

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

For Paperwork Reduction Act Notice, see page 1 of the instructions.

OMB No. 1545-0056  
Expires 3-31-89

To be filed in the key district  
for the area in which the  
organization has its principal  
office or place of business.

This application, when properly completed, constitutes the notice required under section 508(a) of the Internal Revenue Code so that an applicant may be treated as described in section 501(c)(3) of the Code, and the notice required under section 508(b) for an organization claiming not to be a private foundation within the meaning of section 509(a). (Read the instructions for each part carefully before making any entries.) If required information, a conformed copy of the organizing and operational documents, or financial data are not furnished, the application will not be considered on its merits and the organization will be notified accordingly. Do not file this application if the applicant has no organizing instrument (see Part II).

### Part I Identification

1 Full name of organization  McLennan Community College Foundation		2 Employer identification number (If none, see instructions)  None; Form SS-4 Attached	
3a Address (number and street) 1400 College Drive		Check here if applying under section: <input type="checkbox"/> 501(e) <input type="checkbox"/> 501(f) <input type="checkbox"/> 501(k)	
3b City or town, state, and ZIP code Waco, Texas 76708		4 Name and telephone number of person to be contacted Dr. Jesse C. Sawyer (817) 756-6551	
5 Month the annual accounting period ends August	6 Date incorporated or formed September 1985	7 Activity codes 602      627	
8 Has the organization filed Federal income tax returns or exempt organization information returns? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.			

### Part II Type of Entity and Organizational Document (see instructions)

Check the applicable entity box below and attach a conformed copy of the organization's organizing document and bylaws as indicated for each entity.

- Corporation—Articles of incorporation and bylaws.  Trust—Trust indenture.  Other—Constitution or articles of association and bylaws.

### Part III Activities and Operational Information

1 What are or will be the organization's sources of financial support? List in order of size.

The organization anticipates that its financial support will consist of contributions in the form of gifts or bequests from individuals as well as from businesses or other philanthropic organizations.

2 Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund raisers, etc.) Attach representative copies of solicitations for financial support.

The organization has not begun operations. No actual fund-raising activities have taken place. The organization contemplates fund-raising activities consisting of personal contact with prospective donors and direct mailings to selected individuals and businesses in the immediate geographic location served by the college that the organization supports.

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and I have examined this application, including the accompanying statements, and to the best of my knowledge it is true, correct, and complete.

10/19/89

(If title or authority or signature)

(Date)

**Part III** Activities and Operational Information (Continued)

- 3 Give a detailed narrative description of the organization's past, present, and proposed future activities, and the purposes for which it was formed. The narrative should identify the specific benefits, services, or products the organization has provided or will provide. If the organization is not fully operational, explain what stage of development its activities have reached, what further steps remain for it to become fully operational, and when such further steps will take place. (Do not state the purposes and activities of the organization in general terms or repeat the language of the organizational documents.) If the organization is a school, hospital, or medical research organization, include enough information in your description to clearly show that the organization meets the definition of that particular activity that is contained in the instructions for Part VI-A.

See Attachment 1

## 4 The membership of the organization's governing body is:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Board of Directors: 1) Dr. Dennis Michaelis, President of McLennan Community College and Secretary of the Foundation's Board of Directors, 1400 College Dr., Waco, TX 76708 2) Mr. Ray Perry, 1400 College Dr., Waco, TX 76708 3) Mr. Danny S. Uptmore, 1400 College Dr., Waco, TX 76708 4) Mr. Jim Hardwick, Ex-officio Board member, 1400 College Dr., Waco, TX 76708 5) Dr. Jesse C. Sawyer, Ex-officio Board member, 1400 College Dr., Waco, TX 76708	None

**Part III** Activities and Operational Information (Continued)

Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials?  Yes  No  
If "Yes," name those persons and explain the basis of their selection or appointment.

Dr. Sawyer and Dr. Michaelis are employees of the College; the other three Directors are elected trustees of the College's Board of Trustees; as such, all five persons are public officials.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons?" (See the Specific Instructions for line 4d.)  Yes  No  
If "Yes," explain.

e Have any members of the organization's governing body assigned income or assets to the organization, or is it anticipated that any current or future member of the governing body will assign income or assets to the organization?  Yes  No  
If "Yes," attach a complete explanation stating which applies and including copies of any assignments plus a list of items assigned.

5 Does the organization control or is it controlled by any other organization?  Yes  No  
Is the organization the outgrowth of another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors?  Yes  No  
If either of these questions is answered "Yes," explain.

At least two members of the College's Board of Trustees and the President of the College must serve on the Foundation's Board of Directors.

6 Is the organization financially accountable to any other organization?  Yes  No  
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

7 a What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken.

None

b To what extent have you used, or do you plan to use, contributions as an endowment fund, i.e., hold contributions to produce income for the support of your exempt activities?  
See Attachment 2

8 Will any of the organization's facilities be managed by another organization or individual under a contractual agreement?  Yes  No  
If "Yes," attach a copy of each contract and explain the relationship between the applicant and each of the other parties.

**Part III** Activities and Operational Information (Continued)

9 a Have the recipients been required or will they be required to pay for the organization's benefits, services, or products?  Yes  No  
If "Yes," explain and show how the charges are determined.

b Does or will the organization limit its benefits, services, or products to specific classes of individuals?  Yes  No  
If "Yes," explain how the recipients or beneficiaries are or will be selected.  
See Attachment 2

10 Is the organization a membership organization?  Yes  No  
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

c Are benefits, services, or products limited to members?  Yes  No  
If "No," explain.

11 Does or will the organization engage in activities tending to influence legislation or intervene in any way in political campaigns?  Yes  No  
If "Yes," explain. (Note: You may wish to file Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation.)

12 Does the organization have a pension plan for employees?  Yes  No

13 a Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed as required by section 508(a) and the related regulations? (See General Instructions.)  Yes  No  
See Attachment 2

b If you answer "No," to 13a and you claim that you fit an exception to the notice requirements under section 508(a), attach an explanation of your basis for the claimed exception.

c If you answer "No," to 13a and section 508(a) does apply to you, you may be eligible for relief under regulations section 1.9100 from the application of section 508(a). Do you wish to request relief? N/A  Yes  No

d If you answer "Yes," to 13c, attach a detailed statement that satisfies the requirements of Rev. Proc. 79-63.

e If you answer "No," to both 13a and 13c and section 508(a) does apply to you, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed (see instructions)?  Yes  No

**Part IV** Statement as to Private Foundation Status (see instructions)

1 Is the organization a private foundation?  Yes  No

2 If you answer "Yes," to question 1 and the organization claims to be a private operating foundation, check here  and complete Part VII.

3 If you answer "No," to question 1, indicate the type of ruling you are requesting regarding the organization's status under section 509 by checking the box(es) below that apply:

a Definitive ruling under section 509(a)(1), (2), (3), or (4)  Complete Part VI.

b Advance ruling under  sections 509(a)(1) and 170(b)(1)(A)(vi) or  section 509(a)(2)—see instructions.

(Note: If you want an advance ruling, you must complete and attach two Forms 872-C to the application.)

**Part V Financial Data** Projected for 1989-1990

Statement of Support, Revenue, and Expenses for the period beginning September 1, 19 89, and ending August 31, 19 90.

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Support and Revenue	1	Gross contributions, gifts, grants, and similar amounts received	1	100,000
	2	Gross dues and assessments of members	2	
	3 a	Gross amounts derived from activities related to organization's exempt purpose (attach schedule)		
	b	Minus cost of sales	3c	
	4 a	Gross amounts from unrelated business activities (attach schedule)		
	b	Minus cost of sales	4c	
	5 a	Gross amount received from sale of assets, excluding inventory items (attach schedule)		
	b	Minus cost or other basis and sales expenses of assets sold	5c	
6	Investment income (see instructions)	6		
7	Other revenue (attach schedule)	7		
8	<b>Total support and revenue</b>	8	100,000	
Expenses	9	Fundraising expenses	9	
	10	Contributions, gifts, grants, and similar amounts paid (attach schedule) <i>scholarships/ grants paid</i>	10	90,000
	11	Disbursements to or for benefit of members (attach schedule)	11	
	12	Compensation of officers, directors, and trustees (attach schedule)	12	
	13	Other salaries and wages	13	
	14	Interest	14	
	15	Rent	15	
	16	Depreciation and depletion	16	
	17	Other (attach schedule)	17	
	18	<b>Total expenses</b>	18	90,000
	19	<b>Excess of support and revenue over expenses (line 8 minus line 18)</b>	19	10,000

**Balance Sheet**

(at the end of the period shown above)

<b>Assets</b>			
20	Cash: a Interest bearing accounts	20a	10,000
	b Other	20b	
21	Accounts receivable, net	21	
22	Inventories	22	
23	Bonds and notes (attach schedule)	23	
24	Corporate stocks (attach schedule)	24	
25	Mortgage loans (attach schedule)	25	
26	Other investments (attach schedule)	26	
27	Depreciable and depletable assets (attach schedule)	27	
28	Land	28	
29	Other assets (attach schedule)	29	
30	<b>Total assets</b>	30	10,000
<b>Liabilities</b>			
31	Accounts payable	31	
32	Contributions, gifts, grants, etc., payable	32	
33	Mortgages and notes payable (attach schedule)	33	
34	Other liabilities (attach schedule)	34	
35	<b>Total liabilities</b>	35	0
<b>Fund Balances or Net Worth</b>			
36	<b>Total fund balances or net worth</b>	36	10,000
37	<b>Total liabilities and fund balances or net worth (line 35 plus line 36)</b>	37	10,000

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation

**Part V** Financial Data Projected for 1990-1991

Statement of Support, Revenue, and Expenses for the period beginning September 1, 19 90, and ending August 31, 19 91.

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Support and Revenue	1	Gross contributions, gifts, grants, and similar amounts received	1	200,000
	2	Gross dues and assessments of members	2	
	3 a	Gross amounts derived from activities related to organization's exempt purpose (attach schedule)		
	b	Minus cost of sales	3c	
	4 a	Gross amounts from unrelated business activities (attach schedule)		
	b	Minus cost of sales	4c	
	5 a	Gross amount received from sale of assets, excluding inventory items (attach schedule)		
	b	Minus cost or other basis and sales expenses of assets sold	5c	
6	Investment income (see instructions)	6	800	
7	Other revenue (attach schedule)	7		
8	<b>Total support and revenue</b>	8	200,800	
Expenses	9	Fundraising expenses	9	
	10	Contributions, gifts, grants, and similar amounts paid (attach schedule) <i>scholarships/ grants paid</i>	10	180,000
	11	Disbursements to or for benefit of members (attach schedule)	11	
	12	Compensation of officers, directors, and trustees (attach schedule)	12	
	13	Other salaries and wages	13	
	14	Interest	14	
	15	Rent	15	
	16	Depreciation and depletion	16	
	17	Other (attach schedule)	17	
	18	<b>Total expenses</b>	18	180,000
19	Excess of support and revenue over expenses (line 8 minus line 18)	19	20,800	

**Balance Sheet**  
(at the end of the period shown above)

<b>Assets</b>			
20 Cash:	a Interest bearing accounts	20a	30,800
	b Other	20b	
21	Accounts receivable, net	21	
22	Inventories	22	
23	Bonds and notes (attach schedule)	23	
24	Corporate stocks (attach schedule)	24	
25	Mortgage loans (attach schedule)	25	
26	Other investments (attach schedule)	26	
27	Depreciable and depletable assets (attach schedule)	27	
28	Land	28	
29	Other assets (attach schedule)	29	
30	<b>Total assets</b>	30	30,800
<b>Liabilities</b>			
31	Accounts payable	31	
32	Contributions, gifts, grants, etc., payable	32	
33	Mortgages and notes payable (attach schedule)	33	
34	Other liabilities (attach schedule)	34	
35	<b>Total liabilities</b>	35	0
<b>Fund Balances or Net Worth</b>			
36	<b>Total fund balances or net worth</b>	36	30,800
37	<b>Total liabilities and fund balances or net worth (line 35 plus line 36)</b>	37	30,800

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation.

**Part V** Financial Data Projected for 1991-1992

Statement of Support, Revenue, and Expenses for the period beginning September 1, 1991, and ending August 31, 1992.

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Support and Revenue	1	Gross contributions, gifts, grants, and similar amounts received	1	250,000
	2	Gross dues and assessments of members	2	0
	3 a	Gross amounts derived from activities related to organization's exempt purpose (attach schedule)		
	b	Minus cost of sales	3c	
	4 a	Gross amounts from unrelated business activities (attach schedule)		
	b	Minus cost of sales	4c	
	5 a	Gross amount received from sale of assets, excluding inventory items (attach schedule)		
	b	Minus cost or other basis and sales expenses of assets sold	5c	
6	Investment income (see instructions)	6	2,464	
7	Other revenue (attach schedule)	7		
8	<b>Total support and revenue</b>	8	252,464	
Expenses	9	Fundraising expenses	9	
	10	Contributions, gifts, grants, and similar amounts paid (attach schedule) <i>scholarships/</i>	10	225,000
	11	Disbursements to or for benefit of members (attach schedule) <i>grants paid</i>	11	
	12	Compensation of officers, directors, and trustees (attach schedule)	12	
	13	Other salaries and wages	13	
	14	Interest	14	
	15	Rent	15	
	16	Depreciation and depletion	16	
	17	Other (attach schedule)	17	
	18	<b>Total expenses</b>	18	225,000
19	Excess of support and revenue over expenses (line 8 minus line 18)	19	27,464	

**Balance Sheet**

(at the end of the period shown above)

<b>Assets</b>			
20	Cash: a Interest bearing accounts	20a	58,264
	b Other	20b	
21	Accounts receivable, net	21	
22	Inventories	22	
23	Bonds and notes (attach schedule)	23	
24	Corporate stocks (attach schedule)	24	
25	Mortgage loans (attach schedule)	25	
26	Other investments (attach schedule)	26	
27	Depreciable and depletable assets (attach schedule)	27	
28	Land	28	
29	Other assets (attach schedule)	29	
30	<b>Total assets</b>	30	58,264
<b>Liabilities</b>			
31	Accounts payable	31	
32	Contributions, gifts, grants, etc., payable	32	
33	Mortgages and notes payable (attach schedule)	33	
34	Other liabilities (attach schedule)	34	
35	<b>Total liabilities</b>	35	0
<b>Fund Balances or Net Worth</b>			
36	<b>Total fund balances or net worth</b>	36	58,264
37	<b>Total liabilities and fund balances or net worth (line 35 plus line 36)</b>	37	58,264

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation

**Part VI Non-Private Foundation Status (Definitive ruling only)**

**A.—Basis for Non-Private Foundation Status (Check one of the boxes below.)**

The organization is not a private foundation because it qualifies as:

	Kind of organization	Within the meaning of	Complete
1	a church or a convention or association of churches	Sections 509(a)(1) and 170(b)(1)(A)(i)	
2	a school	Sections 509(a)(1) and 170(b)(1)(A)(ii)	
3	a hospital or a cooperative hospital service organization or a medical research organization operated in conjunction with a hospital	Sections 509(a)(1) and 170(b)(1)(A)(iii)	
4	a governmental unit described in section 170(c)(1)	Sections 509(a)(1) and 170(b)(1)(A)(v)	
5	being organized and operated exclusively for testing for public safety	Section 509(a)(4)	
6	being operated for the benefit of a college or university that is owned or operated by a governmental unit	Sections 509(a)(1) and 170(b)(1)(A)(iv)	Part VI.—B
7	normally receiving a substantial part of its support from a governmental unit or from the general public	Sections 509(a)(1) and 170(b)(1)(A)(vi)	Part VI.—B
8	normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions)	Section 509(a)(2)	Part VI.—B
9	<input checked="" type="checkbox"/> being operated solely for the benefit of or in connection with one or more of the organizations described in 1 through 4, or 6, 7, and 8 above	Section 509(a)(3)	Part VI.—C

**B.—Analysis of Financial Support (Complete if you checked box 6, 7, or 8 above.)**

	(a) Most recent tax year	(Years next preceding most recent tax year)			(e) Total
	19 .....	(b) 19 .....	(c) 19 .....	(d) 19 .....	
1 Gifts, grants, and contributions received					
2 Membership fees received					
3 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513					
4 Gross investment income (see instructions for definition)					
5 Net income from organization's unrelated business activities not included on line 4					
6 Tax revenues levied for and either paid to or spent on behalf of the organization					
7 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
8 Other income (not including gain or loss from sale of capital assets)—attach schedule					
9 Total of lines 1 through 8					
10 Line 9 minus line 3					
11 Enter 2% of line 10, column (e) only					

NOT APPLICABLE

12 If the organization has received any unusual grants during any of the above tax years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the nature of such grant. Do not include such grants on line 1 above—(See instructions).



Part VI Non-Private Foundation Status (Definitive ruling only) (Continued)

B.—Analysis of Financial Support (Continued)

13 If the organization's non-private foundation status is based on:

- a Sections 509(a)(1) and 170(b)(1)(A)(iv) or (vi).—Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the entire period were more than the amount shown on line 11.
b Section 509(a)(2).—For each of the years included on lines 1, 2, and 3, attach a list showing the name of and amount received from each person who is a "disqualified person."

For each of the years on line 3, attach a list showing the name of and amount received from each payor (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payor" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

C.—Supplemental Information Concerning Organizations Claiming Non-Private Foundation Status Under Section 509(a)(3)

Table with 2 columns: '1 Organizations supported by applicant organization: Name and address of supported organization' and 'Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?'. Includes entry for McLennan Community College.

The College is a public educational institution

2 To what extent are the members of your governing board elected or appointed by the supported organization(s)? See Attachment 2

What is the extent of common supervision or control that you and the supported organization(s) share? See Attachment 3

4 To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets? See Attachment 3

5 Does the mentioning of the supported organization(s) in your governing instrument make you a trust that the supported organization(s) can enforce under State law and compel to make an accounting? If "Yes," explain. [ ] Yes [X] No

6 What portion of your income do you pay to each supported organization and how significant is the support to each? See Attachment 3

7 To what extent do you conduct activities that would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s). See Attachment 3

Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization which is not described in section 509(a)(1) or (2)? If "Yes," explain. [ ] Yes [X] No

**Part VII Basis for Status as a Private Operating Foundation**

If the organization claims to be an operating foundation described in section 4942(j)(3) and—

- (a) bases its claim to private operating foundation status on normal and regular operations over a period of years; or
- (b) is newly created, set up as a private operating foundation, and has at least one year's experience;

provide the information under the income test and under one of the three supplemental tests (assets, endowment, or support). If the organization does not have at least one year's experience, complete line 21. If the organization's private operating foundation status depends on its normal and regular operations as described in (a) above, attach a schedule similar to the one below showing the data in tabular form for the three years next preceding the most recent tax year. (See regulations section 53.4942(b)-1 for additional information before completing the "Income Test" section of Part VII.) Organizations claiming section 4942(j)(5) status must satisfy the income test and the endowment test.

Income Test	Most recent tax year	
1a Adjusted net income, as defined in regulations section 53.4942(a)-2(d) . . . . .	1a	
b Minimum investment return, as defined in regulations section 53.4942(a)-2(c) . . . . .	1b	
2 Qualifying distributions:		
a Amounts (including administrative expenses) paid directly for the active conduct of the activities for which organized and operated under section 501(c)(3)(attach schedule) . . . . .	2a	
b Amounts paid to acquire assets to be used (or held for use) directly in carrying out purposes described in sections 170(c)(1) or 170(c)(2)(B) (attach schedule) . . . . .	2b	
c Amounts set aside for specific projects that are for purposes described in section 170(c)(1) or 170(c)(2)(B) (attach schedule) . . . . .	2c	
d Total qualifying distributions (add lines 2a, b, and c) . . . . .	2d	
3 Percentages:		
a Percentage of qualifying distributions to adjusted net income (divide line 2d by line 1a) . . . . .	3a	%
b Percentage of qualifying distributions to minimum investment return (divide line 2d by line 1b) . . . . . (Percentage must be at least 85% for 3a or 3b)	3b	%
<b>Assets Test</b>		
4 Value of organization's assets used in activities that directly carry out the exempt purposes. Do not include assets held merely for investment or production of income (attach schedule) . . . . .	4	
5 Value of any stock of a corporation that is controlled by applicant organization and carries out its exempt purposes (attach statement describing corporation) . . . . .	5	
6 Value of all qualifying assets (add lines 4 and 5) . . . . .	6	
7 Value of applicant organization's total assets . . . . .	7	
8 Percentage of qualifying assets to total assets (divide line 6 by line 7—percentage must exceed 65%) . . . . .	8	%
<b>Endowment Test</b>		
9 Value of assets not used (or held for use) directly in carrying out exempt purposes:		
a Monthly average of investment securities at fair market value . . . . .	9a	
b Monthly average of cash balances . . . . .	9b	
c Fair market value of all other investment property (attach schedule) . . . . .	9c	
d Total (add lines 9a, b, and c) . . . . .	9d	
10 Subtract acquisition indebtedness related to line 9 items (attach schedule) . . . . .	10	
11 Balance (subtract line 10 from line 9d) . . . . .	11	
12 Multiply line 11 by 3 1/3% (7/3 of the percentage for the minimum investment return computation under section 4942(e)). Line 2d above must equal or exceed the result of this computation. . . . .	12	
<b>Support Test</b>		
13 Applicant organization's support as defined in section 509(d) . . . . .	13	
14 Subtract amount of gross investment income as defined in section 509(e) . . . . .	14	
15 Support for purposes of section 4942(j)(3)(B)(iii) (subtract line 14 from line 13) . . . . .	15	
16 Support received from the general public, five or more exempt organizations, or a combination of these sources (attach schedule) . . . . .	16	
17 For persons (other than exempt organizations) contributing more than 1% of line 15, enter the total amounts that are more than 1% of line 15 . . . . .	17	
18 Subtract line 17 from line 16 . . . . .	18	
19 Percentage of total support (divide line 18 by line 15—must be at least 85%) . . . . .	19	%
20 Does line 16 include support from an exempt organization that is more than 25% of the amount of line 15? . . . . .		Yes <input type="checkbox"/> No <input type="checkbox"/>
21 Newly created organizations with less than one year's experience: Attach a statement explaining how the organization is planning to satisfy the requirements of section 4942(j)(3) for the income test and one of the supplemental tests during its first year's operation. Include a description of plans and arrangements, press clippings, public announcements, solicitations for funds, etc.		

Part VIII Required Schedules for Special Activities

Table with 3 columns: Question, 'If "Yes," check here', and 'And complete schedule'. Rows 1-7 cover questions about school status, scholarship benefits, facility takeover, hospital/medical research, homes for the aged, litigating organizations, and amateur sports competition.

Schedule A.—Schools, Colleges, and Universities

- 1 Is the organization an instrumentality of a State or political subdivision of a State?
2 Does or will the organization... discriminate in any way on the basis of race with respect to:
a Admissions?
b Use of facilities or exercise of student privileges?
c Faculty or administrative staff?
d Scholarship or loan program?
3 Does the organization include a statement in its charter, bylaws, or other governing instrument... that it has a racially nondiscriminatory policy as to students?
4 Has the organization made its racially nondiscriminatory policies known in a manner that brings the policies to the attention of all segments of the general community which it serves?
5 Attach a numerical schedule showing the racial composition, as of the current academic year, and projected as far as may be feasible for the next academic year...
6 Attach a list showing the amount of any scholarship and loan funds awarded to students enrolled and the racial composition of the students who have received the awards.
7 a Attach a list of the organization's incorporators, founders, board members, and donors of land or buildings...
b State whether any of the organizations listed in a have as an objective the maintenance of segregated public or private school education...
8 Indicate the public school district and county in which the organization is located.
9 Has the organization ever been determined by a State or Federal administrative agency or judicial body to be racially discriminatory?

UNAPPLICABLE

**Schedule B.—Organizations Providing Scholarship Benefits, Student Aid, etc. to Individuals**

1 a Describe the nature of the scholarship benefit, student aid, etc., including the terms and conditions governing its use, whether a gift or a loan, and the amount. If the organization has established or will establish several categories of scholarship benefits, identify each kind of benefit and explain how the organization determines the recipients for each category. Attach a sample copy of any application the organization requires or will require of individuals to be considered for scholarship grants, loans, or similar benefits. (Private foundations that make grants for travel, study or other similar purposes are required to obtain advance approval of scholarship procedures. See regulations sections 53.4945-4(c) and (d).)

See Attachment 4

b If you want this application considered as a request for approval of grant procedures in the event we determine that you are a private foundation, check here

2 What limitations or restrictions are there on the class of individuals who are eligible recipients? Specifically explain whether there are, or will be, any restrictions or limitations in the selection procedures based upon race and whether there are, or will be, restrictions or limitations in selection procedures based on the employment status of the prospective recipient or any relative of the prospective recipient. Also indicate the approximate number of eligible individuals.

See Attachment 4

3 Indicate the number of grants you anticipate making annually . See Attachment 4 . . . . .

4 List the names, addresses, duties, and relevant background of the members of your selection committee. If you base your selections in any way on the employment status of the applicant or any relative of the applicant, indicate whether there is or has been any direct or indirect relationship between the members of the selection committee and the employer. Also indicate whether relatives of the members of the selection committee are possible recipients or have been recipients.

The Financial Aid Committee of the College bases its decisions on the criteria set forth in questions one, two, and three, above, as well as the attachments described in those responses.

5 Describe any procedures you have for supervising grants (such as obtaining reports or transcripts) that you award, and any procedures you have for taking action if the terms of the grant are violated.

See Attachment 4

**SCHEDULE C.—Successors to "For Profit" Institutions**

1 What was the name of the predecessor organization and the nature of its activities?

2 Who were the owners or principal stockholders of the predecessor organization? (If more space is needed, attach schedule.)

Name and address	Share or interest

*NOT APPLICABLE*

SCHEDULE C.—Successors to "For Profit" Institutions (Continued)

- 3 Describe the business or family relationship between the owners or principal stockholders and principal employees of the predecessor organization and the officers, directors, and principal employees of the applicant organization.
- 4 a Attach a copy of the agreement of sale or other contract that sets forth the terms and conditions of sale of the predecessor organization or of its assets to the applicant organization.  
b Attach an appraisal by an independent qualified expert showing the fair market value of the facilities or property interest sold at the time of sale.
- 5 Has any property or equipment formerly used by the predecessor organization been rented to the applicant organization or will any such property be rented?  Yes  No  
If "Yes," explain and attach copies of all leases and contracts.
- 6 Is the organization leasing or will it lease or otherwise make available any space or equipment to the owners, principal stockholders, or principal employees of the predecessor organization?  Yes  No  
If "Yes," explain and attach a list of these tenants and a copy of the lease for each such tenant.
- 7 Were any new operating policies initiated as a result of the transfer of assets from a profit-making organization to a profit organization?  Yes  No  
If "Yes," explain.

SCHEDULE D.—Hospitals and Medical Research Organizations

- Check here if you are claiming to be a hospital and complete the questions in Part I of this Schedule and write "N/A" in Part II.
- Check here if you are claiming to be a medical research organization operated in conjunction with a hospital and complete the questions in Part II of this Schedule and write "N/A" in Part I.

Part I Hospitals

- a How many doctors are on the hospital's courtesy staff?
- b Do these doctors include all the doctors in the community?  Yes  No  
If "No," give the reasons why and explain how the courtesy staff is selected.

Composition of board of directors or trustees. (If more space is needed, attach schedule.)

Name and address	Occupation

**SCHEDULE D.—Hospitals and Medical Research Organizations (Continued)**

**Part I Hospitals (continued)**

3 a Does the hospital maintain a full-time emergency room? . . . . .  Yes  No

b What is the hospital's policy on administering emergency services to persons without apparent means to pay?

c Does the hospital have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? . . . . .  Yes  No  
Explain.

4 a Does or will the hospital require a deposit from persons covered by Medicare or Medicaid in its admission practices? . . . . .  Yes  No  
If "Yes," explain.

b Does the same deposit requirement apply to all other patients? . . . . .  Yes  No  
If "No," explain.

5 Does or will the hospital provide for a portion of its services and facilities to be used for charity patients? . . . . .  Yes  No  
Explain (include data on the hospital's past experience in admitting charity patients and arrangements it may have with municipal or government agencies for absorbing the cost of such care)

6 Does or will the hospital carry on a formal program of medical training and research? . . . . .  Yes  No  
If "Yes," describe.

7 Does the hospital provide office space to physicians carrying on a medical practice? . . . . .  Yes  No  
If "Yes," attach a list setting forth the name of each physician, the amount of space provided, the annual rent (if any), and the expiration date of the current lease.

**Part II Medical Research Organizations**

1 Name the hospital(s) with which you have a relationship and describe the relationship(s).

2 Describe your present and proposed (indicate which) medical research activities, show the nature of the activities, and the amount of money which has been or will be spent in carrying them out. (Making grants to other organizations is not direct conduct of medical research.)

3 Attach a statement of assets showing the fair market value of your assets and the portion of the assets directly devoted to medical research.

*APPLICABLE*

SCHEDULE E.—Homes for Aged

What are the requirements for admission to residency? Explain fully and attach promotional literature and application forms.

2 Does or will the home charge an entrance or founder's fee?  Yes  No  
If "Yes," explain.

3 What periodic fees or maintenance charges are or will be required of its residents?

4 a What established policy does the home have concerning residents who become unable to pay their regular charges?

What arrangements does the home have or will it make with local and Federal welfare units, sponsoring organizations, or others to absorb all or part of the cost of maintaining those residents?

5 What arrangements does or will the home have to provide for the health needs of its residents?

6 In what way are the home's residential facilities designed to meet some combination of the physical, emotional, recreational, social, religious, and similar needs of the aged?

7 Has the home established or will it establish any reserves for future expenditures?  Yes  No  
If "Yes," state the source of such reserves and explain how they will be used.

8 Attach a sample copy of the contract or agreement the organization makes with or requires of its residents.

NOT APPLICABLE

**SCHEDULE F.—Litigating Organizations (Public Interest Law Firms and Similar Organizations)**

1 Will the organization conform to the guidelines for organizations engaged in litigation activities issued by the Internal Revenue Service in Rev. Proc. 71-39, 1971-2 C.B. 575, and Rev. Proc. 75-13, 1975-1 C.B. 662? . . .  Yes  No  
If "No," explain.

2 What is the organization's area of public interest or concern?

3 Is the organization set up primarily to try the case of a particular person or prosecute a particular cause of action? . . .  Yes  No  
If "Yes," explain.

4 What are the organization's criteria for selection of cases?

5 In what cases has the organization started legal proceedings and in what other cases is it preparing to start proceedings? Describe the legal issues involved in each case and explain how they relate to the organization's area of concern.

6 a Composition of the organization's board of directors or trustees:

Name and address	Business or Occupation
.....	
.....	
.....	

b Will any of the attorneys hired by the organization be a trustee or member of the board of directors of the organization or be associated in the practice of law with any such trustee or member? . . .  Yes  No  
If "Yes," explain.

7 Does or will the organization share office space with a private law firm? . . .  Yes  No  
If "Yes," explain.

8 Does or will the organization receive fees for its professional services? . . .  Yes  No  
If "Yes," explain.

**SCHEDULE G.—National or International Amateur Sports Competition**

1 Does your organization directly or indirectly provide any facilities or equipment for the use of amateur athletes engaged in national or international sports competition? . . .  Yes  No

2 How do you foster national or international sports competition?

3 Do you provide financial assistance to amateur athletes? . . .  Yes  No

*NOT APPLICABLE*



ATTACHMENT 1  
FORM 1023 - McLennan Community College Foundation

Part III, Question 3:

The McLennan Community College Foundation is a non-profit organization formed to provide supplemental financial support for McLennan Community College and its activities. The Foundation is organized as a non-profit corporation under Texas law, and is to be operated exclusively for the benefit of McLennan Community College, a public educational institution.

The Foundation has not commenced its fund-raising activities, and has not, as yet, provided any support to the college. The actual operation of the Foundation and its financing efforts (other than initial planning meetings) will commence upon the receipt of recognition from the Internal Revenue Service that the Foundation qualifies for tax-exempt status. Foundation funds will be managed separate and apart from those of the college.

It is intended that the Foundation will support selected programs and activities which will enhance the quality of the facilities and extend accessibility and the opportunities provided by the college to its students, staff, faculty, and residents of the geographical area which it serves.

The Foundation contemplates that funds will be used to provide for the following types of activities:

1. Provision of equipment, supplies and facilities for use by the college;
2. Contributions to the college for the purpose of beautifying its campus;
3. Scholarships to encourage attendance by potential students who cannot be funded through limited public monies;
4. Professional development grants to enhance the knowledge and skills of those who provide educational services;
5. Institutional research grants to allow for the thorough evaluation of special programs and services;
6. Educational enrichment programs through renowned speakers;
7. Acquire state of the art equipment so that students have the opportunity to be trained for jobs in an ever changing technological world and so that faculty has the equipment necessary to meet that challenge;
8. Award grants to recognize outstanding scholarship, teaching, or leadership; and
9. Fund an emergency student loan program to assist students facing temporary financial crisis and enable them to continue their schooling.

ATTACHMENT 2

Form 1023 - McLennan Community College Foundation

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Part III, Question 7b:

The Foundation's Gift Policy and Procedures Manual (a copy of which is submitted with this application) provides for many types of gift opportunities, including the opportunity for a donor to endow a scholarship named according to the wishes of the donor. The general practice of the Foundation will be to require that 10% of all income earned each year on endowed scholarship funds be retained within the fund in order to increase the amount of the endowment fund.

Part III, Question 9b:

The only recipients of the Foundation will be McLennan Community College, its faculty, staff, students and facilities. All student financial aid will be contributed by the Foundation to the College's Financial Aid Department. The Foundation will not exercise any control over the disposition of contributions. The Financial Aid Department will use the funds in accordance with its normal operating procedures.

Part III, Question 13a:

The Foundation's Certificate of Incorporation was issued on 9/24/85. Its organizational meeting did not occur, however, until 2/24/89. Accordingly, this form is being filed within fifteen months from the date of the end of the month in which the Foundation was organized. Recognition of exemption as a Section 501(c)(3) organization is requested effective 2/24/89.

Part IV, Question C2:

The Board of Directors of the Foundation is required to have as members the President of the College and at least two current members of the Board of Trustees. While the governing Board is authorized to operate at the maximum level of thirty members, the three individuals listed in the preceding sentence will be serving at all times.

ATTACHMENT 3

FORM 1023 - McLennan Community College Foundation

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Part VI, Question C3:

To the extent that the Board of Directors can be controlled by the three individuals referenced in Question 2, above, there exists common supervision and control.

Part VI, Question C4:

To the extent that the three individuals listed in the answer to Question C2, above, control the Board of Directors, the College will have a significant voice in investment policies. However, as the Board grows to its maximum level of thirty individuals, that control will diminish. Additionally, all investment decisions, grants and direction of income or assets are subject to the Articles of Incorporation, the By-laws, and the Foundation's Gift Policy and Procedures Manual.

Part VI, Question C6:

Subject to the Foundation's Gift Policy and Procedures Manual requiring the retention of 10% of all income earned per year on named, endowed scholarships, all of the Foundation's income will be either paid to the supported organization or used to provide benefits to it. The method by which income is used to benefit the supported organization will vary depending upon the nature of the benefit. For instance, certain funds will be provided directly to the College to be used to obtain facilities or equipment, while other funds will be used to endow visiting professorships. The support to be provided by the Foundation to the College is estimated to equal one-half of the percent of the College's total support during the Foundation's first year of operation following receipt of the tax exemption.

Part VI, Question C7:

The Foundation will conduct fund-raising activities that benefit the College. To the extent that such funds are not provided by the Foundation, the College would be forced to seek alternate funding from the local, state, and/or federal governments. Absent funds from the Foundation, it is probable that the supported programs, equipment, projects and facilities could not be provided by the College.

ATTACHMENT 4

Form 1023 - McLennan Community College Foundation

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Part VIII, Schedule B, Question 1a:

Unrestricted operating funds, sponsored scholarships, and revolving loan funds will constitute the source of scholarship benefits and student aid. All funds for scholarship benefits and student aid will be determined pursuant to the guidelines promulgated by the Financial Aid Department of the College. Sample applications and student data sheets developed by the College as well as the Family Financial Statement Form, Texas Edition, developed by the American College Testing Program will be utilized by the Financial Aid Department to determine benefit recipients.

Part VIII, Schedule B, Question 2:

There will be no restrictions in terms of race or employment status. Permissible restrictions will be based upon the express provisions established by the donor of a particular fund, which cannot violate the College's nondiscriminatory policy. The number of eligible individuals is unlimited, subject only to applicants meeting the Financial Aid Department's requirements or as specified by a donor who may restrict recipients to, for example, a minimum grade point average. Attached to this application are copies of the College's Five Year Educational Opportunity Plan and Equal Employment Opportunity Policy Affirmation for 1989. Also attached is a computer print-out disclosing the dollars, the guaranteed loans, the scholarships, and the employment status by ethnic group for the first semester of 1989.

Part VIII, Schedule B, Question 3:

All grants will be made pursuant to the Foundation's Gift Policy and Procedures Manual, subject to availability of funds and donative conditions acceptable to the Foundation.

Part VIII, Schedule B, Question 5:

Scholarship awards are based on continued attendance and academic achievement. Awards which provide specific course load requirements are compared against enrollment schedules for each benefited student. Transcripts are checked for compliance with eligibility requirements based on specific grade point averages. Recipients who do not meet the established criteria for continuing eligibility under a specific award will be denied funding under specific award criteria until the standards are again met, at which time a student may reapply.