

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

OMB No. 1545-0056

Note: If exempt status is approved, this application will be open for public inspection.

Read the instructions for each Part carefully.

A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) <u>Choice + Consequence</u>		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions). <u>33 : 1027240</u>
1b c/o Name (if applicable) <u>Colleen C. Williams</u>		3 Name and telephone number of person to be contacted if additional information is needed <u>Colleen C. Williams</u> <u>(360) 223-6302</u>
1c Address (number and street) <u>19128 Vista Drive</u>	Room/Suite <u>101</u>	
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3. <u>Arlington, WA 98223</u>		4 Month the annual accounting period ends <u>December</u>
1e Web site address <u>http://www.choiceandconsequence.org</u>		5 Date incorporated or formed <u>October 9, 2002</u>
6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(n)		
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions). <u>annual gross receipts < 25,000.00</u>		
9 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 numbers, years filed, and Internal Revenue office where filed.		

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws. *- See attachment B*
- b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association— Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

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

Please Sign Here Colleen C. Williams (Type or print name and title or authority of signer) Dec. 30, 2002 (Date)

**User Fee for Exempt Organization
 Determination Letter Request**

▶ **Attach this form to determination letter application.
 (Form 8718 is NOT a determination letter application.)**

For IRS Use Only

Control number _____
 Amount paid _____
 User fee screener _____

1 Name of organization

Choice + Consequence

2 Employer Identification Number

33: 1027240

Caution: Do not attach Form 8718 to an application for a pension plan determination letter. Use Form 8717 instead.

3 **Type of request**

Fee

a Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging not more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging not more than \$10,000 during its first 4 years ▶ \$150

Note: If you checked box 3a, you must complete the Certification below.

Certification

I certify that the annual gross receipts of *Choice + Consequence, Inc.*
name of organization

have averaged (or are expected to average) not more than \$10,000 during the preceding 4 (or the first 4) years of operation.

Signature ▶ *Colleen Walker* Title ▶ *Director/UP*

b Initial request for a determination letter for:

- An exempt organization that has had annual gross receipts averaging more than \$10,000 during the preceding 4 years, or
- A new organization that anticipates gross receipts averaging more than \$10,000 during its first 4 years ▶ \$500

c Group exemption letters ▶ \$500

Instructions

The law requires payment of a user fee with each application for a determination letter. The user fees are listed on line 3 above. For more information, see Rev. Proc. 2000-8, 2000-1, I.R.B. 230.

Check the box or boxes on line 3 for the type of application you are submitting. If you check box 3a, you must complete and sign the certification statement that appears under line 3a.

Attach to Form 8718 a check or money order payable to the United States Treasury for the full amount of the user fee. If you do not include the full amount, your application will be returned. Attach Form 8718 to your determination letter application.

Send the determination letter application and Form 8718 to:
 Internal Revenue Service
 P.O. Box 192
 Covington, KY 41012-0192

If you are using express mail or a delivery service, send the application and Form 8718 to:

Internal Revenue Service
 201 West Rivercenter Blvd.
 Attn: Extracting Stop 312
 Covington, KY 41011

Attach Check or Money Order Here

*Check attached for
 \$150.00*



Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0056

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions on reverse side.)

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

CHOICE & CONSEQUENCE

(Exact legal name of organization as shown in organizing document)

19128 Vista Drive, Arlington, WA 98223

(Number, street, city or town, state, and ZIP code)

EIN 33-1027240

District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year 12/31/2002
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
<u>Choice & Consequence</u>	<u>12/30/2002</u>
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <u>Colleen Williams</u>	<u>Colleen Williams</u> ^{Staffer} _{President}
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

Cat. No. 16905Q

ATTACHMENT A

Certificate of Incorporation
And
Articles of Incorporation

STATE of WASHINGTON



SECRETARY of STATE

I, *SAM REED*, Secretary of State of the State of Washington and custodian of its seal,

hereby issue this

CERTIFICATE OF INCORPORATION

to

CHOICE & CONSEQUENCE

A Washington Non-Profit Corporation. Articles of Incorporation were filed for record in this office on the date indicated below

UBI Number: 602 240 990

Date: October 09, 2002



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in cursive script that reads "Sam Reed".

Sam Reed, Secretary of State

**ARTICLES OF INCORPORATION
OF
CHOICE & CONSEQUENCE®, INC.**

TO: STATE OF WASHINGTON, SECRETARY OF STATE, CORPORATIONS DIVISION

The undersigned natural persons of the age of 18 years or more, acting as incorporators, adopt the following Articles of Incorporation pursuant to the Washington Nonprofit Corporations Act.

- FIRST:** The name of the corporation is Choice & Consequence®, Inc.
- SECOND:** The period of duration is perpetual.
- THIRD:** The Corporation is a mission-based organization and will be operated exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. Specifically, the corporation is organized to provide health education free of charge to high school students of diverse backgrounds. In pursuance of these purposes it shall have the powers to carry on any business or other activity which may be lawfully conducted by a corporation organized under the Washington State Nonprofit Corporations Act, whether or not related to the foregoing purposes, and to do all things necessary, proper and consistent with maintaining tax exempt status under section 501(c)(3).
- FOURTH:** Limitation on liability of directors, pursuant to RCW 23B.08.320 may limit the personal liability of a director of the corporation for conduct as a director, provided that such provisions shall not eliminate or limit the liability of a director for acts or omissions that involve intentional misconduct by a director or a knowing violation of law.
- FIFTH:** The registered agent is Colleen C. Williams, who is a resident of the state of Washington State and a director of the corporation, and the address of its initial registered office is 19128 Vista Drive, Arlington, WA 98223, which is physically located in the County of Snohomish.
- SIXTH:** The number of directors constituting the initial Board of Directors is two, and the names and addresses, including street number, of the persons who are to serve as the initial directors until the first annual meeting, or until their successors are elected and qualified are listed below. Thereafter, the number of directors may be changed in accordance with the Bylaws. Directors may elect their successors.

ARTICLES OF INCORPORATION

Colleen C. Williams, RN, C, MS
19128 Vista Drive
Arlington, WA 98223

Rebecca Rose-Engel, RRT
14322 N. Creek Drive #1521
Mill Creek, WA 98012

SEVENTH: The internal affairs of the corporation shall be regulated by its Board of Directors as described in the Bylaws. Upon dissolution of the corporation, its assets shall be disposed of exclusively for the purposes of the corporation or distributed to such organizations organized and operated exclusively for charitable purposes which shall, at the time, qualify as exempt organizations under section 501(c)(3).

EIGHTH: No part of the net earnings of the corporation shall inure to the benefit of or be distributed to any director, employee or other individual, partnership, estate, trust or corporation having a personal or private interest in the corporation. Compensation for services actually rendered and reimbursement for expenses actually incurred in attending to the affairs of this corporation shall be limited to reasonable amounts. No substantial amount of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation and this corporation shall not intervene in (including the publishing or distributing of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles or of any Bylaws adopted there under, this corporation shall not take any action not permitted by the laws which then apply to this corporation.

NINTH: The name and address, including street and number, of each incorporator is:

Colleen C. Williams, RN, C, MS
19128 Vista Drive
Arlington, WA 98223

Rebecca Rose-Engel, RRT
14322 N. Creek Drive #1521
Mill Creek, WA 98012

Bylaws

ATTACHMENT B

BYLAWS

**BYLAWS
OF
CHOICE & CONSEQUENCE®, INC.**

**ARTICLE I
NAME AND PURPOSES**

Section 1.01. Name. The name of the organization is Choice & Consequence® Inc.

Section 1.02. Purpose. The Corporation is a mission-based organization and will be operated exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code. Specifically, the corporation is organized to provide health education free of charge to high school students of diverse backgrounds.

**ARTICLE II
MEMBERS**

Section 2.01. There shall be no members.

**ARTICLE III
AUTHORITY AND DUTIES OF DIRECTORS**

Section 3.01. Authority of Directors. The Board of Directors is the policy-making body and may exercise all the powers and authority granted to the Corporation by law. Directors shall serve as staff of the Corporation.

Section 3.02. Number, Selection, and Tenure. The Board shall consist of not less than two (2) directors. Each director shall hold office for a term of three (3) years. Vacancies existing by reason of resignation, death, incapacity or removal before the expiration of his/her term shall be filled by the remaining director. Directors will otherwise elect their successors. A director elected to fill a vacancy shall be elected for the unexpired term of that director's predecessor in office.

Section 3.03. Resignation. Resignations are effective upon receipt by the Secretary of the Corporation of written notification.

Section 3.04. Regular Meetings. The Board of Directors shall hold at least two (2) regular meetings per calendar year. Meetings shall be at such dates, times and places as the Board shall determine.

BYLAWS

Section 3.05. Special Meetings. Meetings shall be at such dates, times and places as the Board shall determine.

Section 3.06. Notice. Meetings may be called by the Chairperson or at the request of any director by notice emailed, mailed, telephoned, or telegraphed to each member of the Board not less than forty-eight (48) hours before such meeting.

Section 3.07. Quorum. A quorum shall consist of two (2) members of the Board attending in person or through teleconferencing.

Section 3.08. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors (including amendment of these Bylaws) or of any committee may be taken without a meeting if all the members of the Board or committee consent in writing to taking the action without a meeting and to approving the specific action. Such consents shall have the same force and effect as a unanimous vote of the Board or of the committee as the case may be.

Section 3.09. Participation in Meeting by Conference Telephone. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as members participating in such meeting can hear one another.

Section 3.10. Committees. The Board of Directors may, by resolution adopted by both of the Directors in office, establish committees of the Board composed of at least two (2) persons which, except for an Executive Committee, may include non-Board members. The Board may make such provisions for appointment of the chair of such committees, establish such procedures to govern their activities, and delegate thereto such authority as may be necessary or desirable for the efficient management of the property, affairs, business, activities of the Corporation.

Section 3.11. Reimbursement. Directors shall serve without compensation with the exception that expenses incurred in the furtherance of the Corporation's business are allowed to be reimbursed with documentation and prior approval. In addition, Directors serving the organization in any other capacity, such as staff, are allowed to receive compensation.

ARTICLE IV AUTHORITY AND DUTIES OF OFFICERS

Section 4.01. Officers. The officers of the Corporation shall be a President, a Vice-President, a Secretary/Treasurer, and such other officers as the Board of Directors may designate. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary/Treasurer.

Section 4.02. Appointment of Officers; Terms of Office. The officers of the Corporation shall be elected by the Board of Directors at regular meetings of the Board, or, in the case of vacancies, as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of

BYLAWS

Directors. Terms of office may be established by the Board of Directors, but shall not exceed three (3) years. Officers shall hold office until a successor is duly elected and qualified. Officers shall be eligible for reappointment.

Section 4.03. Resignation. Resignations are effective upon receipt by the Secretary of the Board of a written notification.

Section 4.04. Removal. An officer may be removed by the Board of Directors at a meeting, or by action in writing pursuant to Section 3.08, whenever in the Board's judgment the best interests of the Corporation will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4.05. President. The President shall be a director of the Corporation and will preside at all meetings of the Board of Directors. The President shall perform all duties attendant to that office, subject, however, to the control of the Board of Directors, and shall perform such other duties as on occasion shall be assigned by the Board of Directors.

Section 4.06. Vice-President. The Vice-President shall be a director of the Corporation and will preside at meetings of the Board of Directors in the absence of or request of the President. The Vice-President shall perform other duties as requested and assigned by the President, subject to the control of the Board of Directors.

Section 4.07. Secretary/Treasurer. The Secretary/Treasurer shall be a director of the Corporation and shall keep the minutes of all meetings of the Board of Directors in the books proper for that purpose. The Secretary/Treasurer shall also report to the Board of Directors at each regular meeting on the status of the Corporation's finances. The Secretary/Treasurer shall work closely with any paid executive staff of the Corporation to ascertain that appropriate procedures are being followed in the financial affairs of the Corporation, and shall perform such other duties as occasionally may be assigned by the Board of Directors.

Section 4.08. Paid Staff. The Board of Directors may hire such paid staff as they deem proper and necessary for the operations of the Corporation. The powers and duties of the paid staff shall be as assigned by the Board.

ARTICLE V INDEMNIFICATION

Section 5.01. Indemnification. Every member of the Board of Directors, officer or employee of the Corporation may be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon such members of the Board, officer or employee in connection with any threatened, pending, or completed action, suit or proceeding to which she/he may become involved by reason of her/his being or having been a member of the Board, officer, or employee of the corporation, or any settlement thereof, unless adjudged therein to be liable for

BYLAWS

negligence or misconduct in the performance of her/his duties. Provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the corporation. The foregoing right of indemnification shall be in addition and not exclusive of all other rights which such member of the Board, officer or employee is entitled.

ARTICLE VI ADVISORY BOARDS AND COMMITTEES

Section 6.01. Establishment. The Board of Directors may establish one or more Advisory Boards or Committees.

Section 6.02. Size, Duration, and Responsibilities. The size, duration, and responsibilities of such boards and committees shall be established by a majority vote of the Board of Directors.

ARTICLE VII FINANCIAL ADMINISTRATION

Section 7.01. Fiscal Year. The fiscal year of the Corporation shall be January 1 - December 31 but may be changed by resolution of the Board of Directors.

Section 7.02. Checks, Drafts, Etc. All checks, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange, and insurance certificates shall be signed or endorsed by such officer or officers or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors or of any committee to which such authority has been delegated by the Board.

Section 7.03. Deposits and Accounts. All funds of the Corporation, not otherwise employed, shall be deposited from time to time in general or special accounts in such banks, trust companies, or other depositories as the Board of Directors or any committee to which such authority has been delegated by the Board may select, or as may be selected by the President or by any other officer or officers or agent or agents of the Corporation, to whom such power may from time to time be delegated by the Board. For the purpose of deposit and for the purpose of collection for that account of the Corporation, checks, drafts, and other orders of the Corporation may be endorsed, assigned, and delivered on behalf of the Corporation by any officer or agent of the Corporation.

Section 7.04. Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested on occasion in such property, real, personal, or otherwise, or stock, bonds, or other securities, as the Board of Directors in its sole discretion may deem desirable, without regard to the limitations, if any, now imposed or which may hereafter be imposed by law regarding such investments, and which are permitted to organizations exempt from Federal income taxation

BYLAWS

under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE VIII BOOKS AND RECORDS

Section 8.01. Books. Correct books of account of the activities and transactions of the Corporation shall be kept at the office of the Corporation.

Section 8.02. Records. These shall include a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these Bylaws, and all minutes of meetings of the Board of Directors. The records shall be open at any reasonable time to inspection by the public. The Articles of Incorporation and the Bylaws shall be posted on the web site of the organization.

ARTICLE IX AMENDMENT OF BYLAWS

Section 9.01. Amendment of Bylaws. These Bylaws may be amended by a majority vote of the Board of Directors, provided prior notice is given of the proposed amendment in the notice of the meeting at which such action is taken, or provided all members of the Board waive such notice, or by unanimous consent in writing without a meeting pursuant to Section 3.08.

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. **Do not merely refer to or repeat the language in the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: **(a)** a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; **(b)** when the activity was or will be initiated; and **(c)** where and by whom the activity will be conducted.

See attachment C

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

Public Charitable Donation
Grants

Customers other than high schools will be charged for services to assist us in meeting our mission.

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

In 2002 we have seen over 900 adolescents at high schools. We intend to charge customers, other than high schools, to raise money in support of Choice & Consequence, Inc., & will write for grants, & solicit donations

ATTACHMENT C

1. Narrative Description of Activities

Activities

Choice & Consequence, Inc. is dedicated to teaching young adults in Alternative and High Schools to influence them to make healthy lifestyle choices. We will do this through health education, the use of donated diseased human organs and the sharing of life experiences.

Colleen Williams, RN, C, MS provides physical health education, mental health education and shares her life experiences with high school students. The organs are used to show what actually can happen to people that choose various unhealthy lifestyle choices.

Rebecca Rose-Engel, RRT uses her expertise to teach students about the consequences of the use of tobacco products on their heart and lungs. She also shares her unique life experiences and the organs to show what can happen to people that choose various unhealthy lifestyle choices.

Both presenters cover the consequences of adolescent choices on themselves, their family and the community. They also convey a hopeful message that it is never too late to begin making healthy choices and that anyone can choose to change their life at any time. Health publications are provided to the students and seminars conducted in addition to the lecture.

The main topics of the presentation are alcoholism, drug abuse, unsafe sex, tobacco use, stress management, breast and testicular self-examination, self-care, the brain, self-esteem, school bullying, self-confidence, dangers of body piercing and tattoos, communication, rave drugs, date rape, hope, mental health and never giving up.

Analysis of Activities

Choice & Consequence, Inc. qualifies as a charitable and educational organization within the meaning of Section 501(c)(3) of the Internal Revenue Code.

Department of Treasury regulations provide that organizations have an educational purpose within the meaning of 501(c)(3) if they provide “instruction of the public on subjects useful to the individual and beneficial to the community.” Treas. Reg. 1.501(c)(3)-(d)(3)(i). The regulations further provide that an organization that disseminates knowledge by publications, seminars, lectures and the like is advancing education [Treas. Reg. 1.501(c)(3)-1(d)(2)], and that conducting discussion groups, panels, forums, lectures and the like are tax-exempt educational activities. Treas. Reg. 1.501(c)(3)-1(d)(3)(ii), Example 2.

Like the above organizations, Choice & Consequence, Inc. is involved in providing health education information, as described above, that is useful to the individual and beneficial to the community. We use publications, seminars, and lectures to disseminate knowledge as described above.

Accordingly, Choice & Consequence, Inc. qualifies as a charitable and educational organization and should be granted tax exemption under Section 501(c)(3) of the Internal Revenue Code.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Rebecca Rose-Engel / President, ^{staff} 14322 N. Creek Drive #1521 Mill Creek, WA 98012	\$ 50,000
Colleen C. Williams / Vice- ^{staff} President, Sec/Treas 19128 Vista Drive Arlington, WA 98223	\$ 50,000

c 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.

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 **Specific Instructions** for Part II, Line 4d, on page 3.) Yes No
If "Yes," explain.

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

Williams + Rose Health Management is a partnership that has been set up to provide a source of income to help support the mission of Choice + Consequence, Inc. The directorates are interlocking + the amounts to be applied to Choice + Consequence will be established in Bylaws

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
If "Yes," explain fully and identify the other organizations involved.

7 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.

Part II Activities and Operational Information (Continued)

8 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. If none, indicate "N/A."

N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 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 the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

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

High Schools

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III Technical Requirements

- 1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 6 below.

- 2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions—You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

- 3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

- 4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

- 5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the 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 the organization was created or formed? Yes No

- 6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part III Technical Requirements (Continued)

- 7 Is the organization a private foundation?
 Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

- 8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

- 9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As 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) |
| h | <input type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As 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) |
| j | <input checked="" type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10** If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.
- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:
a Enter 2% of line 8, column (e), Total, of Part IV-A
b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line **12a** above.

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here and:
a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see **Specific Instructions**, Part II, Line 4d, on page 3.)
b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution? . . .		X	I

Part IV Financial Data

See Attachment E

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

		Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
		(a) From to	(b)	(c)	(d)	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions)					
	2 Membership fees received					
	3 Gross investment income (see instructions for definition)					
	4 Net income from organization's unrelated business activities not included on line 3					
	5 Tax revenues levied for and either paid to or spent on behalf of the organization					
	6 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)					
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)					
	8 Total (add lines 1 through 7)					
	9 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. Include related cost of sales on line 22					
	10 Total (add lines 8 and 9)					
	11 Gain or loss from sale of capital assets (attach schedule)					
	12 Unusual grants					
	13 Total revenue (add lines 10 through 12)					
Expenses	14 Fundraising expenses					
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)					
	16 Disbursements to or for benefit of members (attach schedule)					
	17 Compensation of officers, directors, and trustees (attach schedule)					
	18 Other salaries and wages					
	19 Interest					
	20 Occupancy (rent, utilities, etc.)					
	21 Depreciation and depletion					
	22 Other (attach schedule)					
	23 Total expenses (add lines 14 through 22)					
	24 Excess of revenue over expenses (line 13 minus line 23)					

Part IV Financial Data (Continued)

See attachment E

B. Balance Sheet (at the end of the period shown)		Current tax year Date
Assets		
1	Cash	1
2	Accounts receivable, net	2
3	Inventories	3
4	Bonds and notes receivable (attach schedule)	4
5	Corporate stocks (attach schedule)	5
6	Mortgage loans (attach schedule)	6
7	Other investments (attach schedule)	7
8	Depreciable and depletable assets (attach schedule)	8
9	Land	9
10	Other assets (attach schedule)	10
11	Total assets (add lines 1 through 10)	11
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc., payable	13
14	Mortgages and notes payable (attach schedule)	14
15	Other liabilities (attach schedule)	15
16	Total liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18

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

ATTACHMENT E- FINANCIAL DATA

Below are income and expenses for the current year and projected budgets for the following two years of Choice and Consequence, Inc.

INCOME	2002	2003	2004
Charitable Donation	\$250.00	\$5,000.00	\$5,000.00
Grant	\$0.00	\$5,000.00	\$5,000.00
TOTAL INCOME	\$250.00	\$10,000.00	\$10,000.00
EXPENSES			
Start-up Costs (See 2002 Attachment)	\$2,020.00	\$0.00	\$0.00
Training Courses	\$0.00	\$1,200.00	\$1,200.00
Brochures/educational materials	\$0.00	\$4,000.00	\$4,000.00
Staff Salaries	\$0.00	\$100,000.00	\$100,000.00
Web Site Maintenance	N/A	\$1,000.00	\$1,000.00
Supplies		\$2,250.00	\$2,250.00
Printing		\$3,500.00	\$3,500.00
Advertising		\$1,000.00	\$1,000.00
Vehicle Signage (2)	\$0.00	\$6,000.00	\$0.00
Travel	\$0.00	\$1,000.00	\$1,000.00
Equipment		\$4,000.00	\$500.00
Annual Meeting	\$0.00	\$100.00	\$100.00
TOTAL EXPENSES	\$2,020.00	\$124,050.00	\$114,550.00

Form **872-C**

Consent Fixing Period of Limitation Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

OMB No. 1545-0056

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions on reverse side.)

To be used with
Form 1023. Submit
in duplicate.

Under section 6501(c)(4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b)(1)(A)(vi) or section 509(a)(2) during an advance ruling period,

CHOICE A CONSEQUENCE
(Exact legal name of organization as shown in organizing document)
19128 Vista Drive, Arlington, WA 98223
(Number, street, city or town, state, and ZIP code)
EIN 33-1027240

and the
District Director of
Internal Revenue, or
Assistant
Commissioner
(Employee Plans and
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year 12/31/2002
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
<u>Choice a Consequence</u>	<u>12/30/2002</u>
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <u>Colleen C. Williams</u>	<u>Colleen Williams / President</u> <i>Staff Vice</i>
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶