

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508 - Room 7008
Cincinnati, Ohio 45201

Date: FEB 08 2005

AAM Foundation
7110 Redwood Blvd., Suite A
Novato, CA 94945

Person to Contact - ID#: Joseph R. Herr - 3107851
Contact Telephone Numbers: 513-263-3725 Phone
513-263-3571 Fax
Federal Identification Number: 94-3352261

Dear Sir or Madam:

In our letter dated December 13, 2000, we determined that you were exempt from Federal income tax under section 501(a) of the Internal Revenue Code of 1986 as an organization described in section 501(c) (3).

Because you were a newly created organization, we did not make a final determination of your private foundation status under section 509(a) of the Code. However, we determined that you could reasonably be expected to be a publicly supported organization described in section 509(a) (1) or 509(a) (2) of the Code. We also determined that you would be treated as other than a private foundation during your advance ruling period.

Based on the financial information you submitted covering your advance ruling period, we have determined that you are a private foundation as defined in section 509(a) of the Code. Your exempt status as an organization described in section 501(c) (3) remains in effect.

You do not constitute an organization described in section 509(a) (1), 509(a) (2), 509(a) (3) or 509(a) (4) of the Code for the following reasons:

1. You are not an organization described in section 509(a) (1) of the Code because you are not an organization described in sections 170(b) (1) (A) (i) through 170(b) (1) (A) (v) of the Code. Further, you are not an organization described in section 170(b) (1) (A) (vi) of the Code because you failed to meet either the 33-1/3 percent-of-support test or the 10 percent facts and circumstances test. In this regard, it is provided in section 1.170A-9(e) (6) of the Income Tax Regulations that in determining whether or not such tests are met, support from direct or indirect contributions from the general public includes contributions from an individual, trust, or corporation but only to the extent that the total contribution from a single such individual, trust, or corporation does not exceed 2 percent of the organization's total support. A review of the financial information you recently submitted indicates that you do not meet the 33-1/3 percent-of-support test for the reasons set forth on Enclosure I.

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Section 1.170A-9(e)(3) of the Regulations provides that if an organization fails to meet the 33-1/3 percent-of-support test, it will be treated as a publicly supported organization if it normally receives at least 10 percent of its support from governmental units, from contributions made directly or indirectly by the general public, or from a combination of these sources. An organization must also maintain a continuous and bona fide program for solicitation of funds from the general public and have a governing body representative of the broad interest of the public.

Additional factors considered include the percentage of financial support, sources of support, the availability of public facilities or services, and whether solicitations for members are aimed at a substantial number of persons. You do not meet the facts and circumstances test for the reasons set forth on Enclosure I.

2. You are not an organization described in section 509(a)(2) of the Code because you do not meet the support tests provided in sections 509(a)(2)(A) and 509(a)(2)(B) of the Code. In this regard, it is provided that in determining whether or not such tests are met, an organization must normally receive more than one-third of its support from any combination of gifts, grants, contributions, or membership fees; and gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not an unrelated trade or business (within the meaning of section 513 of the Code), not including such receipts from any person, or from any bureau or agency of a governmental unit, in excess of the greater of \$5000 or 1 percent of the organization's support in such taxable years, or from disqualified persons (as defined in section 4946 of the Code); and normally not more than one-third of its support from gross investment income. Section 4946 of the Code provides, in part, that the term "disqualified person" means, with respect to a private foundation, a person who is a substantial contributor to a foundation. The term "substantial contributor" as defined in section 507(d)(2) of the Code, means any person who contributed an aggregate amount of more than \$5,000 to the foundation, if such amount is more than 2 percent of the total contributions received by the foundation before the close of the taxable year in which the contribution is received. A review of the financial information you submitted indicates that you do not meet the support tests for the reasons set forth on Enclosure I.
3. You are not an organization described in section 509(a)(3) of the Code because you are not organized and operated solely for the benefit of, or in connection with one or more of the organizations described in sections 509(a)(1) or 509(a)(2) of the Code.

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4. You are not an organization described in section 509(a)(4) of the Code because you are not organized and operated exclusively for testing for public safety.

We have not considered whether you qualify as a private operating foundation under section 4942(j)(3) of the Code.

As a private foundation you are required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation, by the 15th day of the fifth month following the close of your annual accounting period. There is a penalty of \$20 a day (\$100 a day for large organizations), up to a maximum of \$10,000 (\$50,000 for large organizations) or 5 percent of your gross receipts (whichever is less), for each return filed late, unless there is reasonable cause for the delay. (A large organization is one that has gross receipts exceeding \$1 million for the tax year.)

Since you are classified as a private foundation as of March 31, 2004, all parts of the Form 990-PF for the year ended December 31, 2004, should be completed. However, the figures for column (c) of Part I, all of Part IX through Part XIV, and Part XV (if applicable), and your answers to the questions in Part VII should reflect only the period beginning on the above date and ending on the last day of your tax year.

Forms 990-PF for subsequent years should be completed and filed according to the instructions for those forms.

Forms 990-PF for subsequent years must be filed by the 15th day of the fifth month after the end of your annual accounting period.

If you become supported by the public in the future, or expect to become supported by the public, you may request that your private foundation status be terminated under section 507 of the Code.

If you are in agreement with our proposed determination, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

If you do not agree with our determination, you have the right to protest it. To protest, you should file a written appeal as explained in the enclosed Publication 892, "Exempt Organizations Appeal Procedures for Unagreed Issues." Your appeal should give the facts, law, and any other information to support your position. The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the Office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the regional office, or, if you request, at any

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mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

If you do not protest this determination within 30 days from the date of this letter, this letter will become our final determination in this matter. Further, if you do not appeal this determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Because this letter could help resolve any questions about your private foundation status, please keep it with your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

A handwritten signature in cursive script, reading "Lois G. Lerner".

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Enclosure I
Publication 892
Form 6018