



February 7, 2017

To whom it may concern:

This memo outlines the understanding of Lake Stevens School District as to the status of donations or grants awarded to the school district. Based upon review of the applicable Internal Revenue Code (IRC), donations or grants to the district receive status as charitable contributions by the donor, if used solely for a “public purpose.”

As a political subdivision of the State of Washington, the district is not classified as a “501(c)(3), charitable organization”; however, the provisions of IRC Section 170 govern donations and grants to the district. Specifically:

Section 170(a)(1) “General rule – There shall be allowed as a deduction any charitable contribution (as defined in subsection [c]) payment of which is made within the taxable year...”

Section 170(c) “Charitable Contribution Defined – For purposes of this section, the term ‘charitable contribution’ means a contribution or gift to or for the use of (1) A State, a possession of the United States, or any political subdivision of any of the foregoing... but only if the contribution or gift is made for exclusively public purposes.”

The code does not specifically define “public purpose,” but it is interpreted to mean the contribution or gift must not be intended to benefit any particular individual.

The Lake Stevens School District welcomes donations and grants made for the benefit of our educational program and students, and has in place accounting and reporting procedures to ensure that all donations and grants are used for their intended purpose.

If you have any questions regarding this matter, please contact Teresa Main, Assistant Superintendent of Business Services at 425-335-1503.