

Nonprofit Standard Mail Eligibility — Contents

Publication 417, October 1996

TRANSMITTAL LETTER

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Nonprofit Standard Mail Eligibility

Nonprofit and Other Qualified Organizations

Publication 417

October 6, 1996
Transmittal Letter

- A. **Explanation.** This publication discusses eligibility, authorization, and mailing rules for the Nonprofit Standard Mail rates.
- B. **Additional Information.** Customers who need additional information about Nonprofit Standard Mail should consult their postmasters.
- C. **Additional Copies**
 - 1. **Public.** Copies of this publication can be obtained at all post offices, business mail entry units, and postal business centers.
 - 2. **Postal Service.** Additional copies can be ordered from material distribution centers (MDCs), using Form 7380, *MDC Supply Requisition*.
- D. **Comments.** Written comments about this document should be sent to:

BUSINESS MAIL ACCEPTANCE
US POSTAL SERVICE
475 L'ENFANT PLZ SW
WASHINGTON DC 20260-6808
- E. **Cancellations.** All previous issues of Publication 417 and Publication 417-A are obsolete.
- F. **Effective Date.** This publication is effective October 6, 1996.

A handwritten signature in black ink, appearing to read "John H. Ward".

John H. Ward
Vice President
Marketing Systems

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1 Introduction

1-1 BACKGROUND

A reduced Standard Mail (A) bulk rate of postage is available for eligible organizations that have received authorization and whose individual mailings meet the additional eligibility rules that apply to Nonprofit Standard Mail. This Nonprofit Standard Mail rate provides authorized organizations an opportunity to realize significant savings in postage compared with that charged at the regular Standard Mail (A) bulk rates.

The U.S. Congress authorized these reduced rates in 1951 and determined the categories of organizations eligible for these rates (see 2-2). Later legislation extended these privileges, adding other categories of organizations that may mail at these rates and restrictions on what may be mailed.

1-2 PUBLICATION 417

Publication 417 discusses eligibility, authorization, and mailing rules for the Nonprofit Standard Mail rates. Publication 417 is organized as follows:

- Chapter 2 explains the categories of organizations that are eligible and those that are generally ineligible to mail at the Nonprofit Standard Mail rates.
- Chapter 3 explains how to request authorizations to enter mail at the Nonprofit Standard Mail rates at the post offices where mailings are to be deposited.
- Chapter 4 explains how to determine whether an individual mailing meets the general requirements for mailing at the Nonprofit Standard Mail rates.
- Chapter 5 explains how to apply the “cooperative mail” rule, which prohibits mailings by or in behalf of an unauthorized entity at the Nonprofit Standard Mail rates. This chapter also discusses the application of these rules to the mailings of political committees and how to identify Nonprofit Standard Mail mailings.
- Chapter 6 explains how to apply the specific content-based restrictions to Nonprofit Standard Mail mailings. These restrictions are generally targeted at products and at mailings that contain material promoting or advertising products and services.
- Appendix A contains four case studies applying the content-based restrictions.
- Appendix B contains questions and answers about the content-based restrictions.

- Appendix C discusses legal issues and Internal Revenue Service rules.
- Appendix D provides guidelines on how substantially related advertising may apply to four types of organizations.
- Appendix E contains copies of the two application forms for requesting authorizations to mail at Nonprofit Standard Mail rates:
 - PS Form 3624, *Application to Mail at Nonprofit Standard Mail Rates*.
 - PS Form 3623, *Application for Nonprofit Standard Mail Rates at Additional Mailing Office*.

1-3 OTHER PUBLICATIONS

You can obtain these publications on designing reply mail and postal addressing from your postal business center or local post office:

- Publication 353, *Designing Reply Mail*. This publication shows mailers how to design reply pieces.
- Publication 28, *Postal Addressing Standards*. This publication shows mailers how to use standardized formats for addressing their mail for optimal service. The many examples, charts, and list of addressing abbreviations enhance the explanations and instructions in the publication.

1-4 MAILING STANDARDS

You can order copies of the *Domestic Mail Manual*, which contains postal standards for domestic mail, from the U.S. Government Printing Office by writing to this address for subscription prices:

NEW ORDERS
SUPERINTENDENT OF DOCUMENTS
US GOVERNMENT PRINTING OFFICE
PO BOX 371954
PITTSBURGH PA 15250-7954
TELEPHONE: 202-783-3238

You can also order electronic versions of the *Domestic Mail Manual* from these two vendors licensed by the Postal Service:

GLOBAL VILLAGE PUBLISHING INC
1101 KING ST STE 190
ALEXANDRIA VA 22314-2944
TELEPHONE: 1-800-394-4874

WINDOW BOOK INC
300 FRANKLIN ST
CAMBRIDGE MA 02139-3708
TELEPHONE: 1-800-370-2410

2 Eligible and Ineligible Organizations

2-1 EVALUATION OF ELIGIBILITY

In reviewing an application for authorization to mail at the Nonprofit Standard Mail rates, the Postal Service examines an organization's supporting documentation to verify the following:

- The organization's primary purpose. The organization must be organized and operated in conformity with its primary nonprofit purpose. An organization that incidentally engages in qualifying activities is ineligible for the Nonprofit Standard Mail rates.
- The organization's nonprofit status. An eligible organization (in one of the categories listed in 2-2.1) may receive authorization to mail at the Nonprofit Standard Mail rates if it meets these two financial conditions:
 - The organization is not organized for profit.
 - None of the organization's net income accrues (inures) to the benefit of any individual or private stockholder.

2-2 ELIGIBLE ORGANIZATIONS

2-2.1 Categories of Organizations

Nonprofit organizations organized and operated for the following primary purposes may apply for authorization to mail at the Nonprofit Standard Mail rates. Certain political committees (see 2-2.2) and voting registration officials (see 2-2.3) are also eligible to apply for authorization to mail at the Nonprofit Standard Mail rates. The eight categories of eligible nonprofit organizations are as follows:

- Agricultural.
- Educational.
- Fraternal.
- Labor.
- Philanthropic.
- Religious.
- Scientific.
- Veterans.

2-2.1.1 **Agricultural**

An agricultural organization is a nonprofit organization whose primary purpose is to better the conditions of those engaged in agricultural pursuits, to improve the grade of their products, and to develop a higher degree of efficiency in agriculture; or to collect and disseminate information or materials about agriculture. An agricultural organization may further and advance such agricultural interests by:

- Sponsoring educational activities.
- Holding agricultural fairs.
- Collecting and disseminating information about the cultivation of the soil and its fruits or the harvesting of marine resources.
- Rearing, feeding, and managing livestock, poultry, bees, etc.
- Promoting other activities related to agricultural interests.

2-2.1.2 **Educational**

An educational organization is a nonprofit organization whose primary purpose is to instruct or train individuals for improving or developing their capabilities or to instruct the public on subjects beneficial to the community. An organization may be educational even though it advocates a particular position or point of view, as long as the organization presents a sufficiently full and fair exposition of the pertinent facts to permit the formation of an independent opinion or conclusion. Conversely, an organization is not considered educational if its principal function is merely to present unsupported opinion. Examples of educational organizations include the following:

- Organizations (for example, a primary or secondary school, a college, or a professional or trade school) that have a regularly scheduled curriculum, a regular faculty, and a regularly enrolled body of students in attendance at a place where educational activities are regularly conducted.
- Organizations whose activities consist of presenting public discussion groups, forums, panels, lectures, or similar programs, including broadcasts of such activities on radio or television.
- Organizations that present a course of instruction by correspondence, television, or radio.
- Museums.
- Planetariums.
- Symphony orchestras.
- Zoos.

2-2.1.3 **Fraternal**

A fraternal organization is a nonprofit organization whose primary purpose is to foster fellowship and mutual benefits among its members. It must also be organized under a lodge or chapter system with a representative form of government; must follow a ritualistic format; and must be composed of members elected to membership by vote of the members.

Qualifying fraternal organizations include the Masons, Knights of Columbus, Elks, and college fraternities or sororities. Such organizations may have members of one sex or both sexes. Fraternal organizations do not encompass such organizations as business leagues, professional associations, civic associations, or social clubs.

2-2.1.4 Labor

A labor organization is a nonprofit organization whose primary purpose is to better the conditions of workers. Labor organizations include, but are not limited to, organizations (for example, labor unions and employee associations) in which employees or workers participate, whose primary purpose is to deal with employers on such issues as grievances, labor disputes, wages, hours of employment, and working conditions.

2-2.1.5 Philanthropic (Charitable)

A philanthropic (charitable) organization is a nonprofit organization organized and operated to benefit the public with such primary purposes as the following:

- To relieve the poor, distressed, or underprivileged.
- To advance religion, education, or science.
- To erect or maintain public buildings, monuments, or works.
- To lessen the burdens of Government.
- To promote social welfare for any of the above purposes or to lessen neighborhood tensions, eliminate prejudice and discrimination, defend human and civil rights secured by law, or combat community deterioration and juvenile delinquency.

If an organization organized and operated to relieve indigent persons receives voluntary contributions from those persons, that does not necessarily make it ineligible for Nonprofit Standard Mail rates as a philanthropic organization.

If an organization, in carrying out its primary purpose, advocates social or civic changes or presents ideas on controversial issues to influence public opinion and sentiment to accept its views, that does not necessarily make it ineligible for Nonprofit Standard Mail rates as a philanthropic organization.

2-2.1.6 Religious

A religious organization is a nonprofit organization whose primary purpose is to conduct religious worship (for example, churches, synagogues, temples, or mosques), to support the religious activities of nonprofit organizations whose primary purpose is to conduct religious worship, or to further the teaching of particular religious faiths or tenets, including religious instruction and the dissemination of religious information.

2-2.1.7 Scientific

A scientific organization is a nonprofit organization whose primary purpose is either to conduct research in the applied, pure, or natural sciences or to disseminate technical information dealing with the applied, pure, or natural sciences.

2-2.1.8 Veterans

A veterans' organization is a nonprofit organization of veterans of the armed services of the United States, or an auxiliary unit or society of, or a trust or foundation for, any such post or organization.

2-2.2 Qualified Political Committees

The following political committees may be authorized to mail at the Nonprofit Standard Mail rates without regard to their nonprofit status:

- A national committee of a political party (the organization responsible for the party's day-to-day operation at the national level).
- A state committee of a political party (the organization responsible for the party's day-to-day operation at the state level).
- The Democratic Congressional Campaign Committee.
- The Democratic Senatorial Campaign Committee.
- The National Republican Congressional Committee.
- The National Republican Senatorial Committee.

2-2.3 Voting Registration Officials

Voting registration officials in a state or the District of Columbia may be authorized to mail at the Nonprofit Standard Mail rates if voters in that jurisdiction must register to vote before the date of voting in a general election for federal office. In addition to restrictions applicable to other categories of authorized organizations discussed in this chapter, specific content restrictions apply to Nonprofit Standard Mail mailings by these officials (see 4-2).

2-3 INELIGIBLE ORGANIZATIONS

2-3.1 General

Organizations listed in 2-3.2 generally may not use the Nonprofit Standard Mail rates. Some of these organizations were designated ineligible when the U.S. Congress enacted legislation governing these rates.

2-3.2 Typical Ineligible Organizations

Even if organized on a nonprofit basis, these and similar organizations are ineligible for the Nonprofit Standard Mail rates:

- Automobile clubs.
- Business leagues.
- Chambers of commerce.
- Citizens' and civic improvement associations.
- Individuals.

- Mutual insurance associations.
- Political organizations (other than those specified in 2-2.2).
- Service clubs (Civitan, Kiwanis, Lions, Optimist, and Rotary).
- Social and hobby clubs.
- Rural electric cooperatives and their associations.
- Trade associations.

In general, state, county, and municipal governments and governmental organizations are ineligible for the Nonprofit Standard Mail rates. However, a separate and distinct state, county, or municipal governmental organization that meets the criteria for any one of the categories in 2-2 may be eligible, notwithstanding its governmental status.

3 Application for Authorization

3-1 ORIGINAL MAILING OFFICE

3-1.1 General

A responsible officer of your organization must apply for an authorization to mail at the Nonprofit Standard Mail rates at each post office where mailings will be entered. As discussed in this chapter, the initial authorization — as well as subsequent authorizations to mail at other post offices — requires specific forms and documentation.

Required documentation includes proof of your organization's nonprofit status and that your organization meets one of the qualifying categories.

Qualified political committees and voting registration officials, however, are exempted from the requirement to document nonprofit status.

3-1.2 Completing PS Form 3624

To begin the process, you must complete an application for authorization to mail at the Nonprofit Standard Mail rates (PS Form 3624, *Application to Mail at Nonprofit Standard Mail Rates*). This application is available at any post office. Your postmaster can answer your questions and help you fill out the form. (See appendix E for a sample that you may use.)

3-1.3 General Documentation Requirements

To support your organization's eligibility for the Nonprofit Standard Mail rates, attach copies of these documents to PS Form 3624:

- Formative papers. Formative papers describe your organization's primary purpose. These papers include articles of incorporation, a constitution, or a charter endorsed by the appropriate civil authorities.

- Evidence of nonprofit status. Evidence of your organization's nonprofit status may be a copy of the tax exemption letter from the Internal Revenue Service. This letter shows your organization's exemption from the payment of federal income tax and cites the section of the Internal Revenue Code under which your organization is exempt (for example, 26 U.S.C. 501(c)(3)). Alternatively, you may use a complete financial statement from an independent auditor — such as a certified public accountant — substantiating that your organization is a nonprofit organization. A statement from a member of your organization, however, is not sufficient.

3-1.4 Additional Documents Concerning Operation

Also, provide as many of these documents as available:

- List of activities. This list shows the activities that your organization engaged in during the past 12 months.
- Financial statement. This statement details your organization's receipts and expenditures for the past fiscal year and includes a copy of your organization's budget for the current year.
- Other documents of operation. These documents include your organization's bulletins, minutes of meetings, brochures, and similar papers that show how your organization operates.

3-1.5 Political Committees and Voting Registration Officials

Qualified political committees and voting registration officials also must complete PS Form 3624, providing the appropriate documents with their applications as follows:

- Qualified political committees must submit organizational or other documents substantiating that the committee is the state or national committee of the political party.
- Voting registration officials must submit a copy of the statute, ordinance, or other authority establishing responsibility for voter registration.

3-1.6 Submitting Application

3-1.6.1 Where to File

Take the application (PS Form 3624, *Application to Mail at Nonprofit Standard Mail Rates*) with the supporting documents to the post office where your organization intends to mail.

3-1.6.2 Review Process

The post office reviews the application and attachments for completeness, then forwards them to the Nonprofit Service Center in Memphis, Tennessee. The Center notifies your organization directly of its decision on the application to mail at the Nonprofit Standard Mail rates. Moreover, the Center may request more information before approving or denying the application.

If the documentation is complete, the review process normally takes 2 weeks. If more information is needed to substantiate eligibility, the process can take longer.

3-1.6.3 Refund for Mailings While Application Pending

While the application for authorization to mail at the Nonprofit Standard Mail rates is pending, your organization must pay postage at the applicable rates for First-Class Mail or regular Standard Mail (A).

If the application is approved, your organization is eligible for a refund of the difference in postage between the regular Standard Mail (A) rates paid and the applicable Nonprofit Standard Mail rates for mailings entered after the effective date of the application (that is, the date when the application was filed or the date when the organization first met the eligibility requirements for Nonprofit Standard Mail rates, whichever is later).

To qualify for any refund of postage for mailings entered at the regular Standard Mail (A) rates, you must contact your postmaster to arrange to mail under the deposit system. Refunds are not available for mailings entered as First-Class Mail.

3-1.7 Appealing Denied Application

3-1.7.1 Notification

The Nonprofit Service Center provides written notification if your organization is found ineligible for the Nonprofit Standard Mail rates. You may file a written appeal of the denial within 15 days. Submit the appeal to the postmaster at the post office where you filed the application. The postmaster then forwards your appeal with the supporting documentation to the Nonprofit Service Center.

3-1.7.2 Appeal Letter

Your appeal letter should include, or have attached, only new evidence or arguments on which the appeal is based. You might include further proof of nonprofit status or a more comprehensive description of your organization's activities during the past 12 months if these were factors in the earlier decision denying the application.

3-1.7.3 Final Decision

After reviewing any additional information, the Nonprofit Service Center may reverse its decision and approve the application. Otherwise, your appeal and supporting documentation are sent to the manager of Business Mail Acceptance at U.S. Postal Service Headquarters (Washington, DC 20260-6808), who may ask for further evidence of qualification. The manager issues the final agency decision.

3-2 ADDITIONAL MAILING OFFICES

3-2.1 General

If your organization is already authorized to mail at the Nonprofit Standard Mail rates at one post office, you may request authorization to mail eligible material at another post office without going through the original application process.

3-2.2 Applying for Authorization

3-2.2.1 PS Form 3623

You may request to mail at an additional post office by filing PS Form 3623, *Application for Nonprofit Standard Mail Rates at Additional Mailing Office*, with the postmaster at the post office that your organization intends to use as the additional mailing office. (Appendix E contains a copy of PS Form 3623 for your convenience.)

You must show on this application the exact organization name as originally approved. (If your organization's name has changed, include the official documentation substantiating the change.) If you include your organization's original authorization number on PS Form 3623, the postmaster can request the additional authorization by telephoning the Nonprofit Service Center.

3-2.2.2 Letter of Request

You must attach to PS Form 3623 a letter on your organization's letterhead, signed by a responsible official of the organization, requesting authorization to mail at the additional mailing office. You should allow 30 days for the processing of your request.

3-2.2.3 Mailing While Application Pending

Your organization may not mail at the Nonprofit Standard Mail rates at the additional mailing office before the application is approved, although you may use regular Standard Mail (A) or First-Class rates. The deposit arrangements described in 3-1.6.3 also apply to additional mailing office applications. No refund is made on mailings entered at First-Class rates.

3-3 MAILING AFTER AUTHORIZATION RECEIVED

3-3.1 Mailing Frequency

To retain each authorization, you must make at least one bulk mailing during a 2-year period at the original mailing office and one bulk mailing at each additional mailing office, if applicable.

3-3.2 **Revoked Authorizations**

If your organization's authorization to mail at the Nonprofit Standard Mail rates is revoked at the post office where the original application was approved, the authorization at each additional mailing office is also revoked. If an authorization is revoked at an additional mailing office, that revocation does not affect the status of authorizations at the original office of mailing or any other additional mailing office.

3-3.3 **Changing Mailing Locations**

If your organization wishes to change its original office of mailing, you must submit a new application on PS Form 3624 to the post office intended to be the new original office of mailing. You must then go through the full application process described in 3-1 to obtain an authorization to mail at the Nonprofit Standard Mail rates.

If your organization changes printers or mailing agents and requires a new additional mailing office authorization, follow the procedures in 3-2 to obtain the authorization. You may not transfer your organization's authorizations between post offices.

4 Qualified Mailings

4-1 LEGAL RESPONSIBILITIES

An authorization to mail at the Nonprofit Standard Mail rates is a privilege reserved by law to authorized organizations. Civil and criminal penalties apply to false, fictitious, or fraudulent statements made in connection with a Nonprofit Standard Mail mailing. Authorized organizations must therefore follow these rules:

- An authorized organization must not use the Nonprofit Standard Mail rates to send matter in behalf of or produced for an unauthorized organization or entity.
- An authorized organization must make sure that only its own matter is mailed under its Nonprofit Standard Mail authorization.
- An authorized organization must not “rent,” delegate, or lend its Nonprofit Standard Mail authorization to any other person or organization.
- An authorized organization must make sure that a postage statement is presented with each mailing and that the signature on the postage statement certifies the eligibility of the mail for the Nonprofit Standard Mail rates.

4-2 VOTER REGISTRATION MATERIALS

Authorized voting registration officials may mail Standard Mail (A) material at the Nonprofit Standard Mail rates only if the material is authorized by or required to be mailed under the National Voter Registration Act of 1993. 39 U.S.C. 3629.

4-3 INDIVIDUAL BULK MAILINGS

4-3.1 General Standards

Authorized organizations may enter an individual bulk mailing at the Nonprofit Standard Mail rates if all these standards are met:

- The mailing is made up of Standard Mail (A) matter only.
- The mailing is eligible to be classified as a bulk mailing (that is, the mailing contains at least 200 addressed pieces or 50 pounds of addressed pieces).
- The mailing is prepared according to postal standards in the *Domestic Mail Manual*.

- The mailing is the organization's own mail (see chapter 5).
- The mailing does not contain products or advertising ineligible for mailing at the Nonprofit Standard Mail rates (see chapter 6).
- The mailing is accompanied by the appropriate postage statement.

4-3.2 Identification of Mailpieces

4-3.2.1 Organization Name

All matter mailed at the Nonprofit Standard Mail rates must identify the authorized organization. If a return address is included on the mailpiece, the address must be the authorized organization's address. The authorized organization's name and return address must appear in at least one of two places:

- On the outside of the mailpiece.
- In a prominent place on the material mailed.

4-3.2.2 D.B.A. or A.K.A. Names

Organizations may mail using a d.b.a. (doing business as) or a.k.a. (also known as) name if the name is shown on the authorization to mail at the Nonprofit Standard Mail rates. If an organization is currently authorized to mail at Nonprofit Standard Mail rates and requests to have the name on the authorization changed to the d.b.a. or a.k.a. name, the Postal Service requires a copy of the certificate from the state that recognizes the use of the d.b.a. or a.k.a. name, accompanied by a letter from the organization requesting a name change to the d.b.a. or a.k.a. name.

Alternately, the organization may maintain its authorization in its incorporated name and obtain a separate authorization to mail at the Nonprofit Standard Mail rates in its d.b.a. or a.k.a. name. In order to do so, the organization must file a PS Form 3624, *Application to Mail at Nonprofit Standard Mail Rates*, in the d.b.a. or a.k.a. name. The application should include the information listed in 3-1 as well as a copy of the certificate from the state that recognizes the use of the d.b.a. or a.k.a. name, accompanied by a letter from the organization requesting to use the d.b.a. or a.k.a. name.

If an organization not authorized to mail at the Nonprofit Standard Mail rates requests an authorization in the name of the d.b.a. or a.k.a., the Postal Service requires a PS Form 3624 in the name of the d.b.a. or a.k.a. The application should include the information listed in 3-1 as well as a copy of the certificate from the state that recognizes the use of the d.b.a. or a.k.a. name, accompanied by a letter from the organization requesting to use the d.b.a. or a.k.a. name.

► **Note:** *Evidence will generally be in the incorporated name of the organization.*

4-3.2.3 Return Address Required

A return address is required on the outside of the mailpiece when postage is paid by precanceled adhesive stamps.

4-4 POSTAGE LIABILITY

Because evidence other than the mailpiece might be critical for determining eligibility for the Nonprofit Standard Mail rates, postal clerks cannot always appropriately determine eligibility at the time of acceptance. If it is later determined that an accepted mailing was ineligible, the Postal Service collects the difference between the rates for Nonprofit Standard Mail and regular Standard Mail (A) by assessing the authorized organization or any party that caused the ineligible matter to be entered at the Nonprofit Standard Mail rates.

5 Cooperative Mailings

5-1 OVERVIEW

A cooperative mailing is a mailing produced by an authorized organization that “cooperates” with one or more organizations to share the cost, risk, or benefit of the mailing. Cooperative mailings may not be entered at the Nonprofit Standard Mail rates unless all cooperating organizations are authorized to mail at these rates at the post office of mailing.

Furthermore, the cooperative mail rule prevents authorized organizations from sharing their authorizations with others who are not authorized. The rule restricts Nonprofit Standard Mail mailings to the authorized organizations’ own mail.

5-2 ELIGIBLE MAILINGS

5-2.1 Eligibility Factors

For determining whether a mailing is eligible for the Nonprofit Standard Mail rates, the Postal Service evaluates the answers to these questions:

- Who devised, designed, and paid for the mailpiece?
- Who paid the postage on the mailing, either directly or indirectly?
- How are the profits and revenues divided from the mailing or an enterprise it supports?
- What risks are entailed with the mailing or with an enterprise it supports and who bears these risks?
- Who makes managerial decisions about the content of the mailing or the enterprise it supports?
- What are the participants’ intentions and interests?

5-2.2 Commercial Mailing Agent

An authorized organization may use a commercial mailing agent (or other unauthorized entity) if the organization can show that the relationship is a legitimate principal-agent relationship. If a question arises whether a mailing is eligible for the Nonprofit Standard Mail rates, the authorized organization must provide, on request, documentation of the relationship that includes all contracts between the organization and other parties to the mailing.

Examples — Acceptable principal-agent relationships

- ▶ Authorized university U enters into an agreement with agent A (a for-profit company) to handle university U's conference. Agent A's sole function is to plan and manage the conference. For this function, agent A receives \$1,500 (a fixed payment that is consistent with the amount agents typically receive for such services in that city). Agent A enters mailings for university U that are acceptable at the Nonprofit Standard Mail rates. Although the arrangement with agent A is acceptable, arrangements with others might make the mailing an improper cooperative mailing.
- ▶ Authorized organization O hires commercial mailing agent C at a fixed fee to print and mail organization O's newsletter at the Nonprofit Standard Mail rates. Organization O's name and return address appear on the envelope containing the newsletter. The envelope shows agent C's permit imprint number (identified with "Nonprofit Organization," "U.S. Postage Paid," etc.). This arrangement is considered an acceptable principal-agent relationship.

5-3 INELIGIBLE MAILINGS

Mail matter associated with joint enterprises between an authorized organization and a commercial enterprise (or other unauthorized mailer) is ineligible for the Nonprofit Standard Mail rates. Typically, ineligible cooperative mailings are arranged as follows:

- Both parties contribute something to the mailing:
 - A list of names and use of the Nonprofit Standard Mail authorization by the authorized organization.
 - Payment of printing or mailing costs by the commercial enterprise.
- Both parties take something out of the mailing (a share of the proceeds or profits).

Example — Ineligible cooperative mailing

- ▶ Authorized organization B and grocery store G agree to prepare mailpieces for distribution to organization B's members. Organization B provides its membership list and uses its Nonprofit Standard Mail authorization to enter the mailpieces at the Nonprofit Standard Mail rates. Grocery store G pays the postage and donates to organization B two percent of the sales to organization B's membership during a 1-year period. Because grocery store G pays the cost of the mailing and benefits accrue to it, this improper cooperative mailing is ineligible for the Nonprofit Standard Mail rates.

5-4 POLITICAL COMMITTEE MAILINGS

5-4.1 Applying the Cooperative Mail Rules

Qualified political committees are subject to the cooperative mailing requirements. However, unlike cases involving cooperative mailings between an authorized nonprofit organization and a commercial organization, there is often an ongoing relationship between the qualified political committee and the committee's candidate.

A political candidate may be connected to the authorized political committee mailer by being a member of and/or financial contributor to the political party represented by the committee. The committee is, of course, interested in promoting, encouraging, and supporting the candidate's election.

Postal laws and regulations do not prohibit the candidate from contributing to the committee or the committee from supporting the candidate. The concern under postal laws and regulations is whether the political candidate's financial contribution to the authorized political committee is in return for the mailing or mailings that support the candidate.

Example — Proper use of contributed funds

- ▶ Politician A is a member of the qualified political committee. The qualified political committee plans to include in a mailpiece information supporting politician A's candidacy for office and has asked the candidate for a biographical sketch. The candidate provides the information and makes a contribution to the qualified political committee. The qualified political committee will retain authority to accept or reject information provided by the candidate, and the contribution by the candidate is not a contribution to pay for the mailing. This is not considered to be a cooperative mailing because the qualified political committee retained discretion over the decision to mail and the contents of the mailing.

5-4.2 Maintaining Committee Control

An authorized political committee may mail election-related materials, including but not limited to candidate endorsements and sample ballots, at the Nonprofit Standard Mail rates if the materials are exclusively those of the authorized political committee. An authorized political committee may make political mailings in support of its candidates, provided that no monies contributed by the candidate to the qualified committee shall be specifically earmarked for use in making the political mailing or in return for the political mailing.

Example — Committee discretion retained

- ▶ Politician B, a candidate for a statewide political office, mails a check to authorized political committee C, the state committee for his party. Politician B encloses a note with the check that says: “This check is for my pro rata share of a sample ballot.” Committee C has mailed a sample ballot to state residents for the past five elections. However, committee C makes the decision on whether to send sample ballots on an election-by-election basis. Committee C has not had any discussions with politician B on this subject, nor has it reached an understanding with politician B that sample ballots will be produced and mailed. Committee C deposits politician B’s check into its general fund to be used for committee expenses. Committee C will not return the check even if it decides not to mail sample ballots. Committee C later decides to mail sample ballots for the election in which politician B is a candidate. Notwithstanding politician B’s contribution, this is not considered to be a cooperative mailing because committee C retained discretion whether or not to mail the sample ballots.

A candidate may make or solicit contributions to a qualified political committee, provided that the committee retains absolute discretion over how the funds are spent. If the candidate or other nonqualified entity pays the preparation, printing, or postage costs for the mailing in return for the qualified political committee’s agreement to make the mailing, that mail matter is not eligible for the Nonprofit Standard Mail rates.

A political candidate may provide suggested copy, pictures, biographical information, or similar assistance requested by a qualified political committee that is preparing a mailing in support of the candidate. The qualified political committee may also ask a candidate to review a proposed mailpiece for accuracy. However, the qualified political committee must have final authority over the decision to mail the political matter and the contents of that matter.

Example — Improper candidate funding

- ▶ Authorized political committee D announces the creation of a “Candidate’s Coordinated Mailing Fund.” Contributions to the fund will be used exclusively for mailings supporting candidates. Candidates E, F, G, and H contribute to the fund, and committee D makes a multicandidate endorsement for candidates E, F, G, H, and I. This would be considered a cooperative mailing. It would not be a cooperative mailing if (a) the fund created is not announced as one that will be used exclusively for mailings, and (b) committee D retained absolute discretion as to whether or not to make the mailings at all.

5-4.3 Endorsements on Mail

Mailings by qualified political committees often bear endorsements such as “Paid for by [committee] and authorized by [candidate].” These endorsements are often required by federal or state law. The presence of these endorsements alone does not disqualify the mailing from being sent at the Nonprofit Standard Mail rates. The presence of factors discussed in the preceding sections of this chapter is required to find the mailing ineligible for the Nonprofit Standard Mail rates.

6 Content-Based Restrictions

6-1 OVERVIEW

6-1.1 Effective Date

On October 1, 1995, new content-based restrictions took effect for the mailing of products and for the mailing of advertisements for products and services at the Nonprofit Standard Mail rates. The new restrictions are in addition to existing regulations for prohibited and restricted advertising (see 6-3.4),

6-1.2 Summary of New Restrictions

The new content-based restrictions concern these two areas:

- Whether a product is eligible for mailing at the Nonprofit Standard Mail rates.
- Whether an advertisement for a product or service is eligible for mailing at the Nonprofit Standard Mail rates.

6-1.3 Legislative History

6-1.3.1 Public Law 101-509

On November 5, 1990, the President signed into law Public Law 101-509, the Treasury, Postal Service and General Government Appropriations Act for 1991, adding new subsection (j) to 39 U.S.C. 3626. This provision prohibits the mailing of material at the Nonprofit Standard Mail rates if it contains advertising for credit, debit, or charge cards or similar financial instruments or accounts. This provision also restricts the mailing of material at the Nonprofit Standard Mail rates if it contains advertising for insurance policies and travel arrangements.

6-1.3.2 Public Law 103-123

On October 28, 1993, the President signed into law Public Law 103-123, the Treasury, Postal Service and General Government Appropriations Act for 1994. Title VII of the Act, the Revenue Forgone Reform Act, amended 39 U.S.C. 3626 by adding provisions to subsection (j) and new subsection (m). The new provisions in subsection (j) add additional advertising restrictions; new subsection (m) restricts the mailing of products at the Nonprofit Standard Mail rates.

6-1.3.3 Public Law 103-329

On September 30, 1994, the President signed into law Public Law 103-329, the Treasury, Postal Service and General Government Appropriations Act for 1995, amending Public Law 103-123, which is a revision to 39 U.S.C. 3626(j). This amendment creates an exemption to the statutory provisions for advertisements printed in material that meets the content requirements for a periodical publication as prescribed by the Postal Service.

6-1.4 Different Rules for Products and Advertisements

When considering eligibility for mailing at the Nonprofit Standard Mail rates, the law distinguishes between products and advertisements for products and services. (For a detailed analysis of these rules, see the six-step process in 6-3.)

A product may be mailed at the Nonprofit Standard Mail rates if it meets certain statutory provisions. Under the test for mailing products, it is irrelevant whether a product is substantially related to one or more of the authorized organization's purposes. An advertisement for a product or service, however, must be substantially related to one or more of the authorized organization's purposes, unless the advertisement is in material that meets the four Postal Service content requirements for a periodical publication.

Although a product itself can be eligible for mailing at the Nonprofit Standard Mail rates, an advertisement for that same product still requires applying the content-based restrictions for advertisements. In summary, a product might be eligible for mailing at the Nonprofit Standard Mail rates, but the advertisement for that product or service might not be eligible for mailing at these rates, and vice versa.

Example — Product versus advertising standards

▶ A church buys Bibles at \$10 each. Even though the Bibles are substantially related to the purposes of the church, the Bible is ineligible for the Nonprofit Standard Mail rates because it does not meet any statutory provision for mailing a product. However, advertisements for the Bible are eligible for the Nonprofit Standard Mail rates because the Bible is substantially related to the purposes of the church.

On the other hand, if the church buys key rings for \$2 each, the key ring is eligible for mailing at the Nonprofit Standard Mail rates because it meets the statutory product provision for low-cost items. Advertisements for the key rings are ineligible for the Nonprofit Standard Mail rates, unless the key rings are substantially related to one or more of the purposes of the church or the advertisement is in material that meets the content requirements for a periodical publication.

6-2 SUMMARY OF PROCESS FOR DETERMINING ELIGIBILITY

The following six-step process (discussed in detail in 6-3) can help you decide whether your mailpiece is eligible for Nonprofit Standard Mail rates under current content-based rules. (Other requirements must also be considered for determining that a mailpiece may be mailed at the Nonprofit Standard Mail rates. For example, see the cooperative mail rule and other requirements in 4-3.) The flow chart in exhibit 6-2 summarizes these steps:

- **Step 1:** Examine the mailpiece for products (see 6-3.1).
- **Step 2:** Determine whether the product to be mailed meets one of the three statutory provisions for mailing at the Nonprofit Standard Mail rates — that is, the product is a low-cost item, a donated item, or a periodical publication (see 6-3.2).
- **Step 3:** Examine the mailpiece for advertisements (see 6-3.3).
- **Step 4:** Determine whether the mailpiece contains any prohibited or restricted advertisement (see 6-3.4).
- **Step 5:** Determine whether the mailpiece meets the content requirements for a periodical publication — also referred to as the “space advertisement exception” (see 6-3.5).
- **Step 6:** Determine the substantial relatedness of each advertised product or service (see 6-3.6).

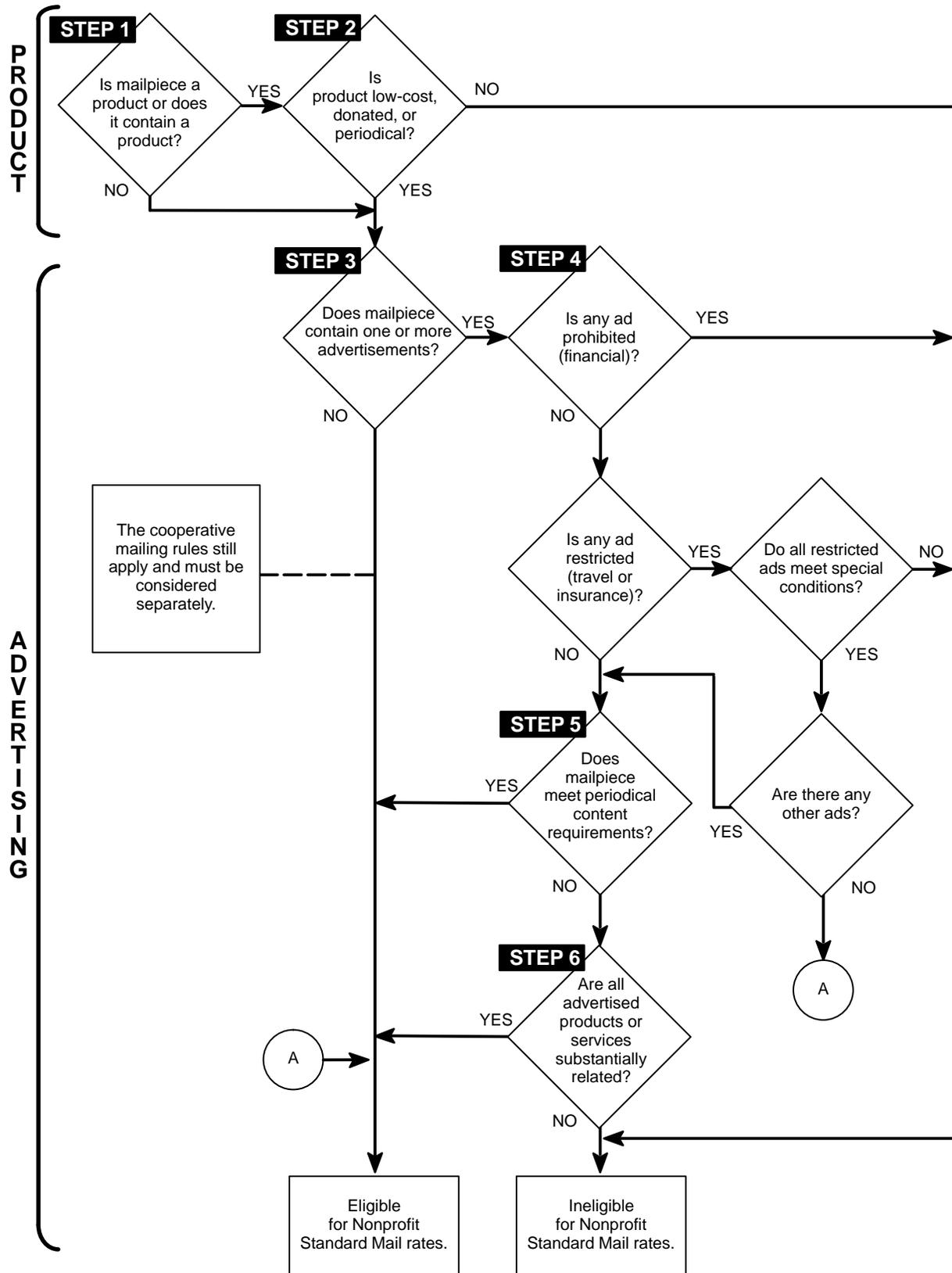
6-3 SIX-STEP PROCESS

6-3.1 Step 1: Examine Mailpiece for Products

6-3.1.1 Process

Examine the mailpiece for products. Consider these two conditions and proceed as follows:

- If the mailpiece is a product or contains a product, go to step 2.
- If the mailpiece is not a product and does not contain a product, the content-based restrictions for products do not apply. You must next determine whether the mailpiece contains any advertising (discussed in steps 3 through 6). Skip step 2 and go to step 3.



Product and Advertising Steps
 Exhibit 6-2

6-3.1.2 Restrictions and Provisions

Under the law, the restrictions on mailing products at the Nonprofit Standard Mail rates have an extremely broad reach. These restrictions can apply to utilitarian items, publications (such as books), and some periodical publications. For a discussion about the general provisions for mailing a product as well as the specific provision for mailing a periodical publication, see step 2.

6-3.1.3 Front-End and Back-End Premiums

A front-end premium is an item that an organization mails with a solicitation requesting a donation. A back-end premium is an item that an organization mails in return for a donation previously made to the organization.

Even though these premiums are usually connected with a donation to the authorized organization, they must be treated like any other product to determine eligibility for mailing at the Nonprofit Standard Mail rates.

Examples — Product rules apply

- ▶ For fundraising, authorized organization A sends a front-end premium — a mailpiece containing a box of greeting cards and a letter stating: “These cards are yours to keep. We ask that you consider sending a small donation to our organization.” The greeting cards are considered a product. The product rules (steps 1 and 2) must be applied.
- ▶ Organization B sends a letter to members seeking donations and stating: “Those sending \$50 will receive a box of greeting cards.” The greeting cards are called a back-end premium. If the greeting cards are mailed at the Nonprofit Standard Mail rates, the product rules must be applied. (The initial solicitation letter is considered an advertisement (see steps 3 through 6).)

6-3.1.4 Organization-Produced Material

The product rules consider material produced by the authorized organization as well as material produced by third parties — for example, other persons or organizations (whether for-profit or nonprofit organizations).

6-3.1.5 Publications

A publication is considered a product if it is sold or has a listed price or represented value. The following examples can help you determine when printed matter is considered a product.

Example — Product rules apply

- ▶ Authorized organization B prints and distributes a quarterly publication. The publication is subsidized by membership dues, sold on newsstands, and printed with a cover price. The publication is considered a product because it is sold and has a cover price. The product rules (steps 1 and 2) must be applied.

Examples — Product rules do not apply

- ▶ Every 2 months, authorized organization C mails a four-page newsletter to its members. This newsletter is not sold either on newsstands or by application of part of membership dues, and it does not bear a listed price. The newsletter is not considered a product. The product rules (steps 1 and 2) do not apply.
- ▶ For fundraising, authorized organization D mails a catalog offering several items and includes information for ordering these items. The catalog itself is not sold and has no listed price. The catalog is not considered a product. The product rules (steps 1 and 2) do not apply.

6-3.2 Step 2: Determine Whether Products Meet Statutory Provisions

6-3.2.1 Process

Determine whether all products to be mailed meet one of the three statutory provisions listed in 6-3.2.2. Consider these two conditions and proceed as follows:

- If one or more of the products do not meet any statutory provisions, the mailpiece is ineligible for mailing at the Nonprofit Standard Mail rates.
- If all products meet at least one statutory provision, go to step 3.

6-3.2.2 Three Statutory Product Provisions

For a product to be eligible for mailing at the Nonprofit Standard Mail rates, it must meet one of these three statutory provisions:

- A low-cost item (purchased or produced by the organization).
- A gift or donation (received by the authorized organization).
- A periodical publication meeting certain requirements.

Unlike advertisements for products and services, it is irrelevant whether the product is substantially related to one or more of the authorized organization's purposes. If the product meets one of these three statutory provisions, the product must still be examined to determine whether it contains advertising and whether the content-based restrictions for advertisements apply (steps 3 through 6).

Examples — Substantially related but not exempt

- ▶ Authorized church C buys copies of a Bible for \$8 each and plans to mail the Bibles to church members. The Bible is substantially related to the purpose of the church. The Bible is ineligible for mailing at the Nonprofit Standard Mail rates because it does not meet the statutory product provision for low-cost items or the other two provisions for donated items or periodical publications.

- ▶ Authorized university U mails to former economics majors the latest textbook written by university U's Nobel Prize-winning economics professor. The textbook, which university U buys for \$18 each and requires for an economics class taught at the university, is considered substantially related to university U's educational purposes. The book is ineligible for mailing at the Nonprofit Standard Mail rates because it does not meet the statutory product provision for low-cost items or either of the other provisions.

6-3.2.3 Low-Cost Item

The determination of whether an item is considered a low-cost item — whether purchased or made by the organization — is based on the actual cost to the authorized organization or on whose behalf the product is distributed. The term low-cost item is defined in 26 U.S.C. 513(h)(2) of the Internal Revenue Code.

Effective January 1, 1996, low-cost items were items costing no more than \$6.75. At the beginning of each calendar year, the value of low-cost items is adjusted for changes in the cost of living. This information is published in the Internal Revenue Service's *Internal Revenue Bulletin*.

Examples — Low-cost items

- ▶ Authorized organization A prepares a mailpiece that contains a paperback book bought for \$3. The book is eligible for mailing at the Nonprofit Standard Mail rates — if it does not contain ineligible advertisements — because it meets the statutory product provision for low-cost items.
- ▶ Authorized labor organization L plans to mail a calendar bought for \$2. The calendar, which does not bear ineligible advertisements, is not substantially related to the organization's qualifying purposes. The calendar is still eligible for mailing at the Nonprofit Standard Mail rates because it meets the statutory product provision for low-cost items.
- ▶ Authorized university U buys books for \$8 each and plans to mail them to alumni. The book is substantially related to the university's educational purposes. The book is ineligible for mailing at the Nonprofit Standard Mail rates because it does not meet the statutory product provision for low-cost items.
- ▶ Authorized college C buys for \$3 each canvas tote bags bearing the college logo. College C plans to mail the tote bags to its alumni, each of whom pays the college \$10 for the bag. The tote bag meets the statutory product provision for low-cost items because the actual purchase price did not exceed \$6.75. (The amount that an authorized organization pays for an item — not the amount at which the organization sells the item — determines whether an item is a low-cost item.)
- ▶ Authorized fraternal organization F buys materials to make notebooks. The notebooks cost organization F about \$2 each, including labor, materials, and overhead expenses, making it a low-cost item. (If an authorized organization makes the product itself, the costs incurred by the organization determine whether the product is a low-cost item.) The notebook is eligible for the Nonprofit Standard Mail rates because it meets the statutory product provision for low-cost items.

- ▶ Authorized organization C sends a front-end premium — that is, a mailpiece that requests a donation and contains a box of greeting cards. The box of greeting cards costs the organization \$3 each. The product is eligible for mailing at the Nonprofit Standard Mail rates because it meets the statutory product provision for low-cost items.

6-3.2.4 Gift or Donated Item

To qualify as a gift or donated item, the item must be obtained by the authorized organization at no cost. The actual cost to the donor is not considered. If the authorized organization, however, directly or indirectly compensates a third party, the item may not be considered a gift or donated item.

Example — Donated item

- ▶ Authorized organization C receives a donation of raincoats on July 1, 1996. The donor paid \$7 for each raincoat. The raincoat is eligible for mailing at the Nonprofit Standard Mail rates because it meets the statutory product provision for donated items even though the donor paid more than \$6.75.

6-3.2.5 Periodical Publication

Periodical publications may be considered products if they are sold or have a listed price or represented value. By law, a periodical publication of an authorized organization is eligible for mailing at the Nonprofit Standard Mail rates, provided that the publication does not contain an advertisement that is ineligible for mailing at these rates. To qualify as a periodical publication, the publication must meet these criteria:

- Have a title.
- Be published at regular intervals of at least four times a year.
- Be formed of printed sheets.
- Have an identification statement.
- Have a known office of publication.
- Meet the eligibility requirements prescribed for one of the Periodicals categories (for example, a general publication, a requester publication, or a publication of an institution or society).
- Be eligible for mailing as Standard Mail (A) matter.

A periodical may also qualify for mailing at the Nonprofit Standard Mail rates as a product if it is a low-cost item or a donated item. Because most periodicals are likely to be low-cost items, consider that statutory provision first before examining the publication for the periodical publication criteria.

Example — Low-cost publication

- ▶ Authorized organization Q produces a publication twice a year that is available to subscribers at an annual rate of \$8. The publication contains no ineligible advertisements. The publication is considered a product because it is sold, but it does not meet the criteria for a periodical publication exemption because the publication is not published at least four times a year (see 6-3.2.5 for other requirements). Organization Q's cost of producing the publication, however, is only \$1 a copy. The publication is eligible for mailing at the Nonprofit Standard Mail rates because it meets the statutory product provision for low-cost items.

6-3.3 Step 3: Examine Mailpiece for Advertisements**6-3.3.1 Process**

Examine the mailpiece (including any product) to determine whether it contains any printed or other matter that can be considered advertising for a product or service. Consider these two conditions and proceed as follows:

- If the mailpiece contains no advertising, the content-based restrictions for advertisements do not apply and the mailpiece may be eligible for mailing at the Nonprofit Standard Mail rates.
- If the mailpiece contains advertising for a product or service, apply the appropriate test to determine whether the mailpiece qualifies for the Nonprofit Standard Mail rates. (A conclusion that a mailpiece contains advertising does not disqualify it from being mailed at the Nonprofit Standard Mail rates.) Go to step 4.

6-3.3.2 Definition of Advertising

As used in this publication, the terms advertising and advertisement mean any thing that “advertises, promotes, offers, or, for a fee or consideration, recommends, describes, or announces the availability of any product or service,” as defined in 39 U.S.C. 3626(j).

6-3.3.3 Advertising Matter

Under the law and regulations, the following material is considered advertising:

- All material for the publication of which a valuable consideration is paid, accepted, or promised that calls attention to something to get people to buy it, sell it, seek it, or support it.
- Reading matter or other material for the publication of which an advertising rate is charged.
- Articles, items, and notices in the form of reading matter inserted by custom or understanding that textual matter is to be inserted for the advertiser or the advertiser's products in the publication in which a display advertisement appears.
- A newspaper's or periodical's advertisement of its own services, issues, or any other business of the publisher, whether in display advertising or reading matter.

Example — Listing considered as advertising

- ▶ A church newsletter contains a page labeled “sponsors” that is limited to the names of businesses. Elsewhere on the page is the statement: “For ad information, call MNO at 111-1111.” MNO, a for-profit company, enters into contracts with each “sponsor” labeled “Advertising Agreement.” These listings are, therefore, considered advertising because there appears to be an understanding between the church, MNO, and the businesses that they are advertising.
- ▶ Authorized organization A mails a solicitation seeking new members. The letter includes descriptions of various membership benefits available. These benefits include eligibility for the organization’s “no annual fee affinity credit card,” and an opportunity to purchase “low-cost life insurance.” This solicitation is considered advertising for the credit card and the insurance.

Examples — Nonadvertising

- ▶ Authorized organization O mails a letter soliciting donations. The letter does not contain advertisements for products or services. Because requests for donations are not considered advertisements, the content-based restrictions for advertisements do not apply.
- ▶ Authorized consumer organization XYZ mails a newsletter containing an article that discusses the merits and prices of insurance policies offered by companies O, P, Q, and R and lists telephone numbers at the companies for obtaining more information. Companies O, P, Q, and R do not pay organization XYZ or provide any other consideration for the newsletter article. Because companies O, P, Q, and R did not pay organization XYZ to publish the article, the article is not considered an advertisement.
- ▶ Authorized organization A’s mailpiece contains a solicitation for donations, with prize entry information and a notice that a product or service need not be purchased to enter the drawing for the prize. Because the recipient can enter the drawing without buying a product or service, the solicitation is not considered an advertisement for the prize.
- ▶ Authorized organization E’s mailpiece contains a solicitation for donations, sweepstakes entry information, and an announcement that the first 500 persons to return their sweepstakes entry form will receive a set of steak knives. The recipient may enter the sweepstakes regardless of whether he or she sends a donation. Because nothing is sold, the request for a donation is not considered an advertisement. Also, because the recipient is not required to make a donation to enter the sweepstakes, the announcement of the sweepstakes and the knife set is not considered an advertisement.
- ▶ If an authorized organization solicits donations and announces that a donation may be paid by a credit card, the mention of payment by that credit card is not considered an advertisement for the credit card unless a third party (for example, the firm issuing the credit card) gives the authorized organization valuable consideration to mention the card. The reference is not advertising for the authorized organization and no consideration has been paid for its publication.

6-3.3.4 Organization's Advertising of Its Publication

An authorized organization may advertise its periodical publication if it meets certain statutory requirements (see 6-3.2), regardless of the products or services advertised in the periodical publication. The publication itself may be mailed at the Nonprofit Standard Mail rates if it complies with the product restrictions, if it is eligible for mailing as Standard Mail (A) matter, and if it complies with the rules for prohibited and restricted advertisements (if the publication contains advertising).

6-3.3.5 Restrictions

Under the law, the advertising restrictions have an extremely broad reach. The content-based restrictions for advertisements apply to written and other material that advertises (as defined in 6-3.3.2) any product or service. These restrictions include the authorized organization's advertising of its own products and services as well as third-party advertising (for example, advertising for products or services of other persons, companies, or organizations).

Examples — Advertising

- ▶ If an authorized educational organization advertises a seminar and states that the fee may be paid using the organization's affinity card, the announcement is considered an advertisement for the seminar and for the affinity card. Because the statement announces the availability and discusses potential uses of the organization's affinity card to get people to use it, the announcement must be considered an advertisement.
- ▶ For fundraising, authorized organization Y sends members a mailpiece that includes this message: "We are selling delicious ABC Candy for only \$5 per box for members only. Please call Jane Jones at 111-1111 with your order." Because the message contains promotional material describing the candy as "delicious ... only \$5," the message is considered an advertisement.
- ▶ Authorized organization R mails matter with this statement: "Members are entitled to receive an affinity card with an interest rate of 2 percent above the prime rate." Because the statement includes conditions about the card, the statement is considered an advertisement for the credit card.
- ▶ Authorized organization G includes in its membership packet this information: "Members who are 25 to 30 years old can buy a \$20,000 life insurance policy for \$20 a month." The information is considered an advertisement for insurance because it includes a price and conditions.
- ▶ Authorized organization X distributes information stating that it will host an educational seminar at a hotel (and includes the hotel's name, address, and room rates for those who may participate in the seminar). The information is considered advertising for the seminar because it is an attempt to get support for the seminar. The information is not considered an advertisement for the hotel unless the authorized organization receives consideration for publishing the information.

- ▶ Authorized organization X will host a meeting at a hotel and includes in the organization's mailpiece a brochure received from the hotel and for which the qualified organization is compensated by the hotel to distribute at the Nonprofit Standard Mail rates. The brochure is considered an advertisement for the hotel because the hotel paid to have the information distributed. In addition to the content-based restrictions for advertisements, the arrangement between the hotel and the authorized organization must be considered to determine whether the cooperative mailing rule applies (see chapter 5).
- ▶ Authorized church X mails an announcement of a bake sale to be held on the church's premises. All baked goods are prepared by members of the church and donated to the church. All income from the sale of the baked goods is added to the church's treasury. Because the announcement seeks support for the bake sale, the announcement is considered an advertisement.
- ▶ Authorized school S receives a donation of clocks. School S then decides to sell the clocks as a fundraiser and mails a notice containing information only about the clock fundraiser. Because the notice seeks support for the fundraiser, the notice is considered an advertisement.
- ▶ Authorized organization B's mailpiece contains this statement: "Stay at the Grand Hotel in Paris for \$150 per night." The statement is considered an advertisement for the hotel. It is not an advertisement for a travel arrangement because there is no travel component in the offer.

6-3.3.6 Nonadvertising Matter

Under the law and regulations, these materials are not considered advertising:

- References to membership benefits of an authorized nonprofit organization (see 6-3.3.7).
- Acknowledgments of organizations or individuals who make donations to the authorized organization (see 6-3.3.8).
- Public service announcements for which no consideration is received (see 6-3.3.9).

6-3.3.7 References to Membership Benefits

References to and a response card or other instructions for making inquiries about services or benefits available to members of the authorized organization is permitted, provided that advertising, promotional, or application material for such services or benefits is not included. (This standard is sometimes referred to as the "permissible reference" rule.)

A simple reference to a membership benefit of an organization is not considered advertising (for example, "Members receive an affinity card. Write for details"). The rules allow an authorized organization to reference membership benefits if the benefits are not advertised.

Examples — Permissible references

- ▶ Authorized organization X includes in its membership packet this statement: “An insurance plan is one of the many benefits offered to members. Write for insurance information.” This simple reference to the availability of insurance as a benefit of membership in the organization is not considered advertising but merely a permissible reference to membership benefits.
- ▶ An authorized organization distributes a circular with the announcement: “Members are entitled to life insurance coverage, dental insurance coverage, and free tax preparation assistance. Call 111-1111 or write for more information.” The announcement is not considered an advertisement for life insurance or dental insurance, but merely permissible references to membership benefits, and is not an advertisement for a tax service because nothing is sold, that is, the service is free.

Examples — Impermissible references

- ▶ An authorized organization distributes a circular with the announcement: “Members are entitled to low-cost life insurance coverage, competitive dental insurance coverage, and free tax preparation assistance. Call 111-1111 or write for more information.” The circular contains impermissible advertising for the life insurance and the dental insurance. The circular is not limited to permissible references. The term “low-cost” and “competitive” are considered promotional. The reference to tax preparation service is not an advertisement for a tax service because nothing is sold.

6-3.3.8 Acknowledgments of Donors and Sponsors

A listing of sponsors, donors, or contributors is permissible and is a type of acknowledgment. Such a listing is not considered advertising if:

- The listing of each individual or organization appears on a page under a heading such as “sponsors,” “contributors,” “donors.”
- The listing does not contain promotional material.
- The listing is not labeled as advertising in other parts of the mailpiece.

As a rule, a listing containing only the names of sponsors is not considered promotional, but the inclusion of additional information might be considered promotional, depending on its content. For example, if the listing includes such a line as “Acme Ice Cream Parlor, Our City’s Favorite Ice Cream Parlor,” the listing is considered an advertisement because the phrase “Our City’s Favorite Ice Cream Parlor” is promotional. The phrase “Acme Ice Cream Parlor” is permissible if that parlor is the sponsor.

6-3.3.9 Public Service Announcements

Public service announcements (PSAs) are commonly found in Nonprofit Standard Mail material, especially periodical publications. These announcements are not treated as advertising. PSAs are announcements for which no valuable consideration is received by the publisher; which do not include any matter related to the business interests of the publisher; and which promote programs, activities, or services of federal, state, or local governments or of nonprofit organizations, or matter generally regarded as in the public interest.

Examples — Public service announcements

- ▶ An authorized educational organization publishes this message in its mailpiece: “There will be a political forum in auditorium G for all citizens of county X. Come hear the candidates’ points of view on topics that affect you.” Because no valuable consideration was paid, the message is a public service announcement, not an advertisement.
- ▶ Authorized organization B’s mailpiece contains this statement: “Be prepared for the unexpected. Authorized organization D sells an automobile survival kit for \$15.” Because organization B received no consideration for publishing the statement, the statement is considered a public service announcement, not an advertisement.

6-3.4 **Step 4: Determine Prohibited or Restricted Advertisements**

6-3.4.1 **Process**

Determine whether the mailpiece contains any prohibited or restricted advertisements. Consider these three conditions and proceed as follows:

- If the mailpiece contains any prohibited advertisement (that is, for a credit, debit, or charge card or similar financial instrument or account), the mailpiece is ineligible for mailing at the Nonprofit Standard Mail rates.
- If the mailpiece contains any restricted advertisement (that is, for an insurance policy or travel arrangement), the mailpiece is ineligible for mailing at the Nonprofit Standard Mail rates unless the advertisement meets the conditions described in this section.
- If the mailpiece contains no prohibited or ineligible restricted advertisement but contains any other advertisements, go to step 5. If it contains no prohibited or ineligible restricted advertisements and no other advertisements, the content-based restrictions for advertisements do not apply, and if there are no other problems such as noncompliance with the cooperative mailing rule, the mailpiece is eligible for mailing at the Nonprofit Standard Mail rates.

6-3.4.2 **Insurance Policies**

Material that advertises, promotes, offers, or, for a fee or consideration, recommends, describes, or announces the availability of any insurance policy is ineligible for mailing at the Nonprofit Standard Mail rates unless these three conditions are met:

- The organization promoting the policy is authorized to mail at the Nonprofit Standard Mail rates at the office of mailing.
- The policy is designed for and primarily promoted to the members, donors, supporters, or beneficiaries of that organization.
- The coverage provided by the policy is not generally otherwise commercially available.

Example — Ineligible insurance advertisement

- ▶ Authorized organization A offers a whole life insurance policy to its members as a membership benefit and distributes a circular containing the policy's fees and amounts of coverage available for the policy. The policy is considered to be generally commercially available. The insurance advertisement is ineligible for mailing at the Nonprofit Standard Mail rates because the rules prohibit mailing advertisements for insurance policies that are generally commercially available.

6-3.4.3 Travel Arrangements

Material that advertises, promotes, offers, or, for a fee or consideration, recommends, describes, or announces the availability of any travel arrangement is ineligible for mailing at the Nonprofit Standard Mail rates unless these three conditions are met:

- The organization promoting the arrangement is authorized to mail at the Nonprofit Standard Mail rates at the office of mailing.
- The arrangement is designed for and primarily promoted to the members, donors, supporters, or beneficiaries of that organization.
- The travel contributes substantially — aside from the cultivation of members, donors, or supporters or the acquisition of income or funds — to one or more of the purposes that constitute the basis for the organization's authorization to mail at the Nonprofit Standard Mail rates.

6-3.5 Step 5: Determine Whether the Mailpiece Meets Content Requirements for a Periodical Publication**6-3.5.1 Process**

Determine whether the mailpiece meets the content requirements for a periodical publication (also referred to as the "space advertisement exception"). Consider these two conditions and proceed as follows:

- If the mailpiece meets the four content requirements for a periodical publication (discussed in 6-3.5.2), the content-based restrictions for advertisements do not apply. However, you must consider whether the publication contains prohibited or ineligible restricted advertisements as discussed in step 4.
- If the mailpiece does not meet the four content requirements for a periodical publication, go to step 6.

6-3.5.2 Content Requirements

To meet the content requirements for a periodical publication, the mailpiece must:

- Have a title. The title must be printed on the front cover page in a style and size of type that clearly distinguish the title from other information on the front cover page.

- Be formed of printed sheets. (The publication may not be reproduced by stencil, mimeograph, or hectograph processes; however, reproduction by any other process is permitted.) Moreover, any style of type may be used.
- Contain an identification statement on one of the first five pages of the publication that includes these elements:
 - Title.
 - Issue date. The date may be omitted if it is on the front cover or cover page.
 - Statement of frequency showing when issues are to be published (for example, daily; weekly; monthly; monthly except June; three times a year in June, August, and December; annually; irregularly).
 - Name and address of the authorized organization, including street number, street name, and ZIP+4 or five-digit ZIP Code. The street number and street name are optional if there is no letter carrier service.
 - Issue number. Every issue of each publication is numbered consecutively in a series that may not be broken by assigning numbers to issues omitted. The issue number may be printed on the front cover or cover page instead of in the identification statement.
 - International Standard Serial Number (ISSN), if applicable.
 - Subscription price, if applicable.
- Consist of at least 25 percent nonadvertising matter in each issue.

Example — Identification statement

Publication's title and number:	CHURCH A WEEKLY BULLETIN (ISSN 1111111X)
Issue date:	JULY 10, 1995 (may be omitted if on the front cover or cover page)
Statement of frequency:	PUBLISHED WEEKLY
Authorized organization's name and address:	CHURCH A 123 MAIN ST WASHINGTON DC 20013-1111
Issue number:	ISSUE NO. 30 (may be omitted if on the front cover or cover page)
Subscription price:	(If applicable)

6-3.5.3 **Comparison With Other Tests**

The test in this exception (meeting the content requirements for a periodical publication) is more liberal than the test required under:

- The product rules (see 6-3.2.2) for mailing periodical publications.
- The advertising rules (see 6-3.3.4) for advertising periodical publications.

That is, this exception requires that the mailpiece meet only the content requirements for a periodical publication rather than all requirements prescribed for a periodical publication.

For example, an organization's newsletter published three times a year does not meet the requirements for a periodical publication. However, if the newsletter meets the four requirements listed in 6-3.5.2 for "content requirements for a periodical publication," the advertised products and services in the newsletter do not have to be substantially related to the authorized organization's purposes.

Example — Eligible advertisements

- ▶ Because authorized labor union X publishes its newsletter three times a year, the newsletter does not meet the requirements for a periodical publication. However, because the newsletter meets all four content requirements for a periodical publication, the advertised products and services in the newsletter do not have to be substantially related to one or more of the authorized organization's purposes, and the advertising restrictions do not apply.

6-3.6 **Step 6: Determine Substantial Relatedness of Advertised Products and Services**

6-3.6.1 **Process**

Determine the substantial relatedness of each advertised product or service. Consider these two conditions:

- If all the products or services advertised in the mailpiece are substantially related to one or more of the authorized organization's purposes, the advertisements are eligible for mailing at the Nonprofit Standard Mail rates.
- If any product or service advertised in the mailpiece is not substantially related to one or more of the authorized organization's purposes, the mailpiece is ineligible for mailing at the Nonprofit Standard Mail rates.

6-3.6.2 **Substantially Related Requirement**

If the advertisement for the product or service is a part of material that does not meet the content requirements for a periodical publication (see step 5), advertised products and services must be substantially related to one or more of the purposes on which the organization's authorization to mail at the Nonprofit Standard Mail rates is based. However, if the advertisement for the product or service is part of material that meets the content requirements for a periodical publication, advertising restrictions for products and services (other than travel arrangements, insurance policies, and financial instruments) do not apply.

Examples — Not substantially related advertisements

- ▶ Authorized religious organization E's mailpiece contains an advertisement for a financial planner, a nail salon, and a hair salon. Unless organization E demonstrates that each of the advertised services is substantially related to its religious purposes, the mailpiece is ineligible for mailing at the Nonprofit Standard Mail rates. If the mailpiece meets the content requirements for a periodical publication, the advertisements can qualify under the space advertisement exception; that is, they need not be substantially related to the authorized organization's purpose(s).

- ▶ Nonprofit conservation organization J prints a catalog containing 94 items. Of those items, 93 are for items such as bird feeders, books, and specialized camping equipment and clothing that are substantially related to organization J's purposes. The 94th item is a key ring with organization J's name. The key ring is not substantially related to organization J's purposes. The catalog is ineligible for mailing at the Nonprofit Standard Mail rates because all advertisements are not substantially related.

6-3.6.3 Organization's Purpose

Advertised products and services must be substantially related to the authorized organization's specific purposes. The qualifying purposes are those on which the organization's authorization to mail at the Nonprofit Standard Mail rates is based. Whether the seller is the authorized organization is insignificant.

- ▶ **Note:** *An organization's authorization is based on its primary purpose. Not all purposes shown in the organizational documents may be considered as qualifying purposes.*

Examples — Organization's purpose

- ▶ Labor organization X stresses safety on the job. Its membership includes welders and employees who use sandblasters. Labor organization X's mailpiece contains an advertisement for safety goggles. This advertisement is substantially related to labor organization X's purposes even though the goggles are sold by a for-profit corporation. The advertisement is eligible for mailing at the Nonprofit Standard Mail rates.
- ▶ Advertisements for reproductions of items in the museum's collection or in the collection of a similar museum, or educational materials (including pictures, posters, postcards) related to or discussing items in the museum, are considered substantially related to the authorized museum's qualifying purposes. Therefore, advertisements for those reproductions and materials are eligible for mailing at the Nonprofit Standard Mail rates.
- ▶ Scientific organization G specializes in physiology, and scientific organization H specializes in botany. A paid advertisement for human anatomy charts may be included in organization G's mailpiece because it is substantially related to organization G's purposes, but the same advertisement may not be included in organization H's mailpiece because it is not substantially related to organization H's purposes.

Examples — Advertisements for other organizations

- ▶ An authorized modern dance organization's mailpiece contains an advertisement for a different authorized modern dance organization. This advertisement is substantially related.
- ▶ An authorized jazz music organization's mailpiece contains a music audition advertisement for a different authorized jazz music organization. This advertisement is substantially related.
- ▶ A mailpiece from an authorized modern art organization contains an advertisement for a modern art gallery. This advertisement is substantially related.

- ▶ An authorized modern art organization's mailpiece contains an advertisement for a classical art gallery. This advertisement is not substantially related.
- ▶ An authorized symphony's mailpiece contains advertisements for a store selling flutes, a musical instrument repair shop, a classical radio station, and a classical record store. These advertisements are substantially related.
- ▶ An authorized performing arts organization's mailpiece contains an advertisement for a similar performing arts festival. This advertisement is substantially related.
- ▶ A mailpiece produced and printed by an authorized university press contains advertisements for materials published by other qualified university presses. These advertisements are substantially related.
- ▶ An authorized educational organization's mailpiece contains advertisements for scholarly journals on astronomy. The educational organization has a school of astronomy. These advertisements are substantially related.
- ▶ A mailpiece from an authorized thoracic organization contains advertisements for respiratory equipment, respiratory medications, oxygen concentrators, ventilators, portable oxygen systems, and respiratory inhalers. These advertisements are substantially related.
- ▶ An authorized diabetes organization's mailpiece contains advertisements for edible diabetic-safe products and podiatric aids for diabetic foot ulcers. These advertisements are substantially related.
- ▶ An authorized general health organization's mailpiece contains an advertisement for medical condition identification bracelets and necklaces. This advertisement is substantially related.

6-3.6.4 Product's Purpose

If the product or service advertised is primarily utilitarian, that utilitarian purpose must be considered. For example, an item such as a wine cup specifically used in religious services is substantially related to that religious organization's purpose, whereas a coffee mug depicting a religious scene but primarily used for everyday purposes is not substantially related.

Example — Product's purpose

- ▶ Advertisements for the sale of reproductions of items not found in any collection, or items not substantially related to the museum's purposes, or items whose utilitarian purpose dominates over their historical or cultural significance, and general merchandise are ineligible for mailing at the Nonprofit Standard Mail rates. For example, authorized modern art museum M's mailpiece contains an advertisement for No. 2 lead pencils. The pencils are not substantially related to the educational purposes of the art museum.

6-3.6.5 Income Generated From Products

The sale of the product or the providing of the service must have a causal relationship to the achievement of one or more of the authorized organization's exempt purposes — other than through the production of income. The fact that income is produced from selling an advertised product or providing a service

does not make such action a substantially related activity, even if the derived income will be used to accomplish one or more of the authorized organization's primary purposes.

If an advertised product or service is subject to payment of unrelated business income tax, then that product or service is not substantially related to the authorized organization's purposes regardless of whether unrelated business income tax is paid or whether the income and expenses for an advertised product or service will be reported on Internal Revenue Service Form 990-T, *Exempt Organization Business Income Tax Return*.

Because an organization is not liable for unrelated business income tax does not mean that an item is substantially related for the purposes of the Internal Revenue Service or the Postal Service (see appendix C). Even though a product or service is not substantially related, the authorized organization might not be liable for unrelated business income tax for other reasons.

6-3.6.6 **Specific Nature of Articles Need Not Be Considered**

Some advertising is considered substantially related to the organization's purposes, regardless of the specific nature of the product or service.

Advertisements for products and services, including products and services offered as prizes or premiums, "substantially all" received by a qualified organization as gifts or contributions are considered substantially related to the organization's purposes. This means that items received as donations may be advertised. Also, announcements of an organization's activities are considered substantially related if most of the work in conducting the activity is done without compensation by the organization's members or supporters.

Examples — Substantially related advertisements

- ▶ Authorized veterans' organization V receives a donation of pocket knives that the donor bought for \$8 each. Organization V includes one of the knives in the mailpiece and an advertisement stating that the organization has additional pocket knives for sale at \$10 each. Because the pocket knives were a donation, they are considered substantially related to the organization's purposes. The advertisement for the pocket knives is thus eligible for mailing at the Nonprofit Standard Mail rates. (The product rules must be used to determine whether the knife is eligible for mailing at the Nonprofit Standard Mail rates. In this case, the knives are eligible for mailing at the Nonprofit Standard Mail rates because they were donated.)
- ▶ Authorized organization A publishes a notice stating: "Each person who donates \$20 will receive a book titled *Child Rearing in the 1990s*." Organization A receives the book as a donation. Because the book is a donation, it is considered substantially related to organization A's purposes. The notice is eligible for mailing at the Nonprofit Standard Mail rates.

- ▶ Authorized public radio station R is having a fundraiser. Radio station R's mailpiece contains a solicitation asking individuals to send at least X amount and that those responding will receive a tote bag bearing the logo of the for-profit company that will donate the bag. Although a tote bag does not appear to be related to radio station R's educational purposes, the bag is considered substantially related because it was donated to radio station R. The advertisement is eligible for mailing at the Nonprofit Standard Mail rates.

6-3.6.7 Specific Products or Services Advertised

If an advertisement generally promotes an advertiser's business, the advertiser's full line of products and services must be considered under the substantially related test. If the advertisement does not promote all the advertiser's products or services but only specific products or services, only those products or services advertised are considered under the test.

6-3.6.8 Advertised Items

Only the specific item advertised should be considered even if the organization also sells nonrelated items.

Examples — Specific advertised products and services

- ▶ Authorized art organization A, which has the teaching of art as one of its purposes, mails a piece containing a store's advertisement for only art supplies (paint, brushes, and canvas supplies). The advertisement is substantially related.
- ▶ Clothing store P sells a wide range of clothes for men and boys. It places an advertisement in a mailpiece mailed by the local Buddhist temple stating: "Clothing store P has a large stock of saffron robes starting at \$50." This product is substantially related to the temple's purposes and qualifies because the saffron robe is required attire for Buddhist monks. (If the advertisement also promotes clothing store P's general business with a statement such as "Serving all your clothing needs since 1960," it does not qualify.)
- ▶ Supermarket S places an advertisement in a mailpiece of an authorized Jewish synagogue stating only: "A full line of Passover foods is sold in the store." The advertised foods are required for religious purposes. The advertisement is substantially related to the authorized organization's purposes.
- ▶ Authorized high school H's mailpiece contains a video store's advertisement that is limited to an educational video mathematics game. The advertisement is substantially related to the high school's educational purposes.
- ▶ Bookstore B places an advertisement in an authorized Methodist church's mailpiece. The advertisement is limited to Bibles even though the bookstore sells other products. The advertisement for Bibles is eligible for mailing at the Nonprofit Standard Mail rates because the Bible is substantially related to the purposes of the church.

A Case Studies

Content-Based Restrictions

A-1 CASE STUDY 1: PUBLICATION CONTAINING ADVERTISEMENTS

A-1.1 **Facts**

Authorized medical educational association H concentrates on diseases of the heart and circulatory system and publishes a journal three times a year. The journal is circulated to members. According to the association's annual dues statement, \$10 is devoted to pay for the subscription to the journal. Each issue of the journal bears a cover price of \$6, copies are sold at various retail outlets, and annual subscriptions are available to nonmembers of the association for \$15.

The primary contents of the journal include academic articles by researchers and physicians concerning developments in heart and circulation system research and treatment of related diseases. The journal consists of about 25 percent advertisements, which include advertisements by organization H for books that it produces, advertisements by other nonprofit organizations for their publications, advertisements by for-profit medical supply companies for pharmaceutical products and medical supplies and equipment, and a few advertisements for luxury automobiles.

H seeks to mail the journal at the Nonprofit Standard Mail rates.

A-1.2 **Analysis**

The analysis by each step follows:

- Step 1 asks whether the mailing is a product or contains products. The publication itself is considered a product because it bears a price and is sold to readers.
- Step 2 asks whether the product to be mailed meets one of the three statutory product provisions. The publication was not donated to organization H. However, taking all expenses into account, organization H determines that its cost for each copy of the publication is \$1.25. Accordingly, the publication is a low-cost item.

If the publication was not low-cost, it would have been necessary to consider the “periodical publication” exemption. A periodical publication must have a title, be issued at regular intervals of at least four times a year, be formed of printed sheets, be issued from a known office of publication, as well as meet certain other requirements applicable to a specific Periodicals qualification category and be circulated to a legitimate list of subscribers or requesters, as appropriate. Because the publication is issued only three times a year, it does not meet these requirements.

- Step 3 asks whether there are advertisements. There are advertisements, which were described in the description of the facts.
- Step 4 asks whether there are prohibited or restricted advertisements. There are no advertisements for financial instruments (prohibited) or for travel arrangements or insurance policies (restricted). Thus, the specific restrictions for these types of advertisements do not need to be considered.
- Step 5 asks whether the advertisements are in material meeting the content requirements for a periodical publication. This publication has a title, consists of printed sheets, has an identification statement containing each of the elements listed in 6-3.5.2, and contains more than 25 percent nonadvertising matter. Accordingly, association H's mailing meets the content requirements for a periodical publication and is eligible for mailing at the Nonprofit Standard Mail rates, despite the advertisements included in it.

For determining whether advertisements are part of material that meets the “content requirements for a periodical publication” (step 5), it is not necessary that the publication meet all requirements prescribed for periodical publications (see 6-3.5). The identification statement should describe the publication's frequency as three times a year and the approximate publication dates.

- Step 6 asks whether all advertising in the mailpiece is substantially related to association H's purposes. It is not necessary to consider this step in this case because the mailpiece complied with the requirements in step 5.

If the mailpiece had not met the content requirements for a periodical publication, it would have been necessary to consider whether each advertisement in the publication was substantially related to the purposes of the qualified organization. Because luxury automobiles do not appear to be related to the association's purposes, the advertisements (and the mailpiece containing them) would not have qualified for mailing at the Nonprofit Standard Mail rates.

A-1.3 Conclusion

This publication is eligible for mailing at the Nonprofit Standard Mail rates.

A-2 CASE STUDY 2: LETTER REQUESTING DONATION

A-2.1 Facts

Authorized association H (described in case study 1) mails a letter to nonmembers requesting donations. The letter states that individuals donating more than \$1,000 will receive an electronic cholesterol measuring device and that individuals donating between \$500 and \$1,000 will receive a copy of each of the five books that the association will publish in the upcoming year. (These items are generally called back-end premiums.) The mailpiece also contains an advertisement and subscription order form for the journal described in case study 1. Association H seeks to enter this mailpiece at the Nonprofit Standard Mail rates.

A-2.2 Analysis

The analysis of the mailpiece by the six-step process follows:

- **Step 1** — The mailpiece contains no products.
- **Step 2** — This step need not be considered because the mailpiece contains no products.
- **Step 3** — The mailpiece contains advertisements for the journal and for the back-end premiums (the cholesterol measuring device and the five books).
- **Step 4** — The mailpiece contains no advertisements for financial instruments (prohibited) or for travel arrangements or insurance policies (restricted).
- **Step 5** — The mailpiece does not meet the content requirements for a periodical publication (that is, the mailpiece has no title and no identification statement, and the mailpiece does not contain 25 percent nonadvertising).
- **Step 6** — The electronic cholesterol measuring device and books (back-end premiums) appear to be substantially related to the authorized organization's purposes. Likewise, the advertised journal is substantially related to association H's purposes. (By law, advertisements for periodical publications of an authorized organization do not have to meet the substantially related test if they meet the Periodicals eligibility requirements. However, as noted in case study 1, association H's journal does not meet these requirements.)

A-2.3 Conclusion

This mailpiece is eligible for mailing at the Nonprofit Standard Mail rates.

A-3 CASE STUDY 3: MAILPIECE CONTAINING SWEEPSTAKES ENTRY INFORMATION

A-3.1 Facts

The mailpiece of organization A, an authorized college (educational organization), contains an advertisement for its periodical publication, a sweepstakes entry form bearing the endorsement “No purchase necessary to enter,” and a request for donations. The mailpiece is published annually and does not contain a title, identification statement, or at least 25 percent nonadvertising matter.

A-3.2 Analysis

As described, the mailpiece does not contain any products. Therefore the product rules do not apply. The mailpiece contains only one advertisement (that is, the information pertaining to the periodical publication is advertising). The request for donations and the sweepstakes entry information are not considered advertisements for products and services because no purchase is required. The mailpiece does not meet the “content requirements for a periodical publication” (that is, the mailpiece does not contain sufficient nonadvertising material, a title, or an identification statement). The advertisement for the periodical publication is eligible for mailing at the Nonprofit Standard Mail rates because the publication is substantially related to the authorized organization’s purposes.

As noted in case study 2, the law permits advertisements for periodical publications, regardless of the contents of the periodical publication. To be considered a periodical publication, a publication must have a title, be published at regular intervals at least four times a year, be formed of printed sheets, have an identification statement, have a known office of publication, and meet the eligibility requirements prescribed for one of the Periodicals categories for publications (for example, a general publication, a requester publication, or a publication of an institution or society).

A-3.3 Conclusion

The advertisement is eligible for mailing at the Nonprofit Standard Mail rates.

A-4 CASE STUDY 4: PERMISSIBLE REFERENCES

A-4.1 Facts

An authorized educational organization's mailpiece contains only this statement: "Members are entitled to obtain life insurance, a credit card, and free tax preparation assistance; write for details. Send your monetary donations by May 1, 1996. We have negotiated favorable rates with X hotel for members who will be attending the fundraising activities the weekend of October 6, 1996. Call 111-111-1111 and reserve your room for \$60 per night."

A-4.2 Analysis

The content of this mailpiece can be analyzed as follows:

- This mailpiece does not contain any product. Therefore, the product rules do not apply.
- The mailpiece does contain one advertisement: the information pertaining to the organization's fundraising activities. This information is considered a substantially related advertisement because all the work is done by the authorized organization's members or supporters without compensation.
- The mailpiece does not contain any prohibited or ineligible restricted advertisement.
- The mailpiece does not meet the content requirements for a periodical publication.
- The mailpiece contains other material that is not considered advertising for these reasons:
 - The statements about life insurance and a credit card as stated are permissible references to membership benefits, rather than advertisements, and are eligible for mailing at the Nonprofit Standard Mail rates.
 - The request to send donations is not considered an advertisement because nothing is being sold.
 - The information about the hotel's room rate is not an advertisement for the hotel (assuming the hotel did not compensate the authorized organization for the reference).
 - The information about tax preparation is not an advertisement because nothing is sold.

A-4.3 Conclusion

There are no other arrangements or conditions that make the mailpiece ineligible for mailing at the Nonprofit Standard Mail rates. This mailpiece is eligible for mailing at the Nonprofit Standard Mail rates.

B Questions and Answers

Content-Based Restrictions

Q. *May our authorized organization mail material at the Nonprofit Standard Mail rates if it includes an advertisement for our periodical publication?*

- A. Yes, if the advertised periodical publication meets at least one of these tests:
- The publication is either currently authorized to be mailed at Periodicals rates or it could be authorized at Periodicals Mail rates if the qualifications for those rates were applied.
 - The publication is substantially related to the organization's purposes.
 - The advertisement for the publication appears in a mailpiece that meets the content requirements for a periodical publication.

Q. *Are my authorized organization's periodical publications eligible for mailing at the Nonprofit Standard Mail rates?*

- A. Periodical publications can be considered products, subject to the content-based restrictions for products. If your publications are considered products, they might be eligible for mailing at the Nonprofit Standard Mail rates if they do not contain ineligible advertisements, are not cooperative mailings, and meet at least one of these statutory product provisions:
- The publications are low-cost items.
 - The publications are donated items.
 - The publications are eligible for Periodicals authorizations but have not been authorized to mail at those rates.

Q. *Are advertisements in material that meets the "content requirements for a periodical publication" required to be substantially related to the authorized organization's purposes?*

- A. No. The rules exempt advertisements from being substantially related to the organization's purposes if the advertisements are printed in material that meets the content requirements for a periodical publication, as prescribed by the Postal Service. Advertisements for credit cards, however, are always prohibited. And advertisements for insurance policies and travel arrangements are permitted only under restricted situations.

Q. May my authorized organization acknowledge contributors, donors, and sponsors in material mailed at the Nonprofit Standard Mail rates?

- A. Yes. The rules permit organizations to acknowledge contributors, donors, and sponsors if no advertising is associated with the acknowledgment. The acknowledgment may include the name of the sponsor, donor, or contributor and any company logo. If the acknowledgment includes advertising (for example, a description of the sponsor's products), the acknowledgment is subject to the applicable advertising restrictions and prohibitions.

Q. If low-cost products are advertised in material that does not meet the content requirements for a periodical publication, must the products be substantially related to the authorized organization's purposes?

- A. Yes. The low-cost provision pertains only to the product restrictions, not to advertising restrictions. However, if the low-cost products are advertised in material that meets the content requirements for a periodical publication, the low-cost items do not have to be substantially related to one or more of the organization's purposes.

Q. Do advertisements for products donated to my authorized organization qualify for mailing at the Nonprofit Standard Mail rates?

- A. Yes. The rules state that products and services received by an organization as donations or gifts are considered substantially related to one or more of the organization's purposes.

Q. Are the exceptions to the rules against mailing advertisements for products and services at the Nonprofit Standard Mail rates different from the exceptions to the rules against mailing products at these rates?

- A. Yes. The law establishes different rules for each. For example, although it might be important under the advertising restrictions whether the advertised product is substantially related to the authorized organization's purposes, the product restrictions do not contain a similar rule.

Q. Is a periodical publication eligible for mailing at the Nonprofit Standard Mail rates if it is considered a product and costs the authorized organization more than the amount specified for a low-cost item?

- A. Yes, but only if the publication meets one of the other statutory product provisions (that is, the publication is received as a donation or it meets the Periodicals eligibility requirements but is not authorized as a Periodicals publication) and contains no ineligible advertisements.

Q. May my authorized organization advertise its affinity card in material mailed at the Nonprofit Standard Mail rates if the card generates income used to accomplish the organization's primary purposes?

A. No. The rules prohibit mailing affinity card advertisements at the Nonprofit Standard Mail rates. There are no exceptions to this restriction. The rules, however, permit your organization to announce the availability of its affinity card as a membership benefit in material mailed at the Nonprofit Standard Mail rates if no advertising is included in the announcement. (For example, "Members may apply for the affinity card. Write for more information.")

Q. My authorized organization offers automobile insurance as a membership benefit. May the insurance policy be advertised in material mailed at the Nonprofit Standard Mail rates?

A. No. Insurance that is otherwise commercially available (for example, life insurance, fire insurance, or automobile insurance) may not be advertised in material mailed at the Nonprofit Standard Mail rates. The rules, however, permit your organization to announce the availability of insurance as a membership benefit in material mailed at the Nonprofit Standard Mail rates if no advertising is included in the announcement.

C Legal Issues

C-1 UNDERSTANDING INTERNAL REVENUE SERVICE RULES

C-1.1 Compliance With Current Regulations

The Postal Service is required to be consistent with Internal Revenue Service (IRS) rules in determining whether advertisements for products and services (published in materials of an authorized organization and mailed at the Nonprofit Standard Mail rates) are substantially related to the authorized organization's purposes. IRS rulings and regulations in this appendix may be updated from time to time. If they are updated, these standards will be followed by the Postal Service.

C-1.2 General Standards

Generally, nonprofit or tax-exempt entities are not subject to tax on income that they receive. An exception exists, however, for any net income received from an unrelated trade or business regularly conducted by the nonprofit entity. See 26 U.S.C. 511.

C-1.3 Trade or Business Activity

The terms trade and business include any specific activity "which is carried on for the production of income from the sale of goods or the performance of services." 26 U.S.C. 513(c). An activity may be a trade or business even though it is part of a larger group of similar activities that do not generate income.

C-1.4 Nonprofit Related Activity

According to IRS regulations, a trade or business is "related" to an exempt purpose only if the conduct of the business activity has causal relationship to the achievement of the exempt purpose, other than simply the production of income. 26 CFR 1.513-1(d)(2). The trade or business is "substantially related" if the causal relationship is a substantial one. 26 CFR 1.513-1(d)(2). The IRS describes this as follows:

"Thus, for the conduct of trade or business from which a particular amount of gross income is derived to be substantially related to purposes for which exemption is granted, the production or distribution of the goods or the

performance of the services from which the gross income is derived must contribute importantly to the accomplishment of those purposes.” 26 CFR 1.513-1(d)(2).

C-1.5 **Size and Extent of Activity**

The size and extent of the activity involved must be considered in relation to the nature and extent of the exempt function. If the activity is related but conducted on a larger scale than necessary, income earned from the excess activity is treated as coming from an unrelated trade or business.

C-1.6 **Income From Products**

If income from the related trade or business is from the sale of a product, the product when sold must be substantially unaltered upon completion of the exempt function. 26 CFR 1.513-1(d)(4)(ii). If the product is improved, changed, or processed further than necessary for disposition, the income generated is from an unrelated trade or business and thereby not substantially related for postal rules.

Unrelated business income also results if an asset or facility needed for an exempt function is also used for a nonexempt purpose that produces income. 26 CFR 1.513-1(d)(iii).

If the advertisement is for a product that generates income for an unrelated trade or business, the advertisement for the product may not be eligible for mailing at the Nonprofit Standard Mail rates. Thus, the fact that the mailing under examination promotes a product or service entirely created by members of the mailing organization does not automatically qualify the mailing for the Nonprofit Standard Mail rates.

C-1.7 **Utilitarian Products**

The IRS has articulated a basic standard for evaluating revenue from the sale of “utilitarian” products in relation to the organization’s purposes. If the primary purpose of the product is functional, revenues derived from its sale may be deemed unrelated. As a result, the mailing of a promotion that advertises a product whose primary purpose is functional generally does not qualify for the Nonprofit Standard Mail rates.

Each situation must be considered on a case-by-case basis, including consideration of the product or service advertised and the nature of the authorized organization. An example of an acceptable type of advertisement is one for a blood glucose tester in a publication of an authorized diabetes association.

C-2 APPLYING IRS RULES TO POSTAL RULES

C-2.1 Nonprofit or Tax-Exempt Entity

The terms nonprofit and tax-exempt entity include many different organizations. The analysis in this appendix discusses four types of organizations that include many of the organizations affected by the current content-based rules. These four types are the following:

- Churches and other religious organizations.
- Educational institutions.
- Museums.
- Public interest groups.

C-2.2 Churches and Other Religious Organizations

Postal rules in the context of religious organizations apply principally to the promotion of reading material, to the sale of various other goods, and to church bulletins that contain pages of listings for local businesses and information about church fundraising or other activities.

When the unrelated business income tax was extended to churches, the U.S. Senate Finance Committee stated that unrelated business taxable income would not be generated by the “printing, distribution and sale of religious pamphlets, tracts, calendars, papers, books and magazines with a substantial religious content (even though the document might contain a small amount of advertising), as long as these activities are carried on in connection with the church.” S. Rep. No. 91-552, 91st Cong., 1st Sess. 70 (1969).

Acknowledgments of organizations and individuals who have contributed to the authorized mailer are generally not treated as advertising. Material is considered an acknowledgment, rather than advertising, if it appears on a page under a heading such as “Sponsors,” “Contributors,” or “Donors.” The listings should not be labeled as advertising in other parts of the publication or elsewhere such as rate cards.

For other types of publications marketed by religious organizations, the IRS has stated that an organization must show that the materials are related to some temporary or permanent religious program. Priv. Ltr. Rul. 82-03-005. Examples that the IRS gives include “books on the lives of prominent church leaders or officials; books on family life consistent with church concepts; books on the teachings and/or philosophy of the church.” Priv. Ltr. Rul. 82-03-005. If the publication is nonreligious in nature (for example, a scientific or technical treatise), sales of the publication are usually not considered substantially related to the organization’s religious purposes. Priv. Ltr. Rul. 79-50-029.

Sales of other products by churches and other religious organizations must be substantially related to the organization’s exempt function. The IRS has held that a monastery that raises cattle, grows crops, bakes bread, makes various arts and

crafts, and operates a gift shop must treat as unrelated business income any income earned on the sale of these products through the gift shop or otherwise, except for the clearly religious articles.

Some articles (for example, stained glass artifacts) may have a religious theme and a utilitarian function. These articles are treated as substantially related to the exempt function if designed for and used principally in the exercise of religious activities or beliefs. Priv. Ltr. Ruls. 78-38-029, 78-38-036, 78-38-062.

C-2.3 Educational Institutions

Educational institutions are involved in many activities that can generate unrelated business taxable income such as:

- Retail sales through bookstores and student stores.
- Publication of reading materials.
- Operation of a hotel or restaurant.
- Public use or lease of its facilities.

Campus bookstores and student stores generally sell a wide range of items that might be needed or desired by students, employees, alumni, and guests. Many items sold have no connection to the educational institution but are sold as a convenience to students and employees. Items that are necessary for a particular class or activity sponsored by the educational institution (for example, textbooks and equipment), items that foster an interest in the institution or provide insight into its purpose (for example, pictures of the institution or its personnel, books, records, cards, and other similar items describing some aspect of the institution) have been found by the IRS to be substantially related.

In the publishing area, under IRS precedent, an educational institution generates tax-exempt income if the books that the institution publishes are scholarly in nature and are published in conjunction with a specific educational program conducted by the institution (for example, a specific department, division, or college in a university). Priv. Ltr. Rul. 82-03-005. Examples of such publications include textbooks, recommended or required course readings, and scholarly works of the faculty, and other writings of the faculty, students, and alumni prepared in conjunction with some course or other activity of the school. Priv. Ltr. Rul. 82-03-005. As a general matter, the Postal Service treats promotional mailings for scholarly publications produced by university presses as substantially related to the university's purposes and, therefore, eligible for the Nonprofit Standard Mail rates.

Colleges and universities also generate income through the public use or lease of their facilities. Generally, the income earned is unrelated business taxable income. For example, although the students' use of a ski facility may be considered substantially related to the school's purposes, fees received from the public are not tax-exempt income because there is no exempt purpose performed by providing use of the facilities to the public, and the facilities are operated in a manner similar to that of commercial facilities. Rev. Rul. 78-98, 1978-1 C.B. 167.

A similar ruling was made in which a college operated a tennis club during the summer. Although the club staff was made up of employees of the school's athletic department, the college was not engaged in activities related to the advancement of education by making the facilities available to the public for a fee. Therefore, the income generated was taxable. Rev. Rul. 80-297, 1980-2 C.B. 196. However, activities offered to the general public (for example, courses, summer camp, conferences) may be considered "substantially related" if the activities are in furtherance of the organization's tax-exempt purpose. Rev. Rul. 77-365, 1977-2 C.B. 192.

C-2.4 Museums

Museums primarily generate unrelated business taxable income through the sale of items from their gift shops and catalogs.

Taxable income is not generated by the sale of reproductions of items in the museum's collection or in the collection of a similar museum, or educational materials (including pictures, posters, and postcards) related to or discussing items in the museum. Rev. Rul. 73-104, 1973-1 C.B. 263; Rev. Rul. 73-105, 1073-1 C.B. 264; Priv. Ltr. Ruls. 86-05-002, 81-45-029. Because such items are substantially related to one or more of the museum's purposes, advertisements for them are eligible for mailing at the Nonprofit Standard Mail rates.

Income from the sale of reproductions of items not found in any collection, of items whose utilitarian purpose is not substantially related (that is, the utilitarian purpose of the item dominates its historical or cultural significance), and of general merchandise and typical souvenirs, whether or not they contain a copy of the museum logo, is generally unrelated business taxable income. Rev. Rul. 73-104, 1973-1 C.B. 263; Rev. Rul. 73-105, 1073-1 C.B. 264; Priv. Ltr. Ruls. 86-05-002, 81-45-029.

A museum may not claim exclusion from taxation for items that are unrelated to that particular type of museum, even if the sale of the items generates exempt income if sold elsewhere. For example, an art museum may not sell scientific books and city souvenirs without generating unrelated business taxable income, even though the former may be considered substantially related if sold by a science museum without the income being taxed. Rev. Rul. 74-105, 1973-1 C.B. 264.

The IRS cases dealing with museum gift shops are closely analogous to the issues likely to arise in direct mailings made by museums. The Postal Service will adhere to the IRS classification of museum products.

C-2.5 Public Interest Groups

In addition to the three categories previously discussed, many other organizations are tax-exempt entities for income tax purposes and are holders of Nonprofit Standard Mail authorizations. These organizations also participate in a wide range of income-generating activities such as sales of various goods, distribution and sales of Christmas cards, and publication of literature.

As in previous categories, income generated from sales of goods or services is tax exempt if the goods sold or services provided are substantially related to the purposes for which the organization received an exemption. For example, an authorized organization dedicated to promoting and implementing a prominent leader's vision of social, economic, and political justice may sell the following "substantially related" items to the public: books on or about the person; tapes and albums containing his or her speeches and sermons; pictures, posters, and plaques of the person and the organization's buildings; the person's quotations, as well as books, albums, and tapes about the civil rights movement. Rev. Rul. 77-365, 1977-2 C.B. 192. The IRS held that the sale of all these items contributed to the organization's efforts to educate the public about the life and message of its leader.

In the area of services, the operation of a clinic that provides veterinarian care is substantially related to the purposes of an organization that operates for the charitable purpose of preventing cruelty to animals, particularly if the services are provided when the owners of the animals are unable to pay for the services. If the organization uses the information obtained from the clinic to educate the public on how to prevent and treat animal diseases and injuries prevalent in its geographical area, the IRS will consider this activity to be related to the organization's exempt purpose. Such an organization is not able to exempt, however, income from a pet boarding and grooming service because such a commercial service has no causal relationship to the prevention of cruelty to animals. Gen. Couns. Mem. 39,346 (Apr. 30, 1984); Rev. Rul. 73-587, 1973-2 C.B. 192.

Another type of sale or solicitation often used by nonprofit groups is the distribution of greeting cards, particularly Christmas cards, to current and prospective donors with the request for a donation to cover the cost of the cards and the option for the donor to buy additional cards. The mailing of low-cost cards and other products is specifically permitted by the Revenue Forgone Reform Act. However, advertisements for the sale of such cards will generally not be considered to be related to the organization's purposes.

D Guidelines for Substantially Related Advertisements

D-1 PURPOSE

This appendix presents only general guidelines for determining whether items are substantially related to the four categories of organizations listed below.

Each qualified organization's specific purposes must be analyzed to determine whether the advertised product or service is substantially related. Advertised products and services substantially related to one organization might not be substantially related to another organization in a similar general category.

Chapter 6 contains specific rules and examples for determining whether a product or service is substantially related to one or more of the purposes of an organization authorized to mail at the Nonprofit Standard Mail rates.

D-2 CHURCHES AND OTHER RELIGIOUS ORGANIZATIONS

D-2.1 Generally Substantially Related

These items are generally considered substantially related:

- Books, magazines, pamphlets, papers, or tracts about:
 - Church teachings or philosophy.
 - Lives of prominent church leaders.
 - Family life consistent with church concepts.
- Religious items such as stained glass, religious symbols, and altar pieces.
- Religious broadcasts and television programs.

D-2.2 Borderline — Key Factors

These items generally require analysis of key factors:

- Items with a generally religious theme but no direct connection to the particular church.
- Items exempt if the organization can show that they are related to a temporary religious program or a permanent religious program.
- Food items unless used in a specific religious observance.

D-2.3 **Generally Not Substantially Related**

These items are generally considered not substantially related:

- Nonreligious books or treatises (for example, scientific or nonreligious technical topics).
- Livestock production.
- Nonreligious arts and crafts.

D-3 **EDUCATIONAL INSTITUTIONS**

D-3.1 **Generally Substantially Related**

These items are generally considered substantially related:

- Books and other publications of a scholarly nature used in a specific department or program or published by the institution's press.
- Lodging or food service that is part of an educational program.

D-3.2 **Borderline — Key Factors**

These items generally require analysis of key factors:

- Personal equipment, furniture, etc., if within the authorized organization's purpose.
- Publications of a nonscholarly nature used in a school course or program, if an integral part of the course or program and, otherwise, not of particular interest to students.
- Public use or lease of facilities where school personnel are involved in the operation, if an educational component can be established that is consistent with the school's purpose.
- Public use of facilities, if such activity promotes an educational goal.

D-3.3 **Generally Not Substantially Related**

These items are generally considered not substantially related:

- Nonscholarly books and similar publications.
- Clothing and other utilitarian articles with or without the institution's logo.
- A hotel or restaurant not used in an educational program.
- Public use or lease of facilities promoting no educational goal.

D-4 MUSEUMS

D-4.1 Generally Substantially Related

These items are generally considered substantially related:

- Books, pictures, posters, and postcards of items in an authorized museum's collection or a collection at another similar museum.
- Reproductions of items in an authorized museum's collection in which historical or cultural significance dominates utilitarian purpose.

D-4.2 Borderline — Key Factors

These items generally require analysis of key factors:

- Reproductions of items in an authorized museum's collection adapted to conform to modern standards, if the reproductions retain a strong historical or cultural significance.
- Reproductions of items in an authorized museum's collection of historical or cultural significance for educational purposes, if the educational component sufficiently establishes a relationship with the museum's exempt purpose.

D-4.3 Generally Not Substantially Related

These items are generally considered not substantially related:

- Books, pictures, posters, and postcards of items from another type of museum (for example, from a science museum if sent by an art museum) or from some other venue (for example, from the city where the museum is located).
- Reproductions of items in an authorized museum's collection in which the utilitarian purpose dominates the historical or cultural significance.
- Reproductions of items not in any collection.
- General merchandise and typical souvenirs, even if imprinted with the authorized museum's logo.

D-5 PUBLIC INTEREST GROUPS

D-5.1 Generally Substantially Related

These items are generally considered substantially related:

- Books, tapes, pictures, and posters about the authorized organization's philosophy or leaders.
- Pictures of the authorized organization's symbols, headquarters, or leader.

D-5.2 Generally Not Substantially Related

These items are generally considered not substantially related:

- Books, publications, tapes, records, and other items unrelated to the authorized organization's exempt purpose.
- Items purchased from commercial dealers and sold without alteration to the authorized organization's members.
- Sale of greeting cards if unrelated to the authorized organization's purpose.
- T-shirts bearing the authorized organization's logo.

E PS Forms 3624 and 3623

To apply for authorization to mail at the Nonprofit Standard Mail rates, you may photocopy and use from this appendix the sample PS Form 3624, *Application to Mail at Nonprofit Standard Mail Rates* (three pages), and PS Form 3623, *Application for Nonprofit Standard Mail Rates at Additional Mailing Office* (one page). You can also obtain original forms at any post office.

United States Postal Service
**Application to Mail
 at Nonprofit Standard Mail Rates**

Section A—Application (Please read section B on page 2 before completion.)

Part 1 (For completion by applicant)

- All information entered below must be legible so that our records will show the correct information about your organization.
- The complete name of the organization must be shown in item 1. The name shown must agree with the name that appears on all documents submitted to support this application.
- A complete address representing a physical location for the organization must be shown in item 2. If you receive mail through a post office box, show your street address first and then the box number.
- The applicant named in item 5 must be the individual submitting the application for the organization and must be an officer of the organization. Printers and mailing agents may not sign for the organization.
- No additional organization categories may be added in item 6. To be eligible for the Nonprofit Standard Mail rates, the organization must qualify as one of the types listed.
- The applicant must sign the application in item 12.
- The date shown in item 14 must be the date that the application is submitted to the post office.

No application fee is required. All information must be complete and typewritten or printed legibly.

1. Complete Name of Organization (If voting registration official, include title)	
2. Street Address of Organization (Include apartment or suite number)	
3. City, State, ZIP+4 Code	
4. Telephone (Include area code)	5. Name of Applicant (Must represent applying organization)
6. Type of Organization (Check only one)	
<input type="checkbox"/> (01) Religious <input type="checkbox"/> (03) Scientific <input type="checkbox"/> (05) Agricultural <input type="checkbox"/> (07) Veterans' <input type="checkbox"/> (09) Qualified political committee (Go to item 9) <input type="checkbox"/> (02) Educational <input type="checkbox"/> (04) Philanthropic <input type="checkbox"/> (06) Labor <input type="checkbox"/> (08) Fraternal <input type="checkbox"/> (10) Voting registration official (Go to item 9)	
7. Is this a for-profit organization or does any of the net income inure to the benefit of any private stockholder or individual?	8. Is this organization exempt from federal income tax? (If 'Yes,' attach a copy of the exemption issued by the Internal Revenue Service (IRS) that shows the section of the IRS code under which the organization is exempt.)
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No Is an application for exempt status pending with the IRS? (If 'Yes,' attach a copy of the application to this Form 3624.) <input type="checkbox"/> Yes <input type="checkbox"/> No Has the IRS denied or revoked the organization's federal tax exempt status? (If 'Yes,' attach a copy of the IRS ruling to this Form 3624.) <input type="checkbox"/> Yes <input type="checkbox"/> No
9. Has this organization previously mailed at the Nonprofit Standard Mail rates? (If 'Yes,' list the post offices where mailings were most recently deposited at these rates.)	10. Has your organization had Nonprofit Standard Mail rate mailing privileges denied or revoked? (If 'Yes,' list the post office (city and state) where the application was denied or authorization was revoked.)
<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Post office (not a station or branch) where authorization requested and bulk mailings will be made (City, state, ZIP Code)	

I certify that the statements made by me are true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including multiple damages and civil penalties). I further understand that, if this application is approved, a postage refund

for the difference between the regular Standard Mail (A) and Nonprofit Standard Mail rates may be made for only mailings entered at regular Standard Mail (A) rates at the post office identified above while this application is pending, provided that the conditions set forth in Domestic Mail Manual E670.5.0 and E670.9.0 are met.

12. Signature of Applicant	13. Title	14. Date
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Part 2 (For completion by postmaster at originating office when application filed)

1. Signature of Postmaster (Or designated representative)	2. Date Application Filed With Post Office (Round stamp)
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Section B—General Information

Organization Eligibility

The Nonprofit Standard Mail rates may be granted only to:

1. The eight categories (01 through 08) of nonprofit organizations specified on page 1 in section A, item 6.
2. Qualified political committees (category 09), including the national and state committees of political parties as well as certain named congressional committees.
3. Voting registration officials (category 10), including local, state, and District of Columbia voting registration officials.

These organizations are defined in *Domestic Mail Manual (DMM) E670*, available for review at any post office.

To qualify, a nonprofit organization must be both **organized** and **operated** for a **primary** purpose that is consistent with one of the types of organizations in DMM E670. Organizations that **incidentally** engage in qualifying activities do not qualify for the Nonprofit Standard Mail rates.

Not all nonprofit organizations are eligible for the Nonprofit Standard Mail rates. DMM E670 lists certain organizations (such as business leagues, chambers of commerce, civic improvement associations, social and hobby clubs, governmental bodies, and others) that, although nonprofit, do not qualify for the Nonprofit Standard Mail rates.

Application Procedures

1. Only organizations may apply. Individuals may not apply (except voting registration officials).
 2. Only the **one** category in item 6 that best describes the **primary purpose** of the organization may be checked.
 3. The application must be **signed** by someone in authority in the organization, such as the president or treasurer. It must not be signed by a printer or mailing agent.
 4. The completed Form 3624 must be submitted to the post office where bulk mailings will be deposited. If the application is approved, the authorization will apply only at that post office.
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Supporting Documentation

The documents listed in 1 and 2 below must be submitted with the completed applications for nonprofit organizations. The documents listed in 3 must be submitted for qualified political committees and, in 4, for voting registration officials.

1. Evidence that the organization is **nonprofit** and that none of its net income inures to the benefit of any private stockholder or individual. Acceptable evidence includes:
 - An Internal Revenue Service (IRS) letter of exemption from payment of federal income tax.
 - If an IRS exemption letter is not available, a complete financial statement from an independent auditor (such as a certified public accountant) substantiating that the organization is nonprofit. A statement from a member of the organization is not sufficient.
 2. Documents describing the organization's **primary purpose**, such as:
 - Organizing instruments that state the purpose for which the group is organized, such as the constitution, articles of incorporation, articles of association, or trust indenture. The organizing instrument, including all amendments to the original, should bear the seal, certification, or signature of the Secretary of State or other appropriate state official. If one or more of these documents are not sealed, certified, or signed by state officials, an officer or other person authorized to sign for the applicant should submit a written declaration certifying that the documents are complete and accurate copies of the originals.
 - Materials showing how the organization actually **operated** during the previous 6 to 12 months and how it will operate in the future. Bulletins, financial statements, membership forms, publications produced by the organization, minutes of meetings, or a list of its activities may be used.
 3. For qualified political committees (category 09), organizational or other documents substantiating that the applicant is the state or national committee of the political party.
 4. For voting registration officials (category 10), a copy of the statute, ordinance, or other authority establishing responsibility for voter registration.
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Mail Eligibility

An organization authorized to mail at the Nonprofit Standard Mail rates may mail only **its own matter** at those rates. It may not delegate or lend the use of its Nonprofit Standard Mail authorization to any other person or organization. Cooperative mailings may be made at the Nonprofit Standard Mail rates **only if each** of the cooperating organizations is individually authorized to mail at those rates at the office where mailings are deposited.

DMM E670 discusses the specific restrictions against the mailing of certain advertising materials and products.

Postal Service Checklist for Form 3624, Application to Mail at Nonprofit Standard Mail Rates

Name of Organization

The organization above provided the following evidence of eligibility for Nonprofit Standard Mail rates.

1. Nonprofit Status (*Check one*)

- IRS letter of exemption from payment of federal income tax
- Financial statement prepared by an independent auditor substantiating organization's nonprofit status (statement must include balance sheets, notes, etc.)

2. Organization (*One complete copy; check one*)

- Articles of Incorporation Constitution Charter Articles of Association
- Other (*Explain*):

3. Operation (*Several samples of each; check types of information included with application*)

- Bulletins Brochures Financial statements Listing of activities for past 6 to 12 months
- Membership applications Minutes of meetings Newsletters
- Other (*Explain*):

The name on all the documentation presented as evidence must match the name on the application. If they do not match, please explain.

I certify that the applicant has completed all the items on the application and that each item is legible.

Signature of Postmaster (<i>Or designated representative</i>)	Date
Telephone (<i>Include area code</i>)	Post Office (<i>City, state, ZIP Code</i>)
Date Application Returned to Organization for Correction	Date Application and Documentation Sent to Nonprofit Service Center

Application for Nonprofit Standard Mail Rates at Additional Mailing Office

Part 1 (For completion by applicant)

- Any organization currently authorized to mail at the Nonprofit Standard Mail rates at one post office may obtain authorization to mail at those rates at an additional mailing office (described in *Domestic Mail Manual* (DMM) E670.8.0). Additional authorizations will be granted only to the organization holding the original authorization. A national organization may not obtain an additional mailing office authorization for mailings of its independent chapters.
- The organization name in item 1 must match the name of the authorized organization exactly. The applicant named in item 3 must be an official of the organization completing this form (not an agent).
- File a separate application for each post office (not a station or a branch) for which your organization wants additional authorizations.
- Attach a letter with this application showing the following:
 - An official letterhead.
 - Signature of an organization official.
 - Statement of request for authorization to mail at the Nonprofit Standard Mail rates at an additional mailing office.
- Submit the completed application to the postmaster at the post office where additional authorization is requested (item 8).

No application fee is required. Please be sure all information is complete. Please type or print legibly.

1. Complete Name of Organization	6. Post office where original Nonprofit Standard Mail authorization granted and on which this application is based (<i>City, state, ZIP Code</i>)
2. Street Address of Organization (<i>Number, street, apartment or suite number, city, state, and ZIP+4</i>)	7. Authorization number for original authorization, if known (<i>shown in upper right corner of your original office of mailing authorization letter</i>)
3. Name of Applicant (<i>Must represent applying organization</i>)	8. Post office (not a station or branch) where additional authorization is requested and bulk mailings will be made (<i>City, state, ZIP Code</i>)
4. Telephone Number (<i>Include area code</i>) ()	9. Estimated date of first mailing at additional mailing office
5. Is this organization exempt from federal income tax? If 'Yes,' indicate section of Internal Revenue Service (IRS) code under which it is exempt. <input type="checkbox"/> No <input type="checkbox"/> Yes 501(c) _____ Other _____	10. Name, address, contact person, and area code/telephone number of printer or agent who will present mailings to additional mailing office

I certify that the statements made by me are true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including multiple damages and civil penalties).

I further understand that, if this application is approved, a postage refund for the difference between the regular Standard Mail (A) and Nonprofit Standard Mail rates may be made for only those regular Standard Mail (A) mailings entered at the post office identified above while this application is pending, provided that the conditions set forth in Domestic Mail Manual E670.5.0 and E670.9.0 are met.

11. Signature of Applicant	12. Title	13. Date
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Part 2 (For completion by postmaster at additional office when application filed)

<ul style="list-style-type: none"> ■ Be sure that the applicant has completed items 1 to 13 in part 1 and has attached the required letter. ■ If the original office of mailing authorization number is known and is shown in item 7, the postmaster should request authorization by calling the Nonprofit Service Center at one of the following numbers: <table style="width: 100%; margin-left: 20px;"> <tr> <td>Southwest and Western Areas</td> <td>(901) 576-2059</td> </tr> <tr> <td>Southeast, Mid-Atlantic, and Allegheny Areas</td> <td>(901) 576-2060</td> </tr> <tr> <td>Midwest and Great Lakes Areas</td> <td>(901) 576-2061</td> </tr> <tr> <td>Northeast, New York Metro, and Pacific Areas</td> <td>(901) 576-2062</td> </tr> </table> ■ Retain applications approved by telephone at the post office. A copy of the authorization letter sent to the applicant will be sent to the postmaster. ■ Send applications not processed by telephone to: NONPROFIT SERVICE CENTER PO BOX 3623 MEMPHIS TN 38173-0623 	Southwest and Western Areas	(901) 576-2059	Southeast, Mid-Atlantic, and Allegheny Areas	(901) 576-2060	Midwest and Great Lakes Areas	(901) 576-2061	Northeast, New York Metro, and Pacific Areas	(901) 576-2062	<p>1. <input type="checkbox"/> Check here if authorized by telephone and enter the additional mailing office authorization number issued by the Nonprofit Service Center.</p> <p>2. Signature of Postmaster (<i>Or designated representative</i>)</p> <p>3. Date Application Filed With Post Office (<i>Round stamp</i>)</p>
Southwest and Western Areas	(901) 576-2059								
Southeast, Mid-Atlantic, and Allegheny Areas	(901) 576-2060								
Midwest and Great Lakes Areas	(901) 576-2061								
Northeast, New York Metro, and Pacific Areas	(901) 576-2062								