

USCCB GROUP RULING (GEN 0928)

PROCEDURES FOR INCLUSION *(Effective December 1, 2009)*

1. **What Organizations Should Apply?** Any newly-created, newly-acquired or newly-affiliated Catholic nonprofit organization seeking to qualify for exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code ("Code") through inclusion in the USCCB Group Ruling must file an application for inclusion in the Official Catholic Directory ("OCD").

In addition, any Catholic organization that is currently included in the Group Ruling but that reincorporates or otherwise changes its corporate form (e.g., from association to trust or corporation) constitutes a new legal entity for IRS purposes, and consequently must file a new application.

2. **What Organizations are Not Eligible for Inclusion in the Group Ruling?**

Several categories of organizations are not eligible for inclusion in the Group Ruling:

- Any organization already listed in the Official Catholic Directory
- Any organization that has already received a determination letter from IRS recognizing it as exempt under section 501(c)(3) [See Q/A # 9 & 10]
- Any organization that has been denied recognition of section 501(c)(3) status by IRS
- Any organization recognized as exempt under a Code section other than section 501(c)(3)
- Any organization to which contributions are not deductible
- Any Type III supporting organization under section 509(a)(3)
- Any organization created or incorporated in a foreign country
- Any organization that serves as conduit for contributions to a foreign organization(s)

- Any organization the purpose of which is to manage or invest funds of a foreign organization(s)
- Any organization the primary purpose of which is the operation of donor advised funds
- Any organization formed with for-profit entities or individuals to engage in joint ventures, partnerships, LLCs, co-ownership, or similar arrangements [*including tax-credit limited partnerships and similar arrangements*]
- Any organization that is a successor to a for-profit entity
- Any limited liability company (LLC)
- Any health maintenance organization (HMO)
- Any individual practice association
- Any preferred provider organization
- Any physician practice [*other than a medical clinic serving the indigent*]
- Any organization the net earnings of which inure to the benefit of any private shareholder of individual
- Any organization engaged, as more than an insubstantial part of its activities, in carrying on propaganda or attempting to influence legislation
- Any organization that participates or intervenes in political campaigns on behalf of or in opposition to any candidate for public office
- Any organization eligible as a subordinate under another group ruling, *e.g.*, a council or conference of the St. Vincent de Paul Society
- Any council or conference of the Knights of Columbus, Knights of Peter Claver, or other fraternal society

3. How Does an Organization Apply? An organization should complete and submit the application for inclusion in the USCCB Group Ruling (effective September 1, 2009) to the Chancery Office of the diocese in which its principal office is located. Since the identity of the diocesan official charged with responsibility for reviewing applications for inclusion in the OCD varies from diocese to diocese, the applicant organization should call the Chancery to determine to whom applications should be directed. The organization must also submit any additional required documentation, including its

EIN^{1/}, organizing document, bylaws, financial statements, and all required schedules and attachments. Incomplete applications will not be processed.

4. When Should An Organization Apply? In order to ensure that exemption under the Group Ruling is retroactive to the date of creation or incorporation, an organization must obtain written diocesan approval of its inclusion in the USCCB Group Ruling within 15 months of the end of the month in which it was created or incorporated. Thus, an organization should apply as soon as possible after creation or incorporation, consistent with its ability to provide sufficiently detailed information about its operations and finances to permit a decision about eligibility. Organizations should also be mindful of the annual OCD publication deadlines. Generally, this means that an organization will need to obtain written diocesan approval by November of a given calendar year in order to ensure inclusion in the following year's edition of the OCD.

5. Must An Organization Included in the Group Ruling File a New Application When It Undertakes a New Activity or Ministry or Acquires a New Property? Tax exemption under the Group Ruling applies to all of an organization's activities, ministries, funds and properties (with the exception of activities that constitute unrelated business activities). Accordingly, no application should be filed for a new activity, fund, ministry or property of an existing organization, unless such activity, property, or fund is separately incorporated or otherwise established as a separate legal entity under state law.

6. How Does a Diocese Notify an Applicant of the Outcome of Its Review? After careful legal review of an organization's application and all supporting documentation, the diocese will determine whether the organization qualifies for inclusion in the Group Ruling. If an adverse decision is made, the diocese will notify the organization in writing. There are no appeals from adverse diocesan decisions regarding inclusion in the Group Ruling. If a favorable decision is made, the diocese will notify the applicant organization by letter, which will provide evidence of the organization's inclusion in the Group Ruling in the interim until issuance of the next edition of the OCD. The diocesan approval letter will also confirm the public charity classification under which the organization has qualified, and will instruct the organization to inform the diocese of any name or address change, or any material change in activities, governance, or sources of support.

^{1/} An organization that does not have an EIN may obtain the EIN by filing Form SS-4 with IRS, according to the instructions. The organization should not state that it is included in the USCCB Group Ruling when filing its Form SS-4, because at the time the organization files Form SS-4 it has not been determined to be part of the Group Ruling.

7. What Are the Major Consequences of Being Included in the Group Ruling? An organization that receives written notification from the diocese of its inclusion in the Group Ruling is recognized as exempt from federal income tax under section 501(c)(3) of the Code. Contributions are deductible for federal income, gift, and estate tax purposes. The organization is also exempt from federal unemployment tax. However, the states may impose unemployment tax on certain nonprofit organizations even though they are exempt from federal tax. Inclusion in the Group Ruling does *not* automatically establish exemption from federal excise taxes or from any state or local taxes. Organizations should consult their tax advisors concerning liability for these other taxes. In addition, organizations covered by the Group Ruling, including churches, must pay and withhold Social Security ("FICA") taxes for lay employees.

8. Does Inclusion in the Group Ruling Relieve an Organization of the Form 990 (Annual Information Return) Filing Requirement? Inclusion in the Group Ruling does *not* automatically relieve an organization of the requirement to file Form 990. The general rule is that all tax-exempt organizations must file Form 990, unless they qualify for an exemption. Dioceses, parishes, and church- or religious institute-sponsored elementary and secondary schools are exempt from the Form 990 filing requirement. Other organizations should consult their tax advisors to determine whether they qualify for one of the mandatory or discretionary exceptions to the Form 990 filing requirement.

9. May an Organization with an Independent IRS Exemption Letter Ever be Included in the OCD? Certain Catholic organizations that have obtained independent recognition of section 501(c)(3) exemption directly from IRS (by submitting Form 1023) may wish to be identified as "Catholic" through listing in the OCD. However, because such organizations have obtained an independent IRS exemption determination letter, they are ineligible for inclusion in the Group Ruling. Within the sole discretion of the diocese, and upon verification that an organization has a sufficient relationship to the Church, such organization *may* be included in the OCD with an asterisk placed next to its name to signify that it has its *own* IRS exemption determination letter and is *not* included in the Group Ruling. Subordinates in another Group Ruling do *not* qualify for asterisked listing in the OCD.

10. How Does a Catholic Organization with an Independent IRS Determination Letter Apply for an Asterisked Listing in the OCD? A Catholic organization with an independent IRS exemption determination letter must submit a written request for asterisked inclusion in the OCD to the appropriate diocesan official, and provide the following documentation: (1) Completed sections A, B, C, and E of the Group Ruling application; (2) detailed narrative description of its activities; (3) copy of its

organizing document; (4) copy of its bylaws; (5) copy of the IRS determination letter that establishes that it is exempt under section 501(c)(3), is not a private foundation under section 509(a), and is eligible for deductible contributions under section 170; (6) copy of its most recent Form 990, if required to file; and (7) a statement, signed by an authorized officer of the organization, that its activities, purposes, and sources of support have not changed materially since the date of its IRS determination letter. The diocese is free to request any *additional* documentation it deems appropriate. After review, the diocese will determine whether it wishes to authorize an asterisked listing in the OCD. There is no appeal from an adverse decision regarding asterisked listings in the OCD.

The Church relationship standards (Section E of the Application) for an asterisked OCD listing are the same as for inclusion under the Group Ruling. An organization that has been denied inclusion in the Group Ruling for failure to establish sufficient relationship to the Church should not be approved for an asterisked listing in the OCD in the event the organization subsequently establishes exemption directly from IRS.

USCCB GROUP RULING (GEN 0928)

APPLICATION FOR INCLUSION

(Effective December 1, 2009)

* * * * *

A. APPLICANT INFORMATION

Name: _____

Address: _____

Telephone: _____ Fax: _____

Website: _____

EIN: _____

Contact Name: _____ Title: _____

B. ORGANIZATIONAL INFORMATION

1. Form of Organization:

_____ **Corporation** *(attach articles of incorporation showing proof of state filing and bylaws)*

_____ **Trust** *(attach copy of trust agreement with signatures and date)*

_____ **Association** *(attach articles of association, constitution or other organizing document showing date of formation and signatures and bylaws)*

2. Date of Incorporation/Formation: _____

3. State of Incorporation/Formation: _____

4. Does your organizing document include a clause that limits your purposes to §501(c)(3) exempt purposes? _____ *[Indicate page, article, paragraph _____]*

5. Does your organizing document include a dissolution clause limiting the use of your remaining assets for §501(c)(3) purposes? _____ [Indicate page, article, paragraph _____]

C. GOVERNANCE INFORMATION

GOVERNING BODY List the name and title of each member of your governing body. Also indicate the office, if any, held in another Church organization(s).

<u>Name</u>	<u>Title</u>	<u>Other Church Office</u>
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OFFICERS List the name and title of each officer, and indicate the office, if any, held in another Church organization(s).

<u>Name</u>	<u>Title</u>	<u>Other Church Office</u>
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D. ELIGIBILITY SCREEN If your organization answers yes to any of the questions below, it is NOT ELIGIBLE for inclusion in the USCCB Group Ruling. DO NOT SUBMIT THIS APPLICATION.

1. Is your organization currently included in the USCCB Group Ruling by virtue of another Official Catholic Directory listing? _____

2. Has your organization received a determination letter from IRS recognizing it as exempt from federal income tax under §501(c)(3)? _____
3. Has your organization been denied recognition of §501(c)(3) status by IRS?

4. Has IRS recognized your organization as exempt under a Code section other than §501(c)(3)? _____
5. Was your organization created or incorporated in a foreign country? _____
6. Does your organization serve as a conduit for contributions to a foreign organization(s)? _____
7. Is your organization's purpose to manage or invest funds of a foreign organization(s)? _____
8. Is your organization's primary purpose the sponsorship of donor advised funds? _____
9. Is your organization a Type III supporting organization under section 509(a)(3)? _____
10. Is your organization formed with for-profit entities or individuals to engage in joint ventures, partnerships, LLCs, co-ownership, or similar arrangements?
_____ *[This includes tax-credit limited partnerships and similar arrangements.]*
11. Is your organization a successor to a for-profit entity? _____
12. Is your organization a limited liability company ("LLC") _____
13. Is your organization a health maintenance organization? _____
14. Is your organization an individual practice association? _____
15. Is your organization a preferred provider organization? _____
16. Is your organization a physician medical practice? _____ *[This does not include medical clinics serving the indigent.]*
17. Does any part of your organization's net earnings inure to the benefit of any private shareholder of individual? _____
18. Does more than an insubstantial part of your organization's activities consist of carrying on propaganda or attempting to influence legislation? _____

19. Does your organization participate or intervene in political campaigns on behalf of or in opposition to any candidate for public office? _____

20. Is your organization included in or eligible for inclusion in another group ruling, e.g., Knights of Columbus, Knights of Peter Claver, St. Vincent de Paul?

E. RELATIONSHIP TO THE CHURCH IN THE UNITED STATES

[To qualify for inclusion in the Group Ruling, your organization must establish that it possesses a significant relationship to a U.S. diocese, U.S. parish, U.S. religious order, or some other Church entity organized in the U.S. The following questions are designed to gather information about your organization's relationship to the Church.]

1. Is your organization controlled by a U.S. diocese or parish, U.S. religious order, or other Church entity organized in the U.S.? _____ If yes, please identify the organization _____ by which it is controlled and the page on which that organization is included in the current Official Catholic Directory. _____ Please indicate the page, article, or paragraph of your organizing document or bylaws that establishes this control relationship. _____

2. Does your organization's governing board include individuals who also serve on the governing board of or in a governing capacity with respect to a U.S. diocese or parish, a U.S. religious order, or another Church entity organized in the U.S.? _____ If yes, please identify the organization _____ and the page on which that organization is listed in the current Official Catholic Directory. _____ Please indicate the page, article, or paragraph of your organizing document or bylaws that establishes this relationship. _____

3. Please any of the following characteristics that apply to your organization. *[In a separate attachment, provide additional relevant information.]*

_____ **ex officio board members holding other Church offices**
[indicate page, article, or paragraph of organizing document/bylaws]

_____ **indirect control by Church entity**
[attach detailed statement explaining the nature of this indirect control]

_____ **reserved powers in bishop, diocese, parish, religious order, other Church entity** *[indicate page, article, or paragraph of organizing document/bylaws]*

_____ **veto power by bishop, diocese, parish, religious order, other Church entity**
[indicate page, article, or paragraph of organizing document/bylaws]

- _____ **formal policy of adherence to Church teachings/practices as determined by diocesan bishop** *[indicate page, article, or paragraph of organizing document/bylaws]*
- _____ **assets distributed on dissolution to diocese, parish, religious order, other Church entity** *[indicate page, article, or paragraph of organizing document/bylaws]*
- _____ **status under Canon Law as a public juridic person** *[provide statutes and documentation of episcopal approval]*
- _____ **other relationship to Church** *[provide detailed explanation]*

F. ACTIVITIES

1. In an attachment, please provide a detailed, narrative description of your past, present, and planned activities. Do not simply restate the purposes set forth in your organizing document.

2a. Does your organization intend to maintain any donor advised funds? _____

b. If yes, please provide a detailed explanation of how you intend to operate these funds, including copies of donor agreements, notices, policy statements, brochures, etc.

3a. Does or will your organization attempt to influence legislation? _____

b. If yes, how and on what issues do or will you attempt to influence legislation?

c. What percentage of your total activities do or will such attempts to influence legislation constitute? _____

G. FINANCIAL DATA/FUNDRAISING

1. List your (anticipated) sources of financial support in order of size.

2. Does your organization engage or plan to engage in fundraising activities? If yes, please list the type of fundraising and a description of each.

3. Financial Data. Go to www.irs.gov. Locate IRS Form 1023. Copy and complete Part IX, Financial Data, Parts A and B according to the instructions. Attach completed Part IX to this application.

H. PUBLIC CHARITY STATUS

[Select the appropriate public charity status below and attach additional documentation as required.]

Your organization is not a private foundation because it is classified under:

_____ **509(a)(1) and 170(b)(1)(A)(i) – church** *[diocese, parish or religious order]*

_____ **509(a)(1) and 170(b)(1)(A)(i) – convention or association of churches**
[state Catholic conference]

_____ **509(a)(1) and 170(b)(1)(A)(ii) – school** *[complete and attach Schedule B from IRS Form 1023]*

_____ **509(a)(1) and 170(b)(1)(A)(iii) – hospital** *[complete and attach Schedule C from IRS Form 1023]*

_____ **509(a)(1) and 170(b)(1)(A)(vi) – organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from governmental units, or from the general public** *[Submit completed Schedule A, Part II, Support Schedule from IRS Form 990 to verify this classification.]*

_____ **509(a)(2)** – organization that normally receives more than one-third of its financial support from gifts, grants, contributions, membership fees, and gross receipts from its exempt activities *and* not more than one-third of its financial support from gross investment income and the excess of unrelated business taxable income over the amount of unrelated business income tax *[Submit Schedule A, Part III, Support Schedule from IRS Form 990 to verify this classification.]*

_____ **509(a)(3)** – organization supporting one or more organizations listed above (“supported organizations”) and, with respect to such supported organizations, is either:

_____ **Type I – “operated, supervised or controlled by”**

or

_____ **Type II – “supervised or controlled in connection with”**

[Organizations claiming section 509(a)(3) status must also provide the supplemental information in Section I below.]

I. SECTION 509(a)(3) SUPPLEMENTAL INFORMATION

[This information must be completed by any organization claiming status as a section 509(a)(3) supporting organization. Check the relationship (Type I or Type II) under which your organization qualifies and provide the requested information.]

_____ **Type I – “operated supervised or controlled by”**

1. Identify your supported organization(s):

Name

Diocese

OCD Page

2. Is each supported organization listed in #1 above a public charity under §509(a)(1) or §509(a)(2)? _____

3. Does your organizing document state that you are “organized and at all times operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of ...” one or more section 509(a)(1) or 509(a)(2) organizations [either named specifically or identified by class]? _____

4. Does your organizing document specify your supported organization(s) by: name _____ or by charitable class _____? [Indicate the page, article, paragraph _____] Are these supported organizations Catholic entities? _____

5. Is a majority of your governing board or officers elected or appointed by your supported organization(s)? _____

6a. Describe the process by which your governing board is appointed or elected.

b. Is this a self-perpetuating board? _____

7. Is your organization controlled, either directly or indirectly, by disqualified persons (with the exception of your foundation managers and your supported organizations) with respect to you, or by persons in a family or business relationship with such disqualified persons? _____

8. Does or will your organization accept any gift or contribution from a person (other than a section 509(a)(1) or (2) organization) who directly or indirectly controls (alone or together with others) the governing body of one of your supported organizations, or from a relative or controlled entity with respect to such person? _____

* * * * *

_____ Type II – “supervised or controlled in connection with”

1. Identify your supported organization(s):

Name

Diocese

OCD Page

2. Is each supported organization listed in #1 above a public charity under §509(a)(1) or §509(a)(2)? _____

3. Does your organizing document state that you are “organized and at all times operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of ...” one or more section 509(a)(1) or 509(a)(2) organizations [either named specifically or identified by class]? _____

4. Does your organizing document specify the supported organization(s) by: name _____ or by charitable class _____? [Indicate the page, article, paragraph _____] Are these supported organizations Catholic entities? _____

5. Does a majority of your governing board consist of individuals who also serve on the governing board of the supported organization(s)? _____

6a. Describe the process by which your governing board is appointed or elected.

b. Is this board a self-perpetuating board? _____

7. Is your organization controlled, either directly or indirectly, by disqualified persons (with the exception of your foundation managers and your supported organizations) with respect to you, or by persons in a family or business relationship with such disqualified persons? _____

J. HOMES FOR THE ELDERLY OR HANDICAPPED

[In an attachment or the space provided, please supply the following information.]

1. Describe the type of housing your organization provides.

2. Explain how the public is made aware of your facility.

3. Provide copies of your organization’s admission application forms.

4a. Provide a description of each facility your organization operates.

b. Indicate whether residents at each facility rent or purchase housing.

c. Indicate the total number of residents each facility can accommodate.

d. Indicate the current number of residents at each facility.

5. Provide a sample copy of your organization's residency or homeownership contract or agreement.
6. Do you or will you contract with another organization to develop, build, market or finance your housing? _____ If yes, identify the entity, explain how it is selected, how the terms of any contract(s) are negotiated at arm's length, and how your organization determines it will pay no more than fair market value for services provided.
7. Do you or will you manage your activities or facilities through your own employees or volunteers? _____ If no, provide a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Explain the major terms of any contracts (or provide copies), how the contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services provided.
8. Do you participate in any government housing programs? _____ If yes, please describe the programs.
9. Does your organization own the facility? _____ If no, explain from whom and on what basis you are leasing it.
10. If your organization provides housing for the elderly, describe who qualifies for your housing in terms of age, infirmity or other criteria. Explain how you select persons for your housing.
11. If your organization provides housing for the handicapped, describe who qualifies for your housing in terms of disability, income levels, or other criteria. Explain how you select persons for your housing.
12. Do you charge an entrance or founder's fee? _____ If yes, identify the fee, describe what the fee covers, whether it is a one-time fee, how the fee is determined, whether the fee is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances under which it may be waived.
13. Do you charge periodic fees or maintenance charges? _____ If yes, Describe the charges, what they cover and how they are determined.
14. Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? _____ Identify your community.

Explain how you determine your housing is affordable.

15. Do you have an established policy concerning residents who become unable to pay their regular charges? _____ If yes, describe your established policy. How do you make this policy known to residents?
16. Do you have arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? _____ If yes, describe these arrangements.
17. Do you have arrangements for the healthcare needs of your residents? _____ If yes, describe these arrangements.
18. Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of your elderly or handicapped residents? _____ If yes, describe these design features in detail.

K. LOW INCOME HOUSING

[In an attachment or the space provided, please supply the following information.]

1. Describe the type of housing your organization provides.
2. Explain how the public is made aware of your facility.
3. Provide copies of your organization's admission application forms.
- 4a. Provide a description of each facility your organization operates.
 - b. Indicate whether residents at each facility rent or purchase housing.
 - c. Indicate the total number of residents each facility can accommodate.
 - d. Indicate the current number of residents at each facility.
5. Provide a sample copy of your organization's residency or homeownership contract or agreement.
6. Do you or will you contract with another organization to develop, build, market or finance your housing? _____ If yes, identify the entity, explain how it is selected, how the terms of any contract(s) are negotiated at arm's length, and how your organization determines it will pay no more than fair market value for services provided.
7. Do you or will you manage your activities or facilities through your own employees or volunteers? _____ If no, provide a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Explain the major terms of any

contracts (or provide copies), how the contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services provided.

8. Do you participate in any government housing programs? _____ If yes, please describe the programs.
9. Does your organization own the facility? _____ If no, explain from whom and on what basis you are leasing it.
10. Does your organization provide low income housing? _____ If yes, describe who qualifies for your housing in terms of income levels or other criteria. Describe how you select persons for your housing.
11. In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? _____ If yes, identify the fees, describe what they cover and how they are determined.
12. Is your housing affordable to low income residents? _____ If yes, describe how your housing is made affordable to low income residents.
13. Does your housing meet the guidelines of Rev. Proc. 96-32, 1996-1 C.B. 717? _____ Please explain in detail how it satisfies these guidelines.
14. Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? _____ If yes, describe these restrictions.
15. Do you provide social services to residents? _____ If yes, describe these services.

L. FOREIGN RELIGIOUS ORDERS

1. Does your organization constitute the incorporation or establishment of an entity under U.S. civil law that comprises or includes members of a foreign religious order working in the U.S.? _____
2. In an attachment, please explain the reasons for incorporating or establishing your organization as a U.S. civil law entity and for seeking inclusion in the USCCB Group Ruling.
3. How many foreign religious comprise or are members of your organization?

4. Does your organization have canonical status? _____ If yes, please indicate its canonical status _____, and provide documentation of that status.

5. What is name and country of origin of the foreign religious order of which your religious are members? _____
Please indicate the page on which this religious order is listed in the *Annuario Pontificio* _____.

6. Does or will your organization engage in fundraising in the U.S.? _____
If yes, please indicate the purpose and method of such fundraising.

If yes, will funds collected be transmitted to the foreign religious order or other foreign organization? _____

7. Please identify the religious superior of the foreign religious who comprise or are members of your organization? _____
Is this religious superior also a member of your organization? _____ If no, where is this religious superior located? _____

8. Does any U.S. Church entity have discretion or control over the funds of this organization? _____ If so, please identify the U.S. Church entity _____ and the OCD page on which it is listed. _____

M. AUTHORIZATION FOR INCLUSION IN USCCB GROUP RULING

The undersigned officer of the applicant organization: (1) has examined the foregoing application and the accompanying documents and attachments; (2) believes them to be true, correct, and complete; and (3) consents to inclusion of the applicant organization in the USCCB Group Ruling.

Signature: _____

Name: _____

Date: _____

Title: _____