

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

OMB No. 1545-0056
 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 7 of the instructions.

Part I Identification of Applicant

1a Full name of organization (as shown in organizing document) <i>BASIC NEEDS INC. OF SOUTH WASHINGTON COUNTY</i>		2 Employer identification number (EIN) (If none, see page 2 of the instructions.) <i>41-1878604</i>
1b c/o Name (if applicable) <i>TIM MOHRLÄNT</i>		3 Name and telephone number of person to be contacted if additional information is needed <i>TIM MOHRLÄNT</i> <i>(612) 459-0250</i>
1c Address (number and street) <i>PO BOX 2003, 8200 HADLEY AVE S</i>	Room/Suite	
1d City or town, state, and ZIP code <i>COTTAGE GROVE, MN 55016</i>		4 Month the annual accounting period ends <i>DECEMBER</i>
5 Date incorporated or formed <i>JUNE 6, 1997</i>	6 Activity codes (See page 3 of the instructions.) <div style="display: flex; justify-content: space-around;"> <i>560</i> <i>917</i> <i>402</i> </div>	
7 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)		
8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation. <div style="text-align: right;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>		
9 Is the organization required to file Form 990 (or Form 990-EZ)? If "No," attach an explanation (see page 3 of the Specific Instructions). <div style="text-align: right;"> <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </div>		
10 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form numbers, years filed, and Internal Revenue office where filed. <div style="text-align: right;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </div>		

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COVINGTON, KY

11 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 11**, on page 3.) Get **Pub. 557, Tax-Exempt Status for Your Organization**, 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.
- 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 _____ **TREASURER** _____ **7-3-1997**
 (Signature) (Title or authority of signer) (Date)

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.

Present and planned activities

The mission is to engage the community in supporting families and individuals by providing access to quality used clothes, household items and furniture in a convenient, dignified manner. This will be accomplished by:

- a) *Seeking donations from churches, community organizations, civic groups and individuals. Cash donations (other than grants) will be used to purchase new clothing that is generally not available as donated items; new clothing will only be provided free or at extremely low cost to persons in need. Clothing and household items donated will be provided free or at extremely low cost to persons in need, as well as being sold at low-cost from a thrift store in a retail setting. This activity will begin approximately July 1, 1997 and will be handled by the Board of Directors, the store manager and other volunteers.*
- b) *Operate a thrift store in Cottage Grove, Washington County, Minnesota. The store will have one full time paid employee to handle administrative tasks. All other personnel will be volunteers from the community. The donated goods will be sold to the public at low cost. Although anyone may purchase goods from the store, the low cost pricing will allow needy persons to purchase basic needs in a dignified manner while at an affordable price. Proceeds exceeding the cost of operation will be used to purchase additional new goods for free distribution (as described in item a) above) or will be donated to other public charities. The store is targeted to be in operation on September 1, 1997. The Board of Directors will have ultimate responsibility over the store and paid personnel.*

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

Ongoing financial support will be the proceeds of the retail thrift store. Initial funding will come from grants as described in #3 below.

- 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.

A grant of \$30,000 has been promised by Family Links Family Services Collaboration. Additional grants are being applied for from St. Paul Foundation (\$36,000) and St. Paul United Way Community Initiative Fund (\$36,000). A representative from Family Links is coordinating these efforts.

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

Members of the Board of Directors

Elaine Mitchell - 8401 79th St. S, Cottage Grove, MN; President
Carol Wakefield - 8817 91st St. S, Cottage Grove, MN; Vice President
Tim Mohrlänt - 8623 Jenner Lane, Cottage Grove, MN; Treasurer
Diane Bailey - 7599 Inman Ave. S, Cottage Grove, MN; Secretary
Roy Blankenship - 7546 Hinton Ave. S, Cottage Grove, MN
Rolf Olsen - 7591 74th St. S, Cottage Grove, MN
Majel Carroll - 8100 Ivywood Ave. S, Cottage Grove, MN

All members of the Board of Directors are uncompensated.

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.

Basic Needs Inc. was formed as a result of a need identified by Family Links. Other than an initial startup grant from Family Links, there is no connection between the two organizations.

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.

... explain their status, what additional steps remain? (Do not include procedures if "None," indicate "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. Yes No

Basic Needs has signed a lease for store space in Cottage Square Mall for retail operations.

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. . . . Yes No

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.
Needy persons referred to us by other social agencies will not be required to pay for goods that we can supply.

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.
Needy persons must be referred by another social agency in the South Washington County area.

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.

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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 7 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 8.

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 section 4.01 of Rev. Proc. 92-85, 1992-2 C.B. 490, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 7.

If "No," answer question 4.

4 If you answer "No" to question 3, has the organization been contacted by the IRS regarding its failure to file Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "No," your organization is requesting an extension of time to apply under the "reasonable action and good faith" requirements of section 5.01 of Rev. Proc. 92-85. Do not answer questions 5 through 7.

If "Yes," answer question 5.

5 If you answer "Yes" to question 4, does the organization wish to request relief from the 15-month filing requirement? Yes No

If "Yes," give the reasons for not filing this application prior to being contacted by the IRS. See Specific Instructions, Line 5, on page 4 before completing this item. Do not answer questions 6 and 7.

If "No," answer question 6.

6 If you answer "No" to question 5, your organization's 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 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

7 If you answer "Yes" to question 6 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)

- 8 Is the organization a private foundation?
 Yes (Answer question 9.)
 No (Answer question 10 and proceed as instructed.)

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

After answering question 9 on this line, go to line 15 on page 7.

- 10 If you answer "No" to question 8, 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 (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 checked="" 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 type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of block h or block 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 10, go to question 15. If you checked box g in question 10, go to questions 12 and 13. If you checked box h, i, or j, in question 10, go to question 11.

Part III Technical Requirements (Continued)

- 11 If you checked box **h**, **i**, or **j** in question 10, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling (Answer questions 12 through 15.)
 An advance ruling (Answer questions 12 and 15 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 application.**

12 If the organization received any unusual grants during any of the tax years shown in Part IV-A, 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.

13 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 13a above.

14 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.

15 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

When 1 year, complete the statements for each year in existence. If in existence less than 1 year, also provide 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		
		(a) From 6-6-97 to 12-31-97	(b) 19..98..	(c) 19..99..	(d) 19.....
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see pages 5 and 6 of the instructions)	66000	36000	0	
	2 Membership fees received	0	0	0	
	3 Gross investment income (see instructions for definition)	50	200	200	
	4 Net income from organization's unrelated business activities not included on line 3	0	0	0	
	5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	0	0	
	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) :-	0	0	0	
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	0	0	
	8 Total (add lines 1 through 7)	66050	36200	200	
	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.	21750	78000	91000	
	10 Total (add lines 8 and 9)	87800	114200	91200	
11 Gain or loss from sale of capital assets (attach schedule).	0	0	0		
12 Unusual grants.	0	0	0		
13 Total revenue (add lines 10 through 12)	87800	114200	91200		
Expenses	14 Fundraising expenses	1500	1000	1000	
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	1000	5000	5000	
	16 Disbursements to or for benefit of members (attach schedule)	0	0	0	
	17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0	
	18 Other salaries and wages	12480	25470	26490	
	19 Interest	0	0	0	
	20 Occupancy (rent, utilities, etc.)	17625	35850	37500	
	21 Depreciation and depletion	0	0	0	
	22 Other (attach schedule)	46725	31850	15850	

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)

Current tax year
Date 12/31/1997

Assets		
1	Cash	8470
2	Accounts receivable, net	0
3	Inventories	500
4	Bonds and notes receivable (attach schedule)	0
5	Corporate stocks (attach schedule)	0
6	Mortgage loans (attach schedule)	0
7	Other investments (attach schedule)	0
8	Depreciable and depletable assets (attach schedule)	5000
9	Land	0
10	Other assets (attach schedule)	0
11	Total assets (add lines 1 through 10)	13970
Liabilities		
12	Accounts payable	0
13	Contributions, gifts, grants, etc., payable	0
14	Mortgages and notes payable (attach schedule)	0
15	Other liabilities (attach schedule)	0
16	Total liabilities (add lines 12 through 15)	0
Fund Balances or Net Assets		
17	Total fund balances or net assets	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	0

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