

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

<p>1a Full name of organization (as shown in organizing document)</p> <p><u>TeX Users Group</u></p>	<p>2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.)</p> <p><u>22-2868942</u></p>
<p>1b c/o Name (if applicable)</p>	<p>3 Name and telephone number of person to be contacted if additional information is needed</p> <p><u>Amy Silliman</u></p>
<p>1c Address (number and street) Room/Suite</p> <p><u>1466 N.W. Naito Parkway</u></p>	<p>(<u>503</u>) <u>224-5858</u></p>
<p>1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.</p> <p><u>Portland, OR 97209-2820</u></p>	<p>4 Month the annual accounting period ends</p> <p><u>December</u></p>
<p>1e Web site address</p> <p><u>www.tug.org</u></p>	<p>5 Date incorporated or formed</p> <p><u>October 27, 1987</u></p>
<p>6 Check here if applying under section:</p> <p>a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k) d <input type="checkbox"/> 501(c)(29)</p>	
<p>7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If "Yes," attach an explanation.</p>	
<p>8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If "No," attach an explanation (see page 3 of the Specific Instructions).</p>	
<p>9 Has the organization filed Federal income tax returns or exempt organization information returns? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.</p> <p><u>Forms 990</u> <u>1995 to present</u> <u>Ogden, Utah</u></p>	
<p>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.)</p> <p>a <input checked="" type="checkbox"/> 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.</p> <p>b <input type="checkbox"/> Trust- Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.</p> <p>c <input type="checkbox"/> 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.</p>	

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 ▶

Mimi Jett
 (Signature)

Mimi Jett, President
 (Type or print name and title or authority of signer)

Sept 25
 (Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

Part II Activities and Operational Information

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

See Attachment 1.

- 2 What are or will be the organization's sources of financial support? List in order of size.
TUG's financial support consists of membership dues, registration fees for the annual conference, and contributions from members.

- 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.

See item 2 above. TUG does solicit members for contributions to a "bursury fund," which is used to reimburse travel expenses to the annual conference for individuals who would otherwise be unable to attend. A space for contributions to TUG or the bursury fund is provided on the membership and renewal forms.

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.
See Attachment 2.

b Annual compensation
None

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 X
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 X
If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes X
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 X
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 X
If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes X
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."

Not applicable

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes Yes

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes Yes

b Is the organization a party to any leases? Yes Yes

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

If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

Anyone can become a member of TUG. See the enclosed copy of TUG's 2002 membership TUG's annual membership fee is \$65 (or \$35 for students).

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.

Please refer to TUG's website for these materials -- www.tug.org. A copy of the "membership information" webpage is enclosed.

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

See Attachment 1.

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

If "Yes," explain how the charges are determined and attach a copy of the current fee schedule. See Attachment 1.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes

If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes

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

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 checked="" type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14.

If you checked box g in question 9, go to questions 11 and 12.

If you checked box h, i, or j, in question 9, go to question 10.

Part III Technical Requirements (Continued)

10 If you checked box **h**, **i**, or **j** in question 9, has the organization completed a tax year of at least 8 months?
 Yes - Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No - You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

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

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

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. **Do not submit blank schedules.**)

	Yes	No	If "Yes" complete Schedule
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization a private operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?	X		H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Part IV**Financial Data**

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 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior years or proposed budget for 2 years			(e) TOTAL
		(a) 1/2002 to 8/31/02	(b) 2001	(c) 2000	
1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions)	7,285	8,254	9,274	7,123	31,936
2 Membership fees received	98,796	126,359	132,470	128,936	486,561
3 Gross investment income (see instructions for definition)	41		26	1,756	1,823
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)	1,245	1,045	100	100	2,490
8 Total (add lines 1 through 7)	107,367	135,658	141,870	137,915	522,810
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	7,449*	25,616*	1,669*	41,573	76,267
10 Total (add lines 8 and 9)	114,816	161,274	143,539	179,488	599,077
11 Gain or loss from sale of sale of capital assets (attach schedule)					
12 Unusual grants					
13 Total revenue (add lines 10 through 12)	114,816	161,274	143,539	179,488	599,111
14 Fundraising expenses				1,238	
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	7,520	6,705	12,420	13,068	
16 Disbursements to or for benefit of members (attach schedule)**	35,335	103,486	21,824	67,042	
17 Compensation of officers, directors, and trustees (attach schedule)					
18 Other salaries and wages	40,884	56,441	48,589	58,952	
19 Interest					
20 Occupancy (rent, utilities, etc.)	2,424	3,836	3,680	2,456	
21 Depreciation or depletion			1,929	699	
22 Other (attach schedule)**	19,266	8,285	10,438	13,575	
23 Total expenses (add lines 14 through 22)	105,429	178,753	98,880	160,795	
24 Excess of revenue over expenses (line 13 minus line 23)	9,387	-17,479	44,659	18,693	

* Includes conference registration fees. Conference expenses shown on Line 16.

** See Attachment 3.

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date 8/15/02
Assets		
1	Cash	192,879
2	Accounts receivable, net	4,
3	Inventories	
4	Bonds and notes receivable (attach schedule)	
5	Corporate stocks (attach schedule)	
6	Mortgage loans (attach schedule)	
7	Other investments (attach schedule)	
8	Depreciable and depletable assets (attach schedule)	8,030
9	Land	
10	Other assets (attach schedule)	
11	Total assets (add lines 1 through 10)	205,663
Liabilities		
12	Accounts payable	30,
13	Contributions, gifts, grants, etc., payable	
14	Mortgages and notes payable (attach schedule)	
15	Other liabilities (attach schedule)	1,888
16	Total liabilities (add lines 12 through 15)	31,963
Fund Balances or Net Assets		
17	Total fund balances or net assets	173,699
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	205,663
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 H. Organizations Providing Scholarship Benefits, Student Aid, etc., to Individuals

1a Describe the nature and the amount of the scholarship benefit, student aid, etc., including the terms and conditions governing its use, whether a gift or a loan, and how the availability of the scholarship is publicized. If the organization has established or will establish several categories of scholarship benefits, identify each kind of benefit and explain how the organization determines the recipients for each category. Attach a sample copy of any application the organization requires individuals to complete to be considered for scholarship grants, loans, or similar benefits. (Private foundations that make grants for travel, study, or other similar purposes are required to obtain advance approval of scholarship procedures. See Regulations sections 53.4945-4(c) and (d).) See Attachment 4.

b If you want this application considered as a request for approval of grant procedures in the event we determine that the organization is a private foundation, check here ▶

c If you checked the box in 1b above, check the box(es) for which you wish the organization to be considered.

4945(g)(1) 4945(g)(2) 4945(g)(3)

2 What limitations or restrictions are there on the class of individuals who are eligible recipients? Specifically explain whether there are, or will be, any restrictions or limitations in the selection procedures based upon race or the employment status of the prospective recipient or any relative of the prospective recipient. Also indicate the approximate number of eligible individuals. The recipient must be a member of TUG or another recognized TeX user group. There are no restrictions based on race or employment status. It is difficult to estimate the number of eligible individuals. TUG receives approximately 10 to 20 applications for assistance each year.

3 Indicate the number of grants the organization anticipates making annually ▶ 4-5

4 If the organization bases its selections in any way on the employment status of the applicant or any relative of the applicant, indicate whether there is or has been any direct or indirect relationship between the members of the selection committee and the employment status of the applicant or any relative of the applicant. Also indicate whether relatives of the members of the selection committee are possible recipients or have been recipients. The recipient's employment status is not relevant to the selection process. Members of the selection committee are not possible recipients.

5 Describe any procedures the organization has for supervising grants (such as obtaining reports or transcripts) that it awards and any procedures it has for taking action if the terms of the grant are violated. The selection committee verifies that the amount of assistance (annual conference registration fee or travel expenses) is appropriate. The funds are not disbursed to the recipient until their attendance at the annual conference is confirmed by members of the selection committee.

For more information, see back of Schedule H.

TeX USER GROUP
(22-2868942)

Application for Recognition of Exemption (IRS Form 1023)

Attachment 1
Activities and Operational Information
(Part I, Line 8, and Part II, Line 1)

Background on TeX

The TeX User Group (“TUG”) had its beginnings with a frustrated mathematician and computer scientist, Donald Knuth, Professor Emeritus of Stanford University. In the late 1970s, Professor Knuth was revising the second volume of his landmark work, *The Art of Computer Programming*. Reviewing the galley pages for the second edition, he became increasingly frustrated with the poor quality of the then-new computer typesetting. (The first edition had been typeset using a Monotype machine.) His response was to study the traditional rules for typesetting math and the art and design of typography. The result was TeX (a special-purpose programming language) and Metafont (a font creation program). (For purposes of this attachment, we refer to TeX and Metafont collectively as TeX.) TeX revolutionized scientific and mathematical typesetting and ultimately earned Professor Knuth the prestigious Kyoto Prize in 1996 for lifetime achievement in the arts and sciences.

The problem Professor Knuth confronted was that mathematical and scientific academic publications consist almost entirely of “characters” not found on a typewriter or keyboard. (An example of a page produced with TeX is attached.) Together TeX and Metafont comprise a compositional tool that enables mathematicians, physicists, astrophysicists, and other research scientists to produce high-quality, publication-worthy documents using almost any computer and operating system. (TeX was developed on a mainframe computer and was quickly adapted to other computers, in particular the new “personal” computers then emerging. Currently, TeX can be run on practically every computer in existence.) Because TeX works on nearly any system, it has been popular from the start with mathematicians and scientists who were plagued by lack of the necessary symbols on typewriters and who wanted a more professional look to their work product.

TeX is also widely used because rather than licensing TeX, Professor Knuth chose to make the source code freely available to everyone. Thus, anyone can read, use, or modify the programs that Professor Knuth wrote.

Almost immediately, the community of TeX users began organizing themselves to assist one another in using, refining, and debugging TeX, which like most programming languages and software is extremely complex. TeX users had only each other (and Professor Knuth) to which to turn to for help because there is no company that owns TeX and hence no support organization.

History and Activities of TUG

Some individual TeX users from this loose-knit community met on February 22, 1980, to organize the TeX Users Group (“TUG”); TUG was incorporated as a Rhode Island nonprofit corporation on October 22, 1987. The purpose of TUG is to help individual TeX users across the world share information about TeX in a coherent and centralized fashion. In addition to maintaining a website with TeX information and resources (www.tug.org), TUG conducts the following activities:

- TUGboat. TUG distributes to members a quarterly publication on TeX – known as TUGboat – that includes manuals, instructional materials, documentation, and articles on TeX. TUGboat is produced and edited by an all-volunteer committee. A copy of TUGboat is enclosed.
- Annual international conference. TUG sponsors an annual conference for TeX users which serves primarily as an idea-sharing forum. The conference attracts users from across the world and is usually held in North America or Europe on an alternating basis. (The 2002 conference is being held in Trivandrum, India.) Volunteers handle most of the organizational and administrative aspects of the conference.
- Educational and training programs. TUG sponsors and conducts educational programs on TeX, usually as part of the annual conference.
- TeX Live CD. TUG distributes a CD-ROM, upgraded annually, with the TeX software. The CD is the collaborative product of volunteer TeX users across the world.
- CTAN CDs. TUG also distributes a TeX archive 3-CD set containing the TeX software included on the TeX Live CD, along with numerous ancillary macro programs. (These macro programs are also available through TUG’s website, but many TeX users find that a CD provides a more convenient method for accessing the information.)

TUG is a member organization open to anyone. There are currently over 2,000 members worldwide; the membership includes educational institutions, professors, researchers, mathematicians, scientists, and students. TeX users can join TUG for a nominal annual membership fee (currently \$65 a year for individuals; \$35 for students and seniors; \$500 for an institutional membership, covering up to 7 individuals). TUGboat and the annual upgrades of the TeX Live CD are distributed, free of charge, to members. (Note that the programs and information contained on the CD are available on the TUG website and others for downloading

free of charge. The TeX Live CD is simply a convenient and valued compilation distribution mechanism developed by TUG members.) Nonmembers are welcome to attend the TUG conferences and training courses.

As indicated above, most of TUG's activities are performed by volunteer TeX users. TUG has only two employees, a full-time office manager and a part-time data entry person, both of whom work in Portland, Oregon. These individuals prepare the financial reports, assist with the publication of TUGboat, coordinate the shipment of the TeX Live CDs, handle membership renewals, and serve as the liaison for the TUG board of directors.

TUG's 1987 Application for Exemption

TUG filed a Form 1023 dated December 1, 1987, a copy of which is enclosed, requesting recognition as a tax-exempt organization within the meaning of Internal Revenue Code section 501(c)(3). The Service issued a proposed determination letter dated November 23, 1988, a copy of which is enclosed, indicating that TUG did not qualify as a tax-exempt organization within the meaning of Internal Revenue Code section 501(c)(3). The letter cites as the basis of the denial Revenue Ruling 74-116, 1974-1CB 127, which held that an organization whose membership is limited to organizations that own, rent, or use a specific type of computer and whose activities are designed to keep members informed of current scientific and technical data of special interest to them as users of the computer is not exempt under Internal Revenue Code section 501(c)(3). It concludes that TUG, by making "specialized information available to your members," is "serving the private interest of [its] members rather than serving a public interest * * *."

TUG appealed the proposed determination letter and an oral hearing was held at the Service's Appeals Office in February 1990. The Appeals Office denied the appeal and TUG was classified as a tax-exempt business league within the meaning of Internal Revenue Code section 501(c)(6). TUG's files do not include a copy of any written decision issued by the Appeals Office, so the precise basis for the denial is not known.

Basis for Recognition Under Section 501(c)(3)

TUG continues to believe that it should be classified as a tax-exempt organization within the meaning of Internal Revenue Code section 501(c)(3), rather than as a tax-exempt business league within the meaning of section 501(c)(6).

Advancement of Science and Education

TUG's activities promote the advancement of both science and education. (See Treas. Reg. section 1.501(c)(3)-1(d)(2), which provides that the advancement of education or science are charitable purposes.) TeX exists for one purpose – to facilitate the dissemination and publication of scientific and technical research data and mathematical information, substantially all of which is used for instruction and the further advancement of education and research – and TUG exists to promote and educate users about this public educational and scientific tool. Not surprisingly, the majority of TeX users and TUG members are exempt organizations and individuals associated with exempt organizations, *i.e.*, professors, educators, or students.

TUG's activities are similar to those of the organizations described in Revenue Rulings 74-614, 1974-2 CB 164, and 81-29, 1981-1 CB 329. In Rev. Rul. 74-614 tax-exempt colleges and universities devised, operated and provided an organizational structure for a regional network of member-owned or -leased computers to collect and disseminate scientific and educational information to its members. The ruling concluded that the organization was exempt from tax as an educational organization under Internal Revenue Code 501(c)(3). Rev. Rul. 81-29 amplified Rev. Rul. 74-614 to reflect that such an organization would not be disqualified from tax-exempt status merely because some of its members were not exempt from federal income tax. The ruling involved a library network organization, comprised of libraries of colleges, universities, historical societies, states and their political subdivisions, and other tax-exempt entities, as well as libraries of non-exempt businesses, which was organized to facilitate the exchange of bibliographic information amount among members. Again, the organization was determined to be a tax-exempt organization under section 501(c)(3) because it advanced education. In both of these rulings, the organizations provided a mechanism for the dissemination of information designed to instruct and to further advance research. Similarly, TUG promotes and supports a mechanism (TeX) that permits the dissemination of information, particularly mathematical information.

The facts of Rev. Rul. 74-116, cited by the Service in their proposed denial of exemption, are distinguishable from the present situation. In that case, only owners of specified computers were permitted to become members of the organization. The primary purpose of the organization was to provide specialized information to this limited group of members and it also served as a liaison between the member users and the manufacturer. In contrast, membership in TUG is open to any user or potential user having an interest in TeX. Moreover, the use or potential use of TeX is public in nature because of its adaptability to virtually any computer or peripheral equipment. Finally, TeX is a software system which can be used for a wide variety of educational purposes and particularly for instruction in the field of mathematics. In contrast, the organization in Rev. Rul. 74-116 provided no such specialized educational tool.

No Private Benefit

Treasury Regulation 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized and operated exclusively as an organization described in section 501(c)(3) unless it serves a public, rather than a private, purpose. This "private benefit" limitation requires careful application. All exempt organizations serve a class of persons limited by the exempt purposes set forth in section 501(c)(3). For example, exempt health care organizations treat and benefit individual patients, yet it is clearly recognized that the public as a whole benefits from such treatment. In this instance, while individual educators, scientists, and mathematicians undoubtedly do "benefit" from the information about TeX disseminated by TUG, it is the public as a whole that benefits from the ability of educators and scientists to inexpensively and easily publish scientific and mathematical papers and documents.

Of critical importance, is the scope and size of the class of persons on which the organization confers benefits. As under charitable trust law, if the class of persons is not sufficiently large, the organization is not exempt. In this regard, the charitable class benefited by TUG is anyone worldwide with an interest in or need for TeX. Any individual with access to the Internet (regardless of whether he or she is a member of TUG) can obtain free ongoing support

through the TUG website, by calling the TUG office, or using various Internet mailing lists, several of which are supported by TUG. And, as noted above, the programs and information contained on the TeX Live CD-Rom are also available on the TUG website for downloading at no cost.

In fact, TeX and TUG are the antithesis of "private benefit" because TeX is free software available to all members of the public. The Service has implicitly recognized the public benefit to free and public domain software and operating systems in classifying the Free Software Foundation, which is devoted to promoting free software and the GNU/Linux operating system, and the Cincinnati GNU-Linux Users Group, the Kalamazoo Linux Users Group, and the Real-Time Linux Foundation, all of which support users of Linux, a free Unix-type computer operating system, as tax-exempt organizations under section 501(c)(3). (On a side note, the Service has also recognized numerous Macintosh and "PC" user groups across the country as tax-exempt organizations under section 501(c)(3), notwithstanding Rev. Rul 74-116 and the "private benefit" conferred on the members of such organizations.) TUG believes that its activities and purposes in promoting and supporting TeX are indistinguishable from these exempt organizations. If anything, TUG's case for exemption is stronger because the direct and primary use for TeX is to ensure the dissemination and advancement of scientific and technical information.

TeX USER GROUP
(22-2868942)

Application for Recognition of Exemption (IRS Form 1023)

Attachment 2
Board of Directors
(Part II, Line 4(a))

Name and Address	Title	Annual Compensation
Mimi Jett 1466 N.W. Front Avenue Portland, Oregon 97209	Director and President	None
Arthur Ogawa 40453 Cherokee Oaks Drive Three Rivers, California 93271	Director and Vice President	None
Donald DeLand 4015 B Carlisle Drive NE Albuquerque, New Mexico 87107	Director and Treasurer	None
Susan DeMeritt 4320 Westerra Court San Diego, California 92121	Director and Secretary	None
Barbara Beeton American Mathematical Society 201 Charles Street Providence, Rhode Island 02940	Director	None
Karl Berry 685 Larry Avenue Keizer, Oregon 97303	Director	None
Kaja Christiansen Arhus University, Building 540 Arhus, Denmark DK-8000	Director	None
Stephanie Hogue The TypeWright 801 Highland Road Landsdale, Pennsylvania 19446	Director	None

Name and Address	Title	Annual Compensation
Judy Johnson 1466 N.W. Front Avenue, No. 200 Portland, Oregon 97209	Director	None
Wendy McKay Control and Dynamical Systems 107-81 California Institute of Technology Pasadena, California 91125	Director	None
Patricia Monohon University of California 3333 California Street, Suite 415 San Francisco, California 94118	Director	None
Ross Moore Macquarie University New South Wales 2109, AUSTRALIA	Director	None
Cheryl Ponchin Institute for Defense Analysis Princeton, New Jersey 08540	Director	None
Kristoffer H. Rose 30 SawMill River Road Hawthorne, New York 10532	Director	None
Michael D. Sofka Computing Information Services Rensselaer Polytechnic 110 8 th Street Troy, New York 12180	Director	None
Philip Taylor University of London Egham, Surrey, TW20 OEX	Director	None

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Attachment 3
Revenues and Expenses
(Part IV(A), Lines 7, 16, and 22)

Line 7(a), (b), (c), and (d) — Other income: Advertising income

Line 16 — Disbursements to or for benefit of members:

	<u>1/2/02 to</u> <u>8/30/02</u>	<u>2001</u>	<u>2000</u>	<u>19</u>
Costs of goods and services provided members:				
CD Roms	\$4,113	\$11,250	\$9,791	\$
Annual conference and class expenses	4,086	30,751	2,100	
Postage/delivery expenses to members	5,101	6,636	3,068	
TUGboat printing and mailing expenses	22,000	54,213	6,615	\$
Other product costs (copying, printing, etc.)	<u>35</u>	<u>636</u>	<u>250</u>	
TOTAL	<u>\$35,335</u>	<u>\$103,486</u>	<u>\$21,824</u>	<u>\$</u>

Line 22 — Other expenses:

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>19</u>
Other expenses:				
Bank service charges	\$ 264	\$ 252	\$ 302	\$
Bankcard merchant fees	2,281	3,029	3,574	
Workers compensation and liability insurance	500	525	676	
License and permit fees	20	20	20	
Postage	149	510	426	
Professional fees (accounting, consulting)	1,734	1,187	1,690	
Computer repair	0	0	175	
Telephone	1,126	1,280	2,226	
Travel	10,123	16	206	
Member renewal forms	312	198	384	
Office equipment	2,064	392	0	
Office supplies	486	797	576	
Miscellaneous	<u>207</u>	<u>79</u>	<u>183</u>	
TOTAL	<u>\$19,266</u>	<u>\$ 8,285</u>	<u>\$10,438</u>	<u>\$</u>

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Attachment 4
Scholarship Information
(Schedule H)

Bursury Fund. TUG makes grants to financially needy individuals seeking to attend TUG's annual conference. A copy of the Web page describing the "Bursury Fund" is attached. There is no application form. Individuals must send a letter to TUG demonstrating that they would be unable to attend the annual conference without financial assistance. The average grant award is approximately \$500 and covers expenses such as the registration fee for the conference or travel expenses.

Donald E. Knuth Scholarship. In previous years TUG has awarded a "Donald E. Knuth Scholarship" to individuals in support-level and other non-technical positions who have demonstrated skill and ingenuity in using TeX as part of their job. The award permits the recipient to attend the annual meeting, with all expenses paid. The last Knuth scholarship was awarded in 1997; there have been discussions about reinstating the scholarship, but at this time the Knuth scholarship program remains inactive.