

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

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) <i>JEFFERSON ARTS ALLIANCE</i>		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions .) <i>02-0584427</i>
1b c/o Name (if applicable) _____		3 Name and telephone number of person to be contacted if additional information is needed <i>JEANNETTE BEST</i> <i>(360) 437-9579</i>
1c Address (number and street) <i>2409 JEFFERSON</i>	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. <i>PORT TOWNSEND, WA 98368-4634</i>		4 Month the annual accounting period ends <i>DECEMBER</i>
1e Web site address <i>NA</i>		5 Date incorporated or formed <i>APRIL 08, 2002</i>
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? If "Yes," attach an explanation. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
8 Is the organization required to file Form 990 (or Form 990-EZ)? If "No," attach an explanation (see page 3 of the Specific Instructions). <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
9 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. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

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 JEANNETTE BEST - CHAIR 8/9/02
 (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.

ATTACHED

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

- 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.

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

ATTACHED

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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.

A member of the art commissioner who are appointed by the Port Townsend City Council

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.

there is no relationship between applicant and 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 checked="" 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)(v) |
| 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.

NA

- 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 # 845.12
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

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 4/8/02 to 12/31/02	(b) 2003	(c) 2004	(d)	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions).	7,396	11,700	10,400		29,496
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)					12,800
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	7,056	6,400	6,400		19,856
8 Total (add lines 1 through 7)		18,100	16,800		34,900
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	22,942	45,968	48,368		117,278
10 Total (add lines 8 and 9)	30,298	64,068	65,168		159,534
11 Gain or loss from sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)	30,298	64,068	65,168		159,534
Expenses					
14 Fundraising expenses	2,000	18,040	18,040		38,080
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)	5,400	13,200	14,300		32,900
18 Other salaries and wages	11,486	18,860	18,860		49,206
19 Interest					
20 Occupancy (rent, utilities, etc.)					
21 Depreciation and depletion	11,412	18,968	18,968		49,348
22 Other (attach schedule)					
23 Total expenses (add lines 14 through 22)	30,298	64,068	65,168		159,534
24 Excess of revenue over expenses (line 13 minus line 23)	0	0	0		0

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		7/27	Current tax year Date <u>2002</u>
Assets			
1	Cash	1	1,347.95
2	Accounts receivable, net	2	497.72
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	850.00
9	Land	9	
10	Other assets (attach schedule)	10	
11	Total assets (add lines 1 through 10)	11	2,695.67
Liabilities			
12	Accounts payable	12	528.17
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	1,000.00
15	Other liabilities (attach schedule)	15	
16	Total liabilities (add lines 12 through 15)	16	1,528.17
Fund Balances or Net Assets			
17	Total fund balances or net assets	17	1,167.50
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	2,695.67

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

Part II: Activities and Operational Information = Page 2

1

Jefferson Arts Alliance (JAA) supports the Jefferson Arts Center which is dedicated to promoting excellence in the visual arts by providing space and programs for artists to exhibit their work, rooms for art education, and a place to attend lectures and discussions about art for artists and the general public. These activities are meant to expand and enrich the quality of the community through the Visual Arts.

The Arts Center shall have at least 6 shows a year. These shows shall represent the artists of the local community and/or artists from other areas. The goal of these shows is to present works that will illustrate excellence in the various mediums and innovative visual ideas.

The Arts Center shall present at least 6 lectures a year which may/may not be representative of the current show. The purpose of the lecture/interactive panel discussions is to increase the community's understanding of the importance of the visual arts and their impact on our society.

The Arts Center shall additionally offer hands-on workshops and classes in the visual arts. These classes shall have the purpose of introducing individuals to an art form or to increase the skills of practicing artists. A minimum of 3 workshops shall be presented in a year.

The gallery shows and artist workshops were initiated in May 2002. The art center volunteers and staff have/will curate and coordinate these activities. The gallery shows are presented at 2409 Jefferson Street, Port Townsend, Washington. Classes and workshops are/will be held at 2409 Jefferson Street,

the art building at the Jefferson County Fairgrounds, and other appropriate locations.

Our May/June show presented the watercolor works of David Turner, a local artist. Mr. Turner also conducted a watercolor workshop for beginning to advanced painters. Our June/August show presented the works of 60 Jefferson County artists curated by LaMar Harrington, Curator Emeritus of the University of Washington's Henry Gallery. Our August/September show will present the art of 35 Jefferson County fiber artists. Our October show will display the artwork of the artists who are participating in Art Port Townsend's Studio Tour. In August, we will also present a watercolor workshop by Sheila Parsons, an accomplished watercolorist from Arkansas. Her workshop will be a positive experience for artists of varying levels of experience.

Arts center volunteers, in appropriate locations in the county, shall initiate lectures and discussions in September 2002.

JAA will pay for expenses incurred such as rent, staffing, utilities, and promotion. About 60 per cent of time, effort and money will be devoted to the arts center.

The Jefferson Arts Alliance will support Art Port Townsend in 2003. Art Port Townsend is dedicated to provide to the citizens of Jefferson County, on an annual basis, a variety of exhibition experiences of the highest quality. JAA will pay for the expenses incurred such as rent, printing, publicity, displaying the art work and marketing the show to visual artists and the general public. The show attracts artists from the Northwest and is conducted by artists and citizens of Jefferson County. In connection with the Art Port Townsend juried art show, there are lectures on the visual arts, the paintings in the show and the diversity of arts in the Northwest.

In connection with the juried art show, the corporation will conduct artist's studio tours, allowing the general public to see artists at work in their studios and to learn about the creative process of making art.

Art Port Townsend was begun in October 1999.

About 35 per cent of time, effort and money will be devoted to Art Port Townsend.

Part II Activities & Operational Information
Page 2

2.

JAA funds will be generated from:

Sale of artists' works - 41%

~~(we will retain 40% of sales - correspondingly 25% of our expenses are payment to artists and sales tax)~~

Fees from attendees of workshops and classes - 28%

contributions - 17%

Fees from juried show entrants and studio tour entrants - 10%

sale of studio tour and lecture tickets - 3%

3.

Funds will be principally generated through activities listed in #2 above. Fundraising will be accomplished by ~~our~~ our volunteer fundraising committee. We will use selective community mailings and personal contact.

Studio tour ~~attendees~~, lecture ~~attendees~~ and workshop attendees, studio tour entrants and juried show entrants will be solicited through posters, newspaper releases and advertising. Art-Port Townsend and Arts Center committees will cooperate with the fund raising/development committee.

The City of Port Townsend Lodging Tax Advisory Committee has committed \$2,500 for the year 2003

We are also anticipating grant applications for which we may or may not use paid staff.

Part II p 3

Activities & Operational Information

4. Names, addresses, & titles of officers & directors

Jeanette Best Chair
60 CAREY CT
PORT LUDLOW, WA 98365

Rita Keener VICE-CHAIR
8643 FLAGLER RD
NORRLAND, WA 98365

ANITA THOMPSON TREASURER
1217 CENTER RD
CHIMACUM WA 98376

RAE BEALKIN SECRETARY
900 OLYMPUS
PORT LUDLOW WA 98365

SYLVIA WHITE
90 MAYVIEW LANE
PORT TOWNSEND WA 98368

NAN LOVINGTON
40 WINDSHIP DR
PORT TOWNSEND WA 98368

ooc

1/10/11

Part II ^{page 4} Activities & Operational Information
~~Page 4~~

Activities and Operational Information

12 ^a (a)

Entrants to the juried art show will pay a fee of \$25

~~Entrants~~ ^{Participants} on the artist studio tour will pay a fee of \$70

Attendees of art workshops will pay a daily fee expected to be between \$40.00 and \$70.00

Artists who sell art works will be required to pay a commission of 40%

Anticipated donation for attendance at lectures and or studio tour will be \$3.00 to \$10.00. the fees will be the same for everyone at the individual event. It is anticipated that donors ~~may~~ ^{may} have ^a discount for ~~class~~ ^{workshops} or lectures.

Part IV Financial Data

Income:

2002	2003	2004
<u>Gross receipts from admissions, sales of merchandise or services or furnishing of facilities:</u>		
sale of artists' works:		
\$17,312	\$25,968	\$25,968
fees from attendees of workshops and classes:		
\$5,230	\$18,000	\$20,000
fees for lecture attendance		
\$400	\$600	\$800
sale of tickets for studio tour:		
	\$1,400	\$1,400
<u>sub-total</u>		
\$22,942	\$45,968	\$48,368
<u>Gifts, grants and contributions:</u>		
\$7,356	\$11,700	\$10,400
<u>Other Income</u>		
Juried show entrant fees:		
	\$5,000	\$5,000
studio tour entrant fees:		
	\$1,400	\$1,400
<u>sub-total</u>		
	\$6,400	\$6,400
<u>Total</u>		
\$30,298	\$64,068	\$65,168

Part IV Financial Data

Expenses:

2002	2003	2004
<u>Occupancy:</u>		
rent:		
\$7,760	\$13,080	\$13,080
other rent:		
\$600	\$1,800	\$1,800
utilities:		
\$1,066	\$1,600	\$1,600
capital improvements:		
\$400	\$500	\$500
miscellaneous:		
\$1,000	\$1,000	\$1,000
insurance:		
\$660	\$880	\$880
<u>Sub-total:</u>		
\$11,486	\$18,860	\$18,860

Other Expenses:

user fee 501(d)(3):		
\$500		
payment to artists of work sold (60%of sales)		
\$9,600	\$14,400	\$14,400
sales tax:		
\$1,312	\$1,968	\$1,968
<u>Sub-total:</u>		
\$11,412	\$18,968	\$18,968

Total Expenses:

\$30,298	\$64,068	\$65,168
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Part IV Financial Data

Income:

2002	2003	2004
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2002	2003	2004
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<u>Total</u>		
\$30,298	\$64,068	\$65,168

Part IV Financial Data

Expenses:

2002	2003	2004
<u>Occupancy:</u>		
rent:		
\$7,760	\$13,080	\$13,080
other rent:		
\$600	\$1,800	\$1,800
utilities:		
\$1,066	\$1,600	\$1,600
capital improvements:		
\$400	\$500	\$500
miscellaneous:		
\$1,000	\$1,000	\$1,000
insurance:		
\$660	\$880	\$880
<u>Sub-total:</u>		
\$11,486	\$18,860	\$18,860

Other Expenses:

user fee 501(d3):		
\$500		
payment to artists of work sold (60%of sales)		
\$9,600	\$14,400	\$14,400
sales tax:		
\$1,312	\$1,968	\$1,968
<u>Sub-total:</u>		
\$11,412	\$18,968	\$18,968

Total Expenses:

\$30,298	\$64,068	\$65,168
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Part IV Financial Data

Expenses:

2002	2003	2004
<u>Occupancy:</u>		
rent:		
\$7,760	\$13,080	\$13,080
other rent:		
\$600	\$1,800	\$1,800
utilities:		
\$1,066	\$1,600	\$1,600
capital improvements:		
\$400	\$500	\$500
miscellaneous:		
\$1,000	\$1,000	\$1,000
insurance:		
\$660	\$880	\$880
<u>Sub-total:</u>		
\$11,486	\$18,860	\$18,860

Other Expenses:

user fee 501(d)(3):		
\$500		
payment to artists of work sold (60% of sales)		
\$9,600	\$14,400	\$14,400
sales tax:		
\$1,312	\$1,968	\$1,968
<u>Sub-total:</u>		
\$11,412	\$18,968	\$18,968

Total Expenses:

\$30,298	\$64,068	\$65,168
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2



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

Jefferson Arts Alliance: #02-05844127

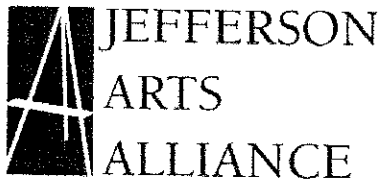
Part IV: B

Line 8: Assests

• Kinetic computer and microsoft keyboard	\$400	(gift of Sakura Davis)
• 6 display stands	\$240	*
• 1 table	\$ 80	*
• 6 chairs	\$ 60	*
• 1 sculpture base	\$ 30	*
• 1 shrink wrap display	\$ 40	*
<hr/>		
Total	\$850	

* Indicates gift of Port Townsend Gallery

2



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

Jefferson Arts Alliance: #02-05844127

Part IV: Financial Data (Balance Sheet)

Liabilities:

- Line 14: \$1,000- loan payable to Jeanette Best.
- Line 15: \$662- State Sales Tax payable



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

February 1, 2003

B. J. Andujar #75892
Internal Revenue Service
Mail Code: 4913 DAL: BJ
1100 Commerce Street
Dallas, TX 75242-1198

Re: #02-0584427

Dear B. J. Andujar:

Thank you so very much for answering my questions in our telephone conversations.

Since we now have a budget year of 9 months, we are hoping for a definitive ruling rather than an advance ruling. Our financial information has been updated from our original application.

I sincerely hope that we have been able to answer all your questions. It is difficult, in that we know that we wish to serve and think we are serving the community as an exemplary 501(c)(3) organization, to get all the facts and data on paper to properly present our intentions. Thank you for your assistance on our behalf.

Sincerely,

Jeanette Best
President, Jefferson Arts Alliance



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

Jefferson Arts Alliance Board of Directors (January 2003)

Officers:

- President: Jeanette Best P.O. Box 65499 Port Ludlow, WA 98365
- Vice-President: Rita Kepner 8643 Flagler Rd. Nordland, WA 98358
- Secretary: Rae Belkin 900 Olympus Blvd. Port Ludlow, WA 98365
- Treasurer: Anita Thompson 1217 Center Rd. Chimacum, WA 98325

Board Members:

- Kathy Constantine 781 Griffiths Pt. Rd. Nordland, WA 98358
- Tod Wakefield 1530 32nd St. Port Townsend, WA 98368
- Sylvia White 90 Bayview Lane Port Townsend, WA 98368
- Art Reitsch 444 Baycliff Dr. Port Townsend, WA 98368
- Miriam Lansdon 717 41st St. Port Townsend, WA 98368
- Louise Dronkert 61 Nantucket Pl. Port Townsend, WA 98368
- Karen McKee 320 Timberline Rd. Port Townsend, WA 98368



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

Part II: Activities and Operation Information (Page 4)

#2.

Jefferson Arts Alliance funds will be generated from the following:

- Fees paid for attendance at workshops and classes-----29%
- Contributions/donations/grants-----38%
- Entry fees for juried shows and studio tour participants-----23%
- Sale of studio tour tickets, lectures, receptions-----5%
- Silent auction/Junquetique sale-----5%

Total 100%

Sale of artists' works and shipping and handling are not included in these percentages because these incoming and outgoing amounts are equivalent and no amount is retained by Jefferson Arts Alliance.



2409 Jefferson Street
Port Townsend, WA 98368
360.379.1086

Further Explanation of Expenses (Re: Line 22- Other Expenses)

- Advertising: *Art Access Magazine* (Seattle) \$300 a year
Port Townsend Leader (local) \$400 a year
- Printing: Posters, prospectus, rack cards, programs, Art Port Townsend *Leader* insert \$2,000 (cost in 2002). Printing services by SOS, Mailboxes etc., Star Printery and The Printery.
- Art receptions: Art Port Townsend Reception \$800
Arts Center Receptions: 12 in conjunction with Saturday Gallery Walks (first Saturday of the month) and additional dessert receptions. Costs are for food, beverages, glasses and paper products.
- Artist Sales: Sales of works sold including sales tax (various recipients)
- Awards: \$2,600 (Art Port Townsend) There is one award of \$600 (Best of Show) and 5 other awards of \$400 each.
- Honorariums: 4 lectures. Four different recipients will receive \$50.

LEASE EXTENSION AGREEMENT

This is with reference to that certain lease dated May 14, 2002, between William D. White, a single man as lessor and Jefferson Arts Alliance as lessee, pertaining to space commonly known as 2409 Jefferson St., Port Townsend, WA, suite "A".

This is to extend the subject lease as follows:

- 1) Term: The term of this extension shall be for a period of two years from January 1, 2003, through and including December 31, 2004.
- 2) Rent: Rent for the first twelve months, through December, 2003, shall remain as currently established; Rent thereafter shall be increased in an amount not to exceed ten percent (10%) of the current rate.

All other terms and conditions shall remain unchanged.

IN WITNESS WHEREOF the parties hereto have executed this extension below.

Kelly West (for Wm. White) 12-11-02
William D. White Date

Jeanette Best 12/7/02
Jefferson Arts Alliance Date



FORREST ALDRICH,
INC.

2365 E SIMS WAY
PORT TOWNSEND, WA 98368

BUS. (360) 385-4111
FAX (360) 385-3640
TOLL FREE (800) 448-9414

January 15, 2003

Jefferson Arts Alliance
2409 Jefferson St.
Port Townsend, WA 98368

To whom it may concern:

With regard to the fair market rental value of the premises you occupy, our records show the space was rented to H.J. Carroll Real Estate in 1994 for \$1,000 per month. This was considered fair value at that time, nine years ago, and the rental amount has not increased since. The conclusion must be that, given the inflationary nature of real estate value, that rental amount is even more reasonable today – especially as the quality of the space and the location are equal to the quality of nine years ago. I hope this helps to address the question of fair rental value.

Sincerely,

Associate

Lynn Hersey
Sales Associate

**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 JEFFERSON ARTS ALLIANCE 2 Employer Identification Number 02-0594427

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 _____ 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 ▶ _____ Title ▶ _____

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

JEFFERSON ARTS ALLIANCE
 2409 JEFFERSON ST. 360-379-1086
 PORT TOWNSEND, WA 98368

0123
 19-803/1250

July 31, 2002
 DATE

PAY TO THE ORDER OF United States Treasury \$ 500.00
Five hundred and 00/100 DOLLARS

Pacific Northwest Bank
 (800-877-BANK (2285))

FOR Annita M. Thompson

⑆ 125008039⑆ 640003006 9⑈ 0123

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,

JEFFERSON ARTS ALLIANCE
(Exact legal name of organization as shown in organizing document)
2409 JEFFERSON, PORT TOWNSEND, WA
(Number, street, city or town, state, and ZIP code) 98368-4634

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 DECEMBER 31, 2002
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
<u>JEFFERSON ARTS ALLIANCE</u>	<u>8/9/02</u>
Officer or trustee having authority to sign	Type or print name and title
Signature ▶ <u>Jeanette Best</u>	<u>JEANETTE BEST</u> <u>CHAIR</u>
For IRS use only	
District Director or Assistant Commissioner (Employee Plans and Exempt Organizations)	Date

By ▶