# Exempt Organizations Determinations 2008 Unit 1b

## Learning Objectives and Class Hours

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| 1      | Introduction to Form 1024                                       | • Describe the purposes for requesting exemption on Form 1024 as well as the types of organizations that submit Form 1024  
• List the requirements for a complete Form 1024 application  
• Name the parts of Form 1024 and the information contained in each part  
• Describe the subsections under which an organization may apply for exemption on Form 1024 as well as required Form 1024 schedules | 3 hrs       |
| 2      | Civic Leagues, Social Welfare Organizations, and Local Associations of Employees – IRC 501(c)(4) | • Identify the general types of IRC section 501(c)(4) organizations  
• Apply the various requirements which an IRC section 501(c)(4) organization must meet to qualify for tax exempt status | 15 min      |
| 2A     | Civic Leagues and Social Welfare Organizations                   | • Identify the two key elements that organizations seeking exemption under IRC section 501(c)(4) must demonstrate  
• Define “social welfare”  
• Define “community benefit”  
• Determine whether a civic league or social welfare organization qualifies for exemption  
• Explain how organizations applying for exemption under IRC section 501(c)(4) may qualify for exemption under other Code sections  
• Identify circumstances which make contributions to 501(c)(4) organizations are deductible | 1 hr        |
| 2B     | Local Associations of Employees                                  | • List the requirements for an organization to qualify for exemption as a local association of employees under IRC 501(c)(4)  
• Define “local” as used in IRC 501(c)(4)  
• Determine whether a local association of employees qualifies for exemption | 1 hr        |
| 2C     | Homeowners’ Associations                                        | • Describe the three criteria of Rev. Rul. 74-99 an organization seeking exemption as a homeowners’ association under IRC section 501(c)(4) must meet  
• Explain the three requirements homeowners’ associations must satisfy to qualify for tax relief under IRC section 528 | 1 hr        |
| 2D     | Activities Not Related to Exempt Purpose                        | • Determine whether activities are related to an exempt purpose and the effect on a request for exemption  
• Identify activities conducted by an organization that may cause tax to be imposed on the income from that activity | 1 hr        |
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| **3**   | Labor, Agricultural, and Horticultural Organizations – IRC 501(c)(5) | - Identify the qualifications for exemption for labor organizations  
- Evaluate activities of an agricultural or horticultural organization to determine if they are exempt  
- List allowed lobbying and political activities and their potential tax consequences  
- Recognize typical sources of unrelated business income | 2 hrs |
| **4**   | Business Leagues, Chambers of Commerce, Trade Associations, Real Estate Boards, and Professional Football Teams – IRC 501(c)(6) | - Identify and apply the various requirements which an organization must meet to qualify for exempt status under IRC section 501(c)(6)  
- Name the types of organizations that are exempt under IRC section 501(c)(6)  
- Define “a common business interest”  
- Recognize “improvement of business conditions”  
- Recognize a “line of business”  
- Describe a “membership organization” and “meaningful level of membership support.”  
- Distinguish between promoting one or more lines of business and performing particular services for members  
- Recognize business activities  
- Define permissible political and legislative activities of IRC section 501(c)(6) organizations | 3 hrs |
| **5**   | Social and Recreational Clubs – IRC 501(c)(7) | - Process an application from a social club  
- Determine whether an organization qualifies for exemption under IRC section 501(c) (7) | 2 hrs |
| **6**   | Fraternal Organizations – IRC 501(c)(8) and 501(c)(10) | - Compare the basic requirements of IRC sections 501(c)(8) and 501(c)(10) “organizations”  
- Define “fraternal” and “operating under the lodge system”  
- List the IRC section 501(c)(8) requirements for providing life, sick, accident or other benefits to members  
- Identify the requirement of an IRC section 501(c)(10) organization to devote net earnings exclusively to religious, charitable, scientific, literary, and fraternal purposes  
- Distinguish the differences of IRC sections 501(c)(8) and (c)(10) from 501(c)(7) social and recreational clubs  
- Identify common issues regarding unrelated business taxable income and social activities for IRC sections 501(c)(8) and 501(c)(10) organizations  
- List procedural issues for IRC sections 501(c)(8) and 501(c)(10) organizations  
- Identify allowable contribution deductibility for IRC sections 501(c)(8) and 501(c)(10) organizations | 3 hrs |
| 7 | Cooperative Mutual Companies – IRC 501(c)(12) | - Name the three requirements to qualify for IRC section 501(c)(12)  
- Identify benevolent life insurance associations  
- Determine if life insurance associations are “purely local in character”  
- Identify mutual and cooperative organizations  
- Describe the characteristics of mutual and cooperative organizations  
- Define "operating on a cooperative basis"  
- Compute the "income source" test  
- Identify reserves and determine the purpose and necessity of reserves  
- Recognize potential sources of unrelated business income (UBI) | 3 hrs |
| 8 | Cemetery Companies – IRC 501(c)(13) | - Identify IRC section 501(c)(13) requirements for a cemetery’s purpose, organization, and operation  
- Recognize potential private benefit or inurement  
- Describe IRC section 501(c)(13) requirements for a perpetual care fund  
- Identify allowable income sources and income requirements  
- Describe IRC section 501(c)(13) requirements for deductible contributions  
- Address application issues that deal with crematoriums and family and pet cemeteries | 1 hr |
| 9 | Veterans’ Organizations | - Describe the history and evolution of veterans’ organizations  
- Identify IRC section 501(c)(19) purposes  
- Recognize non-exempt IRC section 501(c)(19) purposes  
- Determine if an IRC section 501(c)(19) veterans’ organization meets the required membership test  
- Recognize when an IRC section 501(c)(19) organization is qualified to receive deductible contributions  
- List the qualifications for an auxiliary under IRC section 501(c)(19)  
- Describe the qualifications for a supporting trust or foundation under IRC section 501(c)(19)  
- Recognize charitable gaming issues related to veterans’ organizations  
- Describe the qualifications for a veterans’ organization under IRC section 501(c)(4)  
- List the qualifications for a related veterans’ auxiliary social club under IRC section 501(c)(7)  
- Recognize unrelated business income in veterans’ organizations | 2 hrs |
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|10 | • Identify the types of organizations that are classified as title holding companies  
   • Determine when the organizational test is met  
   • Identify permissible activities of title holding companies  
   • List permitted sources of income  
   • Determine what constitutes an excessive accumulation of income  
   • Identify sources of unrelated business income (UBI) that affect tax exempt status  
   • Describe the differences between IRC section 501(c)(2) and 501(c)(25) organizations | 2 hrs |
|11A| A/T/P Cases – Amendments  
   • List common “A” cases  
   • Describe general “A” case procedures  
   Identify issues for which an “A” case determination letter will not be issued | 1 hr |
|11B| A/T/P Cases – Terminations and Mergers  
   • Process a “T” case for termination of an exempt organization  
   • Process “A” and “T” cases for the surviving and terminating organizations involved in a merger | 1 hr |
|11C| A/T/P Cases – Terminations of PF Status  
   • Identify the three methods by which a private foundation can terminate its private foundation status  
   • Process an initial request for a private foundation to terminate its private foundation status by operating as a public charity (IRC section 507(b)(1)(B) termination) for a 60-month period  
   • Determine whether the private foundation meets the public charity requirements by the end of the 60-month period | 1 hr |
|11D| A/T/P Cases – Group Ruling Overview  
   • Describe the purpose and basic form of a group exemption  
   • Identify organizations in a group exemption  
   • Describe the process for a subordinate establishing an individual exemption | 1 hr |
|12 | Advance Approval of Grant-Making Procedures – IRC 4945(g)  
   • Explain the reason advance approval under IRC section 4945(g) is required  
   • Process a request for advance approval under both IRC sections 6104 and 6110  
   • Identify an employer-related grant program | 3 hrs |
|13 | Introduction to Returns  
   • Describe annual filing requirements for IRC section 501(c)(3) public charities and other exempt organizations under IRC section 501(a)  
   • Identify filing requirements for private foundations and private operating foundations  
   • Name those exempt organizations that are not required to file an annual information return  
   • List additional returns that an exempt organization must file including employment returns | 3 hrs |