



O2010-6418

# City of Chicago

Office of the City Clerk

## City Council Document Tracking Sheet



<b>Meeting Date:</b>	11/10/2010
<b>Status:</b>	Introduced
<b>Sponsor(s):</b>	Waguespack, Scott
<b>Type:</b>	Ordinance
<b>Title:</b>	Provide Not-for-Profit Fee Exemption for Chicago Charter School Foundation
<b>Committee(s) Assignment:</b>	Committee on Finance

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:**

**SECTION 1.** That the Commissioner of Buildings, the Executive Director of Construction and Permits, the Commissioner of Transportation, the Commissioner of Streets and Sanitation, the Commissioner of Environment, the Commissioner of Fire, the Director of Business Affairs and Licensing, the Director of Revenue and the Commissioner of Water Manager, are hereby authorized and directed to issue all necessary permits, all on-site water/sewer inspection fees and all water/sewer plan review fees, free of charge, notwithstanding other ordinances of the City of Chicago to the contrary to Chicago Charter School Foundation, a not-for-profit Illinois Corporation, related to the erection and maintenance of building(s) and fuel storage facilities at said locations:

2235 West Hamilton Street  
Chicago, Illinois 60647

Said building(s) and all appurtenances thereto shall be used exclusively for charitable purposes and shall not be leased or otherwise used with view of profit, and the work thereon shall be done in accordance with plans submitted and all of the appropriate provisions of the Municipal Code of the City of Chicago and departmental requirements of various departments of the City of Chicago, and said building(s) and all appurtenances thereto shall be constructed and maintained so that they shall comply in all respects with requirements of the appropriate provisions of the Municipal Code of the City of Chicago for the issuance of all necessary permits and licenses.

**SECTION 2.** Chicago Charter School Foundation, a not-for-profit, Illinois Corporation, located at 228 South Wabash Avenue, Suite 500, engaged educational and related activities, shall be exempt from the payment of City license fees and shall be entitled to the cancellation of warrants for collection for inspection fees.

**SECTION 3.** Chicago Charter School Foundation shall be entitled to a refund of City fees, which it has paid and to which it is exempt pursuant to Sections one (1) and two (2) of this ordinance.

**SECTION 4.** This ordinance shall be in force for the period of January 1, 2011 through December 31, 2012.



Scott Waguespack  
Alderman, 32nd Ward

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

*Moved*  
Chicago Charter School Foundation  
330 South Wells, Suite 910  
Chicago, IL 60606

Contact Person: Mr. Megosh  
ID # 50-12597  
Telephone Number: (202) 622-7561

In Reference to: OP:E:EO:T:4

Date: MAR 22 1999

*to 228 S. Wabash, Suite 500  
Chicago, IL 60604*

Employer Identification Number: 36-4141583  
Accounting Period Ending: June 30th  
Foundation Status Classification: 509(a)(1) and 170(b)(1)(A)(ii)  
Form 990 Required: Yes

Dear Applicant:

Based on the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in the section(s) indicated above.

If your sources of support, or your purposes, character, or method of operation change, please let the Ohio EP/EO key district know so that office can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send a copy of the amended document or bylaws to the Ohio EP/EO key district. Also, you should inform the Ohio EP/EO key district office of all changes in your name or address.

You are not subject to the publishing requirements of Rev. Proc. 75-50, 1975-2 C.B. 587, so long as you operate a charter school. If your method of operation changes to the extent that your charter is terminated, cancelled or not renewed, you should notify your Key District Office. If you continue to operate a school, you will be required to comply with the publishing requirements of Rev. Proc. 75-50.

You are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act.

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Because you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, if you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958. In this letter we are not determining whether any of your present or proposed arrangements would be considered an excess benefit transaction resulting in tax under section 4958. Additionally, you are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Donors (including private foundations) may rely on this ruling unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your 509(a) status as indicated above, donors (other than private foundations) may not rely on the classification indicated above if they were in part responsible for, or were aware of, the act that resulted in your loss of such status, or they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification. Private foundations may rely on the classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification indicated above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fund-raising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fund-raising events such as benefit dinners, shows, membership drives, etc., where something of value is received in return for payments, you are required to provide a written disclosure statement informing the donor of the fair market value of the specific items or services being provided. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that the donor can determine how much is deductible and how much is not. Your disclosure statement should be made, at the latest, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to

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any fund-raising circumstance where each complete payment, including the contribution portion, exceeds \$75. In addition, donors must have written substantiation from the charity for any charitable contribution of \$250 or more. For further details regarding these substantiation and disclosure requirements, see the enclosed copy of Publication 1771. For additional guidance in this area, see Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events, which is available at many IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If "Yes" is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it. Form 990 should be filed with the Ogden Service Center, Ogden, UT 84201-0027.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, any supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$20 per day for each day there is a failure to comply (up to a maximum of \$10,000 in the case of an annual return).

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax,

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you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Please use the employer identification number indicated in the heading of this letter on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing the Ohio EP/EO key district office of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about reporting requirements or about excise, employment, or other federal taxes, please contact the Ohio EP/EO Customer Service office at 877-829-5500 (a toll free number) or send correspondence to the following address: Internal Revenue Service, EP/EO Customer Service, P.O. Box 2508, Cincinnati, OH 45201. If you have any immediate questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

*Gerald V. Sack*

Gerald V. Sack  
Chief, Exempt Organizations  
Technical Branch 4

Enclosure:  
Pub. 1771