6: Loans receivable.

This would be personal, or mortgage loans and most PTAs would enter “0” (zero.)

8: Building and equipment (depreciable assets).

A PTA should enter any asset that has a value of \$1000 or more. An example might be a popcorn machine. The recommendation is to depreciate the value of these assets over a five-year period at 20% a year. (Call the WSPTA Office if you have any questions.) Provide details in the space provided.

9: Land.

Most PTAs will have a “0” (zero) on this line.

10: Other assets.

List any other assets that are not listed on line 1 through 9.

11: Total assets.

12: Accounts payable.

Most PTAs will have a “0” (zero) on this line.

13: Grants payable.

Enter the total of any unpaid amount of grants and contributions that the PTA has made a commitment to pay to individuals or organizations. (An example would be unpaid scholarships.) Provide information on the space provided.

14: Mortgages and notes payable.

Most PTAs will have a “0” (zero) on this line.

15: Other liabilities.

Enter the total amount of any other liabilities that are not reported on lines 12 through 14. Most PTAs will have a “0” (zero) on this line. Provide information in the space provided.

16: Total liabilities (addition of lines 12-15).

17: Total fund balances or net assets (subtraction of line 16 from line 11).

18: Total Liabilities and Fund Balances or Net Assets (addition of lines 16-17).

19: Itemized financial data.

Part VII: Foundation Classification

1: This section determines if your PTA is a private foundation.

Generally, if you receive broad financial support from the public, you will not be considered a private foundation. It is in your best interest NOT to be classified as a private foundation. Your choices are more than likely the first or second option.

Select the first option if at least one-third of your support is from government agencies, the general public, or from other public charities. Does your PTA receive the majority of your income from donations and an auction? If this is how your PTA receives the majority of your income, then you would select the first option. Also select the first option if at least 10% of your total support is from governmental agencies, the general public, or from other public charities.

Select the second option if you normally receive not more than one-third of your support from contributions, membership fees, and gross receipts related to your exempt function (sale of yearbooks, book fairs, and sale of merchandise such as cookie dough, or catalog sales), or a combination of these sources. You may not select this choice if more than one-third of your support is from gross investment income and net unrelated business income.

1a: It is in your best interest NOT to be classified as a private foundation.

DO NOT ANSWER

1b: Provide scholarships, fellowships, educational loans, or other grants to individuals?

Most PTAs would answer “No”, because the monies given to a local school district are in the nature of a restricted donation not a grant according to IRS definition.

1c: Private foundation?

No, it is in your best interest NOT to be classified as a private foundation.

1d:

Enter N/A. You are not a private foundation.

2: 509(A)(1) and 170(b)(1)(A)(vi)

Select “Yes”, if you have been in existence more than 5 years and have received one-third or more of your total support from government agencies, the general public, or from other public charities: or if 10% or more of your total support is from governmental agencies, the general public, or from other public charities, and you can meet the fact and circumstances test. See the instructions to Form 1023 and Publication 557 for more information on the facts and circumstances test.

2i:

Select “Yes”, if you received from any person, company, or organization whose gifts totaled more than 2% amount of line 8 in Part VI-A.

If “Yes,” identify the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount.

Selection “No” If you have not received from any person, company, or organization gifts totaled more than 2% amount of line 8 in Part VI-A.

2ii:

Select “Yes” if at least one-third of your support is from public sources or did you normally receive at least 10% of your total support from governmental agencies, the general public, or from other publicly supported organizations.

2a: 509(A)(2)

If you have been in existence more than 5 years and if at least you normally receive not more than one-third of your support from contributions, membership fees, and gross receipts related to your exempt function (sale of yearbooks, book fairs, and sale of merchandise such as cookie dough, or catalog sales), or a combination of these sources. You may not select this choice if more than one-third of your support is from gross investment income and net unrelated business income. Calculate whether you meet his support test for your most recent five year period.

2ai:

Select “Yes” if you that you have received donations from (a disqualified person) your Board of Directors (elected positions and committee chairmen listed in your PTA’s Standing Rules) and their family members (who have paid membership fees).

If Yes identify the name of each disqualified person. You would include the amount they paid for membership fees and any donations contributed by each of these donors, keep a list for your records.

2aii:

Select “No”, most PTAs would answer no because they have not received \$5,000 or more from any individual or business.

2aiii:

Typically, you don’t receive more than one-third of your revenues from the public and your investment income is less than one-third of your total revenues, you should check “No” Most PTAs would answer “No.”

Part VIII: Effective Date

Newer PTAs (incorporated less than 27 months) would answer “Yes” to this question. PTAs changing from a 501(c)(4) to a 501(c)(3) organization and new PTAs filing for the first time that have been incorporated more than 27 months would check “No.” If you answer “No,” you must complete Schedule E.

Part IX: Annual Filing Requirements

If you fail to file a required information return or notice for three consecutive years, your exempt status will be automatically revoked.

1:

Most PTAs would check “No”

If you check “Yes”, check below the reason you are not required to file an information return.

Part X: Signature

Check the declare under the penalties of perjury that you are authorized to sign on behalf of the above organization, and you have examined this application and to the best of your knowledge it is true, correct and complete. Type your name, title, and date.

Part XI: User Fee Information

The IRS charges a user fee for processing the Form 1023. As of January 31, 2020, the IRS requires that Form 1023 applications for recognition of exemption be submitted electronically online at Pay.gov. The user fees must be paid through Pay.gov when the application is filed. The current user fee can be found at <https://www.irs.gov/charities-non-profits/form-1023-and-1023-ez-amount-of-user-fee>.

Schedule E. Organizations Not Filing Form 1023 Within 27 Months of Formation

A PTA that is currently a 501(c)(4) and changing to a 501(c)(3) organization must complete Schedule E.

Line 1: “No.”

Line 2a: Answer “Yes” if your gross receipts are \$5000 or less and stop here.
Answer “No” if your gross receipts are \$5000 or more.

Line 2b: Answer “Yes” if your gross receipts are \$5000 or more and you are filing within 90 days of June 30th of the first year that the PTA grossed more than \$5000. If “Yes”, stop here.

Answer “No” if your gross receipts have been over \$5000.00 and this filing is after September 30 of the first year that the PTA grossed more than \$5000.

Line 3a: Answer “No.” Washington State PTA does **not** have a group exemption.

Line 4: Answer “Yes” if you were incorporated on or before October 9, 1969. If “Yes,” stop here. Answer “No” if your PTA was incorporated after October 9, 1969.

Line 5: Answer “Yes” for an extension of time and attach a statement with the below phrases that pertains to your PTA situation. You need to always include statement number 5. By answering yes to Line 5, you are asking for a **Definitive Ruling**; please refer to **Part X, Line 6b**.

1. All volunteer organization
2. No paid staff
3. Officers change each year.
4. Our Board was unaware that our PTA had not applied for 501(c) (3) status but once the Board became aware of this oversight we have submitted this application.
5. **Our PTA has never supported a candidate for public office.**
6. Our legislative activity has always been insubstantial of less than ____% of our volunteer time and expenses. Please refer to Part VIII, Line 2a. For the percentage of your volunteer time and expenses.
7. The only difference in our activities is that we will now be able to tell individuals and businesses that their donations will be tax-deductible donations.

If the answer was “Yes” to Line 5 then do **NOT** answer lines 6, 7, or 8.

Answer “No” if your PTA does not feel that they can ask for an extension of time of the 27 months and that there will be significant change in your financial activity from your past financial history. Please answer lines 6, 7, and 8.

Line 6a: Answer “Yes” if you answered “No” to Line 5. By answering yes to Line 6, you will be asking for an **Advance Ruling**; please refer to **Part X, Line 6a**. If your PTA receives an Advance Ruling, then at the end of this period your PTA will need to complete the “Support Schedule for Advance Ruling Period” on your income from the advance ruling period. You are eligible for an advance ruling to be classified as a public charity from the postmark of your 1023 application.

Line 6b: Answer “Yes” if you anticipate significant changes in your sources of support in the future and you would answer Line 7.

Line 7: Complete this item only if you answered “Yes” to line 6b. Include projected revenue for the first two full years following the current tax year. Call the WSPTA office if you have any questions or need help with Line 7.

Line 8: **If your PTA is already a 501(c)(4) organization, do not check this box.** If your PTA is **not** a 501 (c) (4) organization and has been in existence for more than 27 months, then you should check this box and complete Page 1 of Form 1024, Application for Recognition of Exemption under Section 501(a). Attach the first page of Form 1024 to this application.

Schedule H. Organizations Providing Scholarships

A PTA must complete this schedule if their scholarship program has an application process, criteria that need to be met, and a judging process.

Distributions made to individuals may advance educational purposes if:

- Scholarships are made in a non-discriminatory fashion in terms of racial preference.
- Scholarships are based on need and /or merit.
- Scholarships are paid to a charitable class (children and youth are a charitable class) in terms of being available to an open-ended group, rather than to pre-selected individuals.

Section 1: You need to answer questions 1a through 7 with a very detailed description and documentation about your scholarship program.

Line 2: Answer “Yes.” If you answer “No,” explain how you will be able to demonstrate that your distributions serve your exempt purpose.

Section 2: Do not answer this section because your PTA is a Public Charity.