

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

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)	2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions .) : : :
1b c/o Name (if applicable)	3 Name and telephone number of person to be contacted if additional information is needed ()
1c Address (number and street)	Room/Suite
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.	4 Month the annual accounting period ends 5 Date incorporated or formed
1e Web site address	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 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 type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).	
9 Has the organization filed Federal income tax returns or exempt organization information returns? . . . <input type="checkbox"/> Yes <input 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.

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 _____
(Signature) (Type or print name and 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.

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

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- 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.
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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

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.

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."

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.

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 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?			A
Is the organization, or any part of it, a school?			B
Is the organization, or any part of it, a hospital or medical research organization?			C
Is the organization a section 509(a)(3) supporting organization?			D
Is the organization a private operating foundation?			E
Is the organization, or any part of it, a home for the aged or handicapped?			F
Is the organization, or any part of it, a child care organization?			G
Does the organization provide or administer any scholarship benefits, student aid, etc.?			H
Has the organization taken over, or will it take over, the facilities of a “for profit” institution? . . .			I

Part IV Financial Data

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			
		(a) From to	(b)	(c)	(d)	(e) TOTAL
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)

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

Schedule I.8

The organization does not meet the \$25,000 Annual Gross Receipts test.

Schedule II.1

The activities of the Northwest Arkansas Experimental Aircraft Association Chapter 732 (“Chapter 732”) are focused on education in the furtherance of: (a) supporting and promoting the educational programs designed for the general aviation community (with specific emphasis on educational programs for youngsters between 10 and 17 years of age); (b) enhancing public interest in general aviation programs and the benefits provided thereby; and (c) enhancing flight safety in general, especially as it relates to the construction and operation of experimental aircraft.

The educational activities of Chapter 732 include programs specifically designed to inform and educate children, young adults and adults on these matters. The specific activities of Chapter 732 in furthering these purposes include the following:

1. Youth Education Programs

Chapter 732, through its members, participates in programs designed to educate children about the science of flight, and how to pursue their interests in aviation careers. Many of these programs emanate from the Experimental Aircraft Association (“EAA”) headquarters, which sponsors and endorses efforts of local Chapters to develop aviation oriented programs for youngsters interested in aviation and to encourage them to pursue science, math and technology programs offered at their own schools. In many instances, these programs bridge the gap in education provided by schools, which generally spend little classroom time on aviation specific topics. Given the growing importance of air travel in today’s society, these programs serve the vital function of motivating and educating youth about the value of aviation oriented programs.

- Young Eagles Program

The *Young Eagles Program* (which is a national program sponsored and organized by EAA chapters across the country) provides youngsters multiple opportunities to participate in orientation sessions designed to provide a basic understanding of flight, navigation, weather conditions affecting flight, and the opportunity to experience actual flight conditions in a small general aviation airplane. This is an independently funded chapter program that qualifies youngsters for EAA recognition awards. There is no cost to the youngsters who participate in this program.

The *Young Eagles Program* is promoted, among other ways, through Chapter 732’s web site, information releases distributed to area schools, advertisements in local newspapers, and the posting of flyers on public notice boards. The *Young Eagles Program* has been recognized as one of the more unique educational programs available to youngsters from all economic and cultural backgrounds.

The Young Eagles events are held primarily on weekends at one of the area airports. Chapter 732 has held Young Eagles events in Bentonville, Rogers, Springdale, Fayetteville, and Siloam Springs, providing exceptionally broad availability of first flight experience to youngsters from across the area.

The program is generally conducted from 9:00 am to 2:00 pm, depending on the number of youngsters participating. The program begins with a discussion of airport safety and is conducted by participating pilots. The instruction, which focuses on the basics of flight and aircraft control, consists of a ½ hour ground school prior to the actual flight. The flight itself generally lasts for 15 to 20 minutes and provides youngsters with not only the thrill of flight, but additional instruction as pilots use the time in the air to demonstrate the principles of flight and explain various aspects of flight and flight safety. The emphasis is always on making the Young Eagle's first flight a positive and fun experience. In connection with the program, participants receive an educational flight kit for classroom use and a certificate upon completing the program. The specific goal of the program is to get kids interested about learning.

Since the program's inception, twenty six (26) Chapter 732 members have helped introduce 676 youngsters to the marvels of flight and the value of science and technology. Chapter members participated in the *Young Eagles Program* as pilots, mentors, program support staff and ground school instructors. This year alone Chapter 732 members will contribute between 250 and 300 hours in support of the *Young Eagles Program*.

The *Young Eagles Program* is considered by the chapter's leadership to be the first step in getting youngsters interested in aviation programs and specifically getting them interested in science and math programs offered in their respective schools. Their first flight is considered to be an important first step in motivating youngsters who have an interest in aviation. Beyond the *Young Eagles Program*, Chapter 732 members volunteer their time working with various after school youth programs.

Chapter 732 plans to significantly expand its involvement in these education activities and has recently formed an Education Outreach Committee to direct these efforts. However, the ability of Chapter 732 to accomplish this is dependent, in part, on its ability to acquire facilities, equipment, and supplies. The attainment by Chapter 732 of this goal requires that it obtain tax-exempt status from the IRS.

Attached as **Exhibit A** are examples of materials used to promote the *Young Eagles Program*.

Attached as **Exhibit B** are records of Young Eagles flights by chapter members.

- School Cooperation and Outreach

Chapter 732 has worked with elementary and middle schools in both Rogers, Arkansas and Bentonville, Arkansas to bring aviation into the classroom.

The purpose of these classroom visits is to help students understand the basic principles of flight and to reinforce the importance of their school studies in disciplines like math, weather, geography, map reading, language skills, and study skills. These presentations generally take from 30 to 60 minutes and leave time for students to ask questions and make comments.

Attached as **Exhibit C** are samples of classroom presentation materials and supporting documents.

- Scholarship Programs

Chapter 732 has historically provided at least one educational scholarship per year to send a school age child to an aviation camp or provide other educational opportunities. In 1999, Chapter 732 provided a \$100 donation to Arkansas Aviation Technical Center for a scholarship fund. In 2000, Chapter 732 provided a \$200 scholarship for a local youth to attend the Oklahoma University Aviation Camp held in Fayetteville, Arkansas.

2. Adult Education Programs

In addition to programs intended to educate children and young adults, EAA Chapter 732 also participates in programs oriented toward improving the level of flight education and safety among pilots, student pilots, and builders of amateur-built aircraft:

- Technical Counselor Program

The Technical Counselor Program is an EAA officially recognized safety and education program under which Chapter 732 members serve as volunteers in guiding the building, certification and operation of amateur-built aircraft. This program, which is made available free of charge to any person requesting the services offered under it, is designed to increase the safety level and dependability of amateur-built aircraft. A description of the Program, which includes a lengthy discussion of the roles and responsibilities of technical counselors, is attached as **Exhibit D**.

The general public is made aware of the existence of this program through word-of-mouth, Chapter 732 meetings, the Chapter's web site, and the Chapter newsletter. Additionally, individuals frequently contact the EAA about the services offered under the program, and the EAA will refer them to

local individuals (including Chapter 732 members) who participate in the program.

- Flight Advisor Program

The Flight Advisor Program is an FAA and EAA recognized and sponsored program through which volunteers, including Chapter 732 members, assist builders and pilots of amateur-built aircraft to evaluate safely their flying skills in their new aircraft.

There are no membership requirements for participating in this program. The general public is made aware of the existence of the program by word-of-mouth, Chapter 732 meetings, the Chapter's web site, and the Chapter's newsletter. There is no fee charged for this program.

Chapter 732 volunteers provide a thorough and objective evaluation of the piloting skills and flight experience of the amateur builder/pilot.

- Gravette Day Celebration

Chapter 732 participates annually in Gravette Day Celebration, a three-day event which celebrates the founding of one of our area's communities. Chapter 732 sets up at the local airport and provides a static display of aircraft for the general public to review. Pilots are available to answer questions and encourage the general public's interest in flying and in the Chapter.

The vast majority of attendees are members of the general public who are not associated with any flying organization. There is no fee charged to the public to attend this event.

- Annual Biscuit and Gravy Fly-In

For the past two years Chapter 732 has held a fly-in at the Springdale, Arkansas airport for the purpose of stimulating interest in aviation and to display various aircraft to the general public. The fly-in attracts pilots from a three state area and the event is well attended by the general public. The first year of the event saw in excess of 70 aircraft fly in.

The event is advertised in local newspapers, on local radio, and by means of the Chapter's web site and newsletter. There is no fee charged to the general public to attend this event.

- Educational Materials and Information

Chapter 732 produces a monthly newsletter and maintains an internet web site that supports the Chapter in its execution of its purposes. In addition, Chapter

732 also maintains an extensive library of aviation, building, and flying information.

- Newsletter

Chapter 732's newsletter, titled *The Ozark Flyer*, is published on a monthly basis for distribution to members and other interested individuals of the general public. Approximately 60 copies of the newsletter are distributed each month, with an estimated 5% - 10% of the copies being provided to non-members. In addition, the newsletter is posted monthly on public bulletin boards at local airports. The newsletter, which updates readers on the activities of Chapter 732, includes articles that educate readers on safety, technology, building, EAA activities, youth education programs, and activities and other aviation issues of interest. The determination of articles that will be included in the newsletter is made by the newsletter's editor, who is a member of Chapter 732, and is based in part on issues of concern and interest to the flying public.

The Ozark Flyer is made available to the general public free of charge. The general public is made aware of *The Ozark Flyer* at Chapter 732 meetings, through the web site, and by word of mouth. Non-members who attend Chapter 732 meetings are provided with the opportunity to receive, free of charge, a mailed copy of the newsletter for the month following the meeting they attend. *The Ozark Flyer* is made available to anyone on the Chapter 732 web site. The web site archives the previous 18 to 24 months of newsletters, in various formats, for on-line viewing.

- Web Site

Chapter 732's web site (<http://www.eaa732.org>) is accessible to the general public. Like the newsletter, it promotes the Chapter's educational events and programs, Young Eagles programs, pilot and chapter gatherings, and events of educational interest. It also contains information about amateur-built aircraft and projects which chapter members are involved in.

The existence of the web site is promoted at Chapter 732 meetings and in the Chapter's newsletter. There is no charge of accessing the web site, and no password is required.

- Library

Chapter 732 maintains an extensive collection of aviation books, magazines, and video tapes that have been donated by members and

others, and that are available for use by members and non-members alike. A list of contents of the library is attached as **Exhibit E**.

The general public is made aware of Chapter 732's library through announcements at Chapter meetings, by means of the Chapter's web site and newsletter, and by word-of-mouth.

- Monthly Meetings of Chapter 732

Chapter 732 hosts monthly meetings that generally include a presentation of educational topics on issues relating to aviation history, technology and safety. Educational topics are selected based on suggestions received from Chapter members. Chapter members and non-members alike make presentations.

Past meeting topics have included: a presentation by representatives from Phillips Petroleum on *The Future of Aviation Fuel*; a presentation by FAA employees from the Fort Smith TRACON facility on *Flying Safely In The Northwest Arkansas Airspace*; a presentation by John Wyatt (member) on *Issues surrounding Aircraft Wiring*; a presentation by Jim Younkin (member / EAA Hall Of Fame Inductee) on *Digital Autopilots*; as well as a trip to Wichita, Kansas to observe the restoration of a B-29 to flying condition. Meetings often include member project reviews, including: review of a Nieuport replica (tube and fabric); review of two RV-6 projects (sheet metal); and reviews of both a Defiant project and a Glasair project (composite).

Chapter meetings are open to the general public. The general public is notified of meetings through the Chapter newsletter, the Chapter web site, announcements at Chapter meetings, and by word-of-mouth. Meetings are well attended by members and non-members alike. Between 5 and 10 percent of attendees at any given monthly meeting is made up of non-members.

Meeting attendance for both members and guests is made difficult at times due to the lack of permanent Chapter facilities. Each month Chapter meetings are held in a different location. Chapter members are hopeful that obtaining tax-exempt status from the IRS will make it possible to obtain funds to lease or purchase a permanent facility for meetings and events.

3. Educational Purposes of Chapter 732

Chapter 732 qualifies for exemption from federal income tax as an educational organization. As the regulations under Internal Revenue Code (the "Code") § 501(c)(3) indicate, a variety of organizations can be considered as having an "educational purpose" for purposes of Code § 501(c)(3). Examples under Treas. Reg. § 501(c)(3)-1(d)(3) include museums, zoos, symphony orchestras, organizations which present a course of instructions by means of correspondence, television or radio, and organizations whose activities consist of presenting

panels, lectures and other similar programs. There is a long list of organizations that the Internal Revenue Service (“IRS”) has recognized as exempt under Code § 501(c)(3) that have an “educational purpose.” See Hopkins, THE LAW OF TAX EXEMPT ORGANIZATIONS 180 (6th ed. 1992).

Chapter 732 provides many educational activities for young people and adults in the community, as fully outlined above. Situations parallel to the present case have been scrutinized by the IRS. *Rev. Rul. 67-139, 1967-1 CB 29* and *Rev. Rul. 66-179, 1966-1 CB 139*. *Rev. Rul. 67-139* holds that a gem and mineral club may qualify for exemption under section 501(c)(3) or section 501(c)(7) depending upon its form of organization and methods of operation. The organization that qualified for § 501(c)(3) was formed to advance the earth sciences by stimulating interest and encouraging study therein. It is a nonprofit organization whose membership consists primarily of amateurs and hobbyists interested in geological, mineralogical, and lapidary activities.

In carrying out its purposes, the gem club (1) holds monthly lectures at which qualified experts discuss topics pertaining to gems and minerals and give instruction on lapidary techniques; (2) sponsors field trips to collect and study various kinds of rocks and minerals; (3) issues a bulletin containing educational material pertaining to rocks and minerals; (4) maintains a library of reference materials on geological, mineralogical, and lapidary subjects; (5) assists the local museum in its display of gems and minerals through specimens provided from members’ collections; and (6) annually conducts a show for the general public at which members and nonmembers demonstrate lapidary techniques and display collections of gems and minerals.

The general public is invited to attend all club functions and participate in its programs on substantially the same basis as members. Receipts of the society are from membership dues and from the gem and mineral show. Disbursements are for office and club expenses. No salaries are paid; all services are performed by volunteers.

The lectures, discussions, field trips, and shows conducted by the gem club, to which the general public is invited, are recognized educational methods. These activities are educational within the meaning of the regulations even though they serve recreational interests. A small amount of social activities may be carried on within a larger complex of educational, charitable or religious activities as long as the social activities are not qualitatively or quantitatively substantial. See, *Rev. Rul. 67-216, 1967-2 CB 180*; *Rev. Rul. 71-545, 1971-2 CB 325*, but see *Retreat In Motion v. Commissioner, TC Memo 1984-315*, (religious component of bus trips served as overlay and recreational activities “appear(ed) so extensive that we cannot consider them insubstantial and incidental to the religious purpose of the trip.”); *Schoger Foundation v Commissioner, 76 TC 380 (1981)*, (great number of recreational and social facilities and activities were not insubstantial or incidental to its claimed religious purposes.) *But see, Minnesota Kingsmen Chess*

Association v. Commissioner, TC Memo 1983-495 (promotion of chess tournaments furthered a substantial recreational purpose, even though individual participants may have received some educational benefits).

The operation of Chapter 732 is strikingly similar to the gem club recognized as an educational organization for § 501(c)(3). Chapter 732 (1) holds monthly meetings and other seminars at which qualified experts discuss topics pertaining to flight and flight safety; (2) participates in the Technical Counselor and Flight Advisor programs which provide assistance to the public in building, certification and operation of amateur-built aircraft and evaluation of flying skills; (3) issues a newsletter containing educational material pertaining to safety and technology, along with Chapter 732 news; (4) maintains a library of reference materials on aviation subjects that is open to the public; and (5) annually participates in the Biscuit and Gravy Fly-In, a show for the general public at which members and non-members share aviation information with interested parties.

One activity of Chapter 732 also has a recreational aspect to it. The Young Eagles Program provides young people the opportunity to fly in an airplane. While the pilots provide educational information during the flight, some could view the purpose of the flight as recreational. The activity, however, furthers the educational purpose of Chapter 732. The IRS challenged the recreational aspect of a flying club in *Syrang Aero Club v. Commissioner, 73 TC 717 (1980)*. The court agreed with the IRS and held that the flying club “only incidentally serves an ‘educational’ or ‘charitable’ purpose. Essentially, [the club] operates as a club which provides low cost airplane rentals to its members.” *Id.* at 721.

The facts in the present case are significantly different from those in *Syrang*. In *Syrang*, membership was restricted to members of the Syracuse Air National Guard and civilian employees, active and retired members of all reserve military units, FAA personnel, and dependents of these individuals and their civilian employees. Chapter 732 is open to all interested people. In *Syrang*, the organization claimed to “conduct a program or programs of flight safety and instruction for all members under proper regulation of the New York State Department of Education, the United States Federal Aviation Agency, and other regulations thereto, including the United States Veteran Administration when and if qualified” but it did not have instructors and merely gave members low cost access to a plane it owned. *Id.* at 718. The court found that this was not instruction. In the present case, Chapter 732 has many volunteers and experts who volunteer time to present instruction to young people and adults who are interested.

Based on the many educational activities and the incidental nature of any recreational aspects of Chapter 732, it is clear that Chapter 732 is an educational organization which is organized and is operating for an exempt purpose.

Exhibit A – Examples of materials used to promote the *Young Eagles Program*.

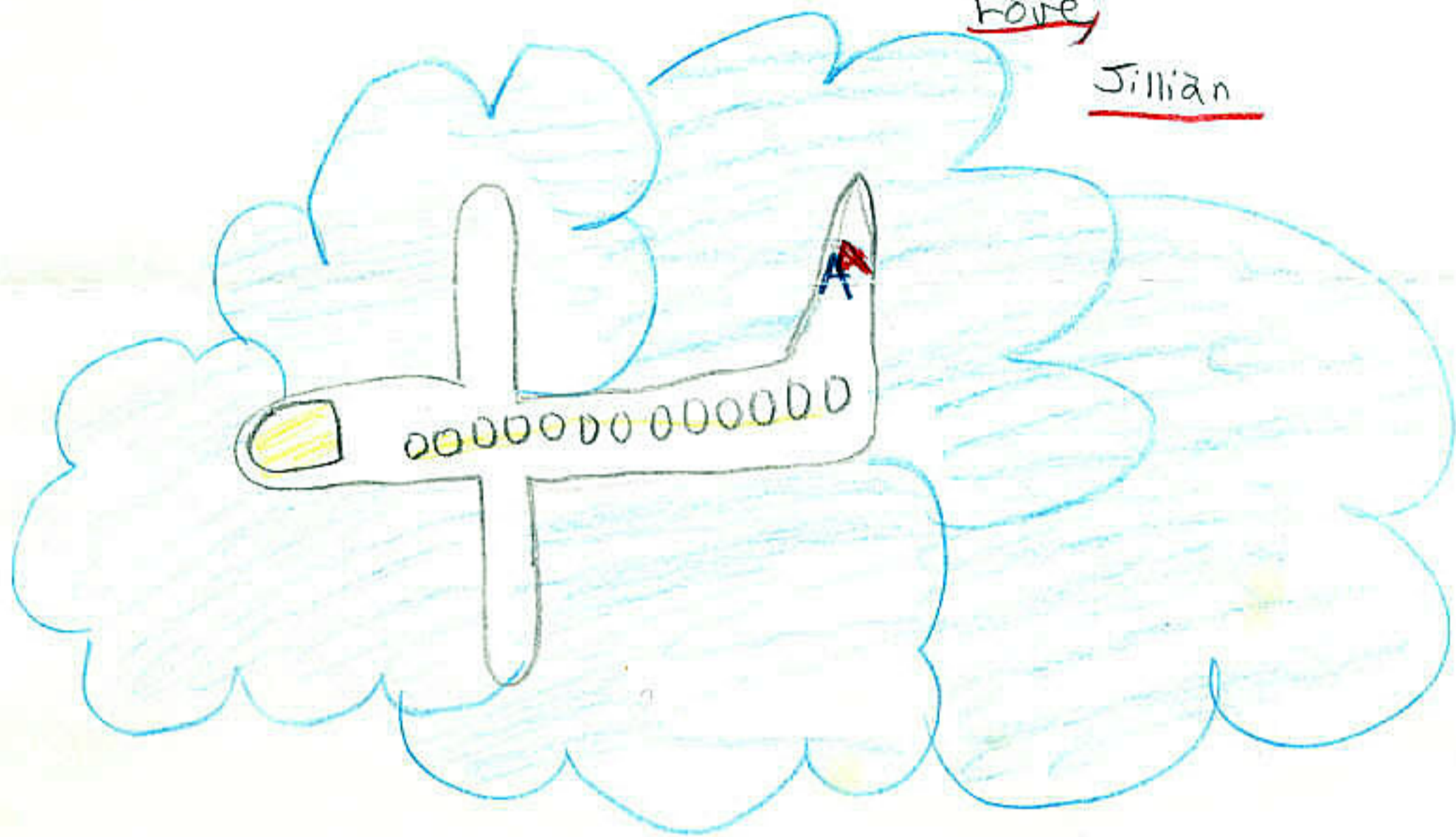
(Insert EAA Young Eagles material / Chapter newspaper advertisements / airport bulletin board flyers / school material / etc.)

Dear Charles

It was alot of fun riding with you in
the airplane. It was fun getting to
drive it. Thank you for the certific
I hope I see you again.

Love,

Jillian



CHARLES

Exhibit B – Records of Young Eagles flights by chapter members.

Name	Address	Missions
Roger Barnes	Springdale, AR	13
Donald R. Bonacci	Bella Vista, AR	17
Charles W. Caldwell	Fayetteville, AR	42
Richard M. Clohecy	Gravette, AR	3
Kenneth Collier	Fayetteville, AR	39
Chip Gibbons	Rogers, AR	9
Floyd R. Harris	Lowell, AR	23
H Marvin Haught Jr	Huntsville, AR	2
Lee Hellweg	Rogers, AR	73
Arthur S. Hollenbeck	Fayetteville, AR	1
George Keating	Fayetteville, AR	0
Jack L. Macy	Bella Vista, AR	64
Sabra Martin	Fayetteville, AR	4
Richard McKinney	Fayetteville, AR	11
Tom E. Meredith	Springdale, AR	49
Mark Norton	Rogers, AR	3
David A. Powell	Rogers, AR	17
Charles R. Scott	Bentonville, AR	39
Wally Sitton	Lowell, AR	42
Frank P. Sperandeo	Fayetteville, AR	64
Greg Stanton	Lowell, AR	1
Joe Terminella	Fayetteville, AR	69
Earl Urfer	Fayetteville, AR	14
Barry R. West	Farmington, AR	24
John B. Wyatt	Huntsville, AR	28
Thomas V. Wyatt	Huntsville, AR	25
	Total Missions	676

*Up to date information is available at the EAA Young Eagles web site:
<http://www.youngeagles.org/1000ye/findpeople.asp>. Under the “Young Eagle Pilot Search” option, leave the pilot name blank and enter “EAA 732” as the chapter number.*

Exhibit C - Samples of Classroom Presentation Materials and Supporting Documents.

This presentation consists of 73 slides and was designed to discuss airplanes and how they fly as well as tying together flying skills and areas of study in typical grade schools and middle schools. The presentation concludes with an invitation for students to participate in the *Young Eagles Program*. This exhibit contains only ten (10) slides from that presentation.

This exhibit also contains a copy of a thank you poster sent to one of our members, Charley Scott, for his classroom presentation at the Kirksey Middle School in Rogers, Arkansas.

(Insert copies of slides used in classroom presentation)

Exhibit D – *Technical Counselor Program.*

(Insert Technical Counselor material from EAA / Tech Counselor newsletters / etc.)

Exhibit E – Chapter 732 Training and Education Library.

Type	Title	Author
Book	Aeronautical Training for Commercial and Private Pilots - 1945	Charles Zweng
Book	Aircraft and Powerplant Accessory Equipment - 1945	Sidney Webster
Book	Airliners Between the Wars 1919-1939	Kenneth Munson
Book	Airports of Baja California	Senterfitt's
Book	Aviation Engine Fuel, Lubrication, and Cooling - 1949	ICS
Book	Aviation Engine Maintenance - 1947	ICS
Book	Aviation Engines - Part 1 - 1952	ICS
Book	Aviation Engines - Part 2 - 1952	ICS
Book	Basic Aerobatics	Geza Suzurovy / Mike Goulian
Book	Celestial Navigation Complete	USAF
Book	Cessna 182Q Skylane Owner's Manual	Cessna
Book	Cessna 182Q Skylane POH	Cessna
Book	Choosing Your Homebuilt - the one you'll finish and fly	Kenneth Armstrong
Book	Elementary Air Navigation - 1944	Thoburn Lyon
Book	Elements of Mechanics - Part 1 - 1943	ICS
Book	Elements of Mechanics - Part 2 - 1943	ICS
Book	Flight Instructors' Handbook - 1956	CAA
Book	Flight Instruments - 1942	Haworth Hurt
Book	Flight of the Enola Gay	Paul Tibbets
Book	Flight Training Handbook - 1984	FAA
Book	Flying IFR	Richard Collins
Book	Flying Ultralights	Doug Chipman
Book	Heat - 1946	ICS
Book	Instrument Flying - 1960	Air Force
Book	Instrument Flying Handbook (AC 61-27C) - 1980	FAA
Book	Instrument Rating Question Book - 1980	FAA
Book	Instrument Rating Question Book - 1992	FAA
Book	Light Plane Maintenance Library - Body Maintenance	LPM
Book	Light Plane Maintenance Library - Fuel and Oil Systems	LPM
Book	Light Plane Maintenance Library - Maintaining Power	LPM
Book	Light Plane Maintenance Library - Systems Maintenance	LPM
Book	Light Plane Maintenance Library - Top End	LPM
Book	Manual of Flight	Cessna Pilot Center
Book	Parachutes - 1943	ICS
Book	Principles of the Internal Combustion Engine - 1945	ICS
Book	Private Pilot Training Syllabus	Cessna Pilot Center
Book	Private Pilot Workbook	Cessna Pilot Center
Book	Private Pilot's Handbook - 1965	FAA
Book	Radio in Airmanship - 1942	Myron Eddy
Book	Reaching For The Skies	Ivan Rendall
Book	Realm of Flight - 1959	FAA
Book	Sportplane Construction Techniques	Tony Bingelis
Book	Steel Spine, Iron Will	Rod Lewin

Book	Straight On Till Morning - The biography of Beryl Markham	Mary Lovell
Book	Super Chargers for Aviation - 1942	Sanford Moss
Book	The Great Planes	James Gilbert
Book	The Lore of Flight	Tre Treyckare
Book	The Proficient Pilot	Barry Schiff
Book	The Sportplane Builder	Tony Bingelis
Book	The Story of Pancho Barnes	Grover Ted Tate
Book	Their Eyes On The Skies	Martin Cole
Book	USAF T-38 Checklist	USAF
Book	World and United States Aviation and Space Records - 1991	National Aeronautic Association
	Flight Tech Private Pilot Written Test Course - 1986 - Book 1 -	
Cassette	Tapes A - L	Flight Tech, Inc.
	Flight Tech Private Pilot Written Test Course - 1986 - Book 2 -	
Cassette	Tapes M -R	Flight Tech, Inc.
Computer	King CFI / FOI - Computerized Test	King
	Mentor Plus FliteSchool - CFI (Multimedia Ground School for	
Computer	Written Test)	Jeppeson
	Mentor Plus FliteSchool - Commercial (Multimedia Ground	
Computer	School for Written Test)	Jeppeson
	Mentor Plus FliteSchool - Commercial (Multimedia Ground	
Computer	School for Written Test)	Jeppeson
Video	Beating the Cost of Aircraft Maintenance	
Video	First Flights In Your Homebuilt Aircraft	EAA
Video	Flying the Injected Engine	Barry Schiff
Video	Flying the Injected Engine	Barry Schiff
Video	GPS Approaches	Richard Collins
Video	Icing	Richard Collins
Video	Instrument Approaches	Sporty's
Video	Instrument Flying Fundamentals	Sporty's
Video	Instrument Written Course - Tape 1	King
Video	Instrument Written Course - Tape 2	King
Video	Instrument Written Course - Tape 3	King
Video	Instrument Written Course - Tape 4	King
Video	Instrument Written Course - Tape 6	King
Video	King CFI / FOI - Tape 1	King
Video	King CFI / FOI - Tape 2	King
Video	King CFI / FOI - Tape 3	King
Video	King CFI / FOI - Tape 4	King
Video	King CFI / FOI - Tape 5	King
Video	King CFI / FOI - Tape 6	King
Video	King CFI / FOI - Tape 7	King
	King Instrument Pilot Course Tape 1 - Enroute Charts / SIDS /	
Video	STARS / Approach Charts	King
Video	Night Flying	Richard Collins
Video	Personal Minimums	Richard Collins
Video	Quicksilver Aircraft Demo Tape	Quicksilver
Video	Rans - Clear Coat Process	Rans Aircraft
Video	RV-6 Construction - Tape 1	George & Becky Orndorff
Video	RV-6 Construction - Tape 2	George & Becky Orndorff

Video	RV-6 Construction - Tape 3	George & Becky Orndorff
Video	Special Instrument Rating Video	King
Video	Takeoffs and Landings Made Easy	King
Video	The Legend	Performance Aircraft
Video	Turbine Legend Video Clips	Performance Aircraft
Video	Weather Decision Making	AOPA

Schedule II.3 – Fundraising Activities

Chapter 732 solicits contributions from area businesses as its primary means of fundraising. These businesses generally pay \$200 per year to sponsor the Chapter

Each member of Chapter 732 pays annual membership dues of \$15.

Chapter 732 also raises a small amount of money from the sale of EAA and chapter merchandise, mostly to members. This merchandise includes calendars, caps, and tee shirts.

All of the above fundraising events are undertaken by Chapter 732 members as volunteers. They are not compensated. Chapter 732 has never used professional fund raisers.

Schedule II.4.a – Officers and Directors

Jack Macy, President and Director
4 Kildonan Drive
Bella Vista, AR 72715

Rex Stewart, Vice President and Director
4 Stornoway Drive
Bella Vista, AR 72715

Chip Gibbons, Secretary/Treasurer and Director
5428 West Magnolia
Rogers, AR 72758

Steve Chambers, Director
11 Kildonan Lane
Bella Vista, AR 72715

Jim Halbert, Director
10606 Reed Valley Road
Fayetteville, AR 72704

Wayne Larabee, Director
28 Basildon Drive
Bella Vista, AR 72714

Charley Scott, Director
309 Huffman
Bentonville, AR 72712

Barry West, Director
10807 Spring Mountain Drive
Farmington, AR 72730

Schedule IV.A.22 – Other Expenses

(Insert schedule of any other material expenses here)