

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

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

Date: APR 10 2006

Barakat Inc
PO Box 398049
Cambridge, MA 02139

Person to Contact - ID#:
Lori Perry - ID# 31-02811
Contact Telephone Numbers:
513-263-3714 Phone
513-263-3571 Fax
Federal Identification Number:
04-3493675

Dear Sir or Madam:

In our letter dated July 16, 2001, we determined that you were exempt from Federal income tax under section 501(a) of the Internal Revenue Code of 1986 as an organization described in section 501(c)(3).

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

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

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

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

Barakat Inc
04-3493675

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

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

2. You are not an organization described in section 509(a)(2) of the Code because you do not meet the support tests provided in sections 509(a)(2)(A) and 509(a)(2)(B) of the Code. In this regard, it is provided that in determining whether or not such tests are met, an organization must normally receive more than one-third of its support from any combination of gifts, grants, contributions, or membership fees; and gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not an unrelated trade or business (within the meaning of section 513 of the Code), not including such receipts from any person, or from any bureau or agency of a governmental unit, in excess of the greater of \$5000 or 1 percent of the organization's support in such taxable years, or from disqualified persons (as defined in section 4946 of the Code); and normally not more than one-third of its support from gross investment income. Section 4946 of the Code provides, in part, that the term "disqualified person" means, with respect to a private foundation, a person who is a substantial contributor to a foundation. The term "substantial contributor" as defined in section 507(d)(2) of the Code, means any person who contributed an aggregate amount of more than \$5,000 to the foundation, if such amount is more than 2 percent of the total contributions received by the foundation before the close of the taxable year in which the contribution is received. A review of the financial information you submitted indicates that you do not meet the support tests for the reasons set forth on Enclosure I.
3. You are not an organization described in section 509(a)(3) of the Code because you are not organized and operated solely for the benefit of, or in connection with one or more of the organizations described in sections 509(a)(1) or 509(a)(2) of the Code.
4. You are not an organization described in section 509(a)(4) of the Code because you are not organized and operated exclusively for testing for public safety.

Barakat Inc
04-3493675

Based on the information you submitted covering your advance ruling period, we determined you qualify as a private operating foundation under section 4942(j)(3) of the Code. You will be treated as a private operating foundation as long as you continue to meet the requirements of section 4942(j)(3).

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

For purposes of sections 507(d) and 4940 of the Code, you are considered to be a private foundation as of the effective date of your exemption under section 501(c)(3) of the Code. Therefore, you are required to file a limited Form 990-PF for each year covered by your advance ruling. Complete only the general information at the top of the form, column (b) of Part I, all of Parts IV and VI (or all of Parts VII and II, respectively, for tax years beginning before 1985), Part V (if applicable), sign the return and pay all taxes due, with interest. If you file within 90 days from the date of this letter, you will not be subject to the penalty provisions of sections 6651 and 6652 of the Code. Attach a statement to the returns explaining that you have reasonable cause for filing late (your advance ruling) and cite Revenue Procedure 79-8, 1979-1 C.B. 487. The limited Forms 990-PF described in this paragraph should be filed with this office.

Since you are classified as a private foundation as of December 30, 2004, all parts of the Form 990-PF for the year ended September 30, 2005, should be completed. However, the figures for column (c) of Part I, all of Part IX through Part XIV, and Part XV (if applicable), and your answers to the questions in Part VII should reflect only the period beginning on the above date and ending on the last day of your tax year.

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

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

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

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

Barakat Inc
04-3493675


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

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

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

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

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Enclosure I
Publication 892
Form 6018

Barakat Inc
04-3493675

Enclosure I
Reasons for Proposed Adverse Action

1. You are not an organization described in section 509(a)(1) and 170(b)(1)(A)(vi) of the Code because your total public support equals 2.0 percent. This has been computed and attached as Exhibit 1.
2. You do not meet the ten percent facts and circumstances test. To be considered under the ten percent facts and circumstances test, you must have 10 percent or greater in public support and you must be organized so as to attract new sources of public support. Since you have received less than 10 percent of your support from qualified public sources, the 10 percent facts and circumstances test cannot be applied.
3. To meet the requirements for classification under section 509(a)(2), an organization must receive at least one third of its support from related activities income, contributions, dues, etc., and less than one third from investment income. Income from disqualified persons or substantial contributors are not included when measuring public support. You are not an organization described in section 509(a)(2) because your public support percentage is 0.0 percent. This has been computed and attached as Exhibit 2.