

October 20, 2015

The Honorable John A. Koskinen
Commissioner
Internal Revenue Service
1111 Constitution Ave., NW
Washington, DC 20224

By electronic mail (IRS.Commissioner@IRS.gov) and First Class mail

Re: Complaint Against Carolina Rising, Inc.

Dear Commissioner Koskinen:

Citizens for Responsibility and Ethics in Washington (“CREW”) respectfully requests the Internal Revenue Service (“IRS”) investigate whether Carolina Rising, Inc., an organization claiming to be a non-profit exempt from taxation pursuant to section 501(c)(4) of the Internal Revenue Code (“tax code”), violated the tax code by operating primarily to influence political campaigns and for the private benefit of now-Sen. Thom Tillis (R-NC), and whether Carolina Rising and its president, Dallas Woodhouse, violated federal law by failing to disclose on its tax return nearly \$4.7 million Carolina Rising spent on political activity in 2014.¹

Carolina Rising reported to the Federal Election Commission (“FEC”) in 2014 it spent nearly \$3.2 million on electioneering communications – broadcast advertisements that clearly identify a candidate close to an election but stop short of expressly urging a vote for or against the candidate – that supported Sen. Tillis’s campaign for Senate. Carolina Rising spent another \$1.5 million on an ad that praised Sen. Tillis but did not need to be disclosed to the FEC because it ran just before the date that would have triggered reporting.

In an interview he gave at Sen. Tillis’ election night party, Carolina Rising’s president admitted the group ran the advertisements to help Sen. Tillis get elected. In addition, the ads constitute political activity under tax law. Under the IRS’s interpretation of the tax code, section 501(c)(4) organizations must be primarily engaged in social welfare activity, which does not include participation in political campaigns. As the nearly \$4.7 million Carolina Rising spent on the ads accounted for 97 percent of the group’s \$4.8 million in expenditures in 2014, Carolina Rising appears to be blatantly violating the tax code. In addition, Carolina Rising’s 2014 tax return, filed under penalty of perjury and signed by Mr. Woodhouse, claimed the group engaged in no political activity at all in 2014. Considering Mr. Woodhouse’s statements and the content of the ads, Carolina Rising and Mr. Woodhouse appear to have made false or incomplete statements to the IRS.

¹ CREW submits this letter in lieu of Form 13909; a copy is being sent to the Dallas office.

Carolina Rising's Activities

Carolina Rising is a North Carolina non-profit corporation formed in March 2014.² The group claims its purpose is to “promote limited government, low taxation, and a thriving economy.”³ Mr. Woodhouse, Carolina Rising’s president and treasurer in 2014,⁴ however, repeatedly has asserted the group’s broad objective is to aid Republicans. Carolina Rising “is a “nonprofit political group that I started to sort of help the conservatives and the Republicans in North Carolina,” Mr. Woodhouse said after the 2014 election,⁵ and its mission is “helping the Republicans tell their story in North Carolina.”⁶ Mr. Woodhouse added it is his view that Republicans “are doing good things, they’re just not explaining it very well.”⁷ Notably, Mr. Woodhouse was named executive director of the North Carolina Republican Party in September 2015.⁸

In 2014, Sen. Tillis, then the Speaker of the North Carolina House of Representatives, ran for a seat in the United States Senate. Starting in mid-August, Carolina Rising began spending millions of dollars broadcasting television advertisements that praised then-Speaker Tillis’s legislative efforts as Speaker. The ads were transparent attempts to enhance his image with voters and promote his partisan interests.

The first ad ran between August 15 and August 29 in all major North Carolina media markets, according to a Carolina Rising press release, and cost \$1.5 million.⁹ The advertisement commended then-Speaker Tillis and Governor Pat McCrory, saying they “fought for and won” a large teacher pay raise, and that “thanks to Speaker Tillis and Governor McCrory, when your

² Carolina Rising, Solicitation License Application, Charitable or Sponsor Organization, North Carolina Department of the Secretary of State, Line 16, filed August 14, 2015 (attached as Exhibit A). It is not clear if Carolina Rising has applied for tax-exempt status, but it acknowledged in August 2015 it had not been granted status. *Id.*, Line 15.

³ Carolina Rising, 2014 Form 990, Part I, Line 1 and Part III, Line 1 (attached as Exhibit B).

⁴ *Id.*, Part VII.

⁵ Bipartisanship and the Political Divide in the U.S., *C-SPAN*, December 16, 2014, available at <http://www.c-span.org/video/?323327-4/washington-journal-brad-dallas-woodhouse>.

⁶ Carrie Levine, Election Ads Were About Issues, Says ‘Carolina Rising’ Chief, *Center for Public Integrity*, November 26, 2014, available at <http://www.publicintegrity.org/2014/11/26/16328/election-ads-were-about-issues-says-carolina-rising-chief>.

⁷ *Id.*

⁸ Colin Campbell, Dallas Woodhouse to Lead NC Republican Party, *Charlotte News and Observer*, September 27, 2015, available at <http://www.newsobserver.com/news/politics-government/politics-columns-blogs/under-the-dome/article36739650.html>. Although Mr. Woodhouse is still listed as Carolina Rising’s president and founder on its website, his current and future roles are unclear. Carolina Rising website, “About” page, available at <http://carolinarising.org/about/>; Woodhouse: Looking Forward to Defeating Roy Cooper, *Jones & Blount*, September 27, 2015, available at <http://jonesandblount.com/2015/09/27/woodhouse-looking-forward-to-defeating-roy-cooper/> (citing Mr. Woodhouse saying he would make the transition to the new position over the next week).

⁹ Press Release, Carolina Rising, Carolina Rising Releases Statewide, “A Little Brighter,” Back to School Advertising Campaign, August 14, 2014, available at <http://carolinarising.org/carolina-rising-releases-statewide-a-little-brighter-back-to-school-advertising-campaign/>.

kids go back to school this year, they're future just got a little brighter.”¹⁰ The ad did not ask viewers to take any action related to legislation or public policy.

Carolina Rising ran a second advertisement lauding then-Speaker Tillis on North Carolina broadcast and cable television between September 12 and 19.¹¹ According to disclosure reports the group filed with the FEC, Carolina Rising spent \$1,263,404 broadcasting this ad.¹² In the advertisement, a teacher said claims of massive school budget cuts were “incorrect,” and instead “thanks to the leadership of Governor McCrory and Speaker Thom Tillis,” North Carolina had increased public school funding by a billion dollars.¹³ The ad concluded with the teacher stating “for North Carolina schools, the governor and Speaker Thom Tillis deserve high marks.”¹⁴ This ad also did not ask viewers to take any action related to legislation or public policy.

Carolina Rising spent another \$1,916,222 between September 24 and October 5 to broadcast two similar ads hailing then-Speaker Tillis for his efforts to pass autism insurance legislation.¹⁵ In these ads, a couple with an autistic child paid tribute to then-Speaker Tillis, saying he “saw a need” to require insurance companies to cover autism therapy “and he fought for it.”¹⁶ Using “b-roll” video of then-Speaker Tillis provided by his Senate campaign,¹⁷ the ad then states “Thom Tillis has taken the politics and big insurance to the side and tried to do the right thing by for the families of North Carolina.”¹⁸ In one version, the ad concluded with father of the child saying, “Thom Tillis has clearly shown that he’ll fight for people like us.”¹⁹ The ads asked viewers to call then-Speaker Tillis and thank him.²⁰ It failed, however, to mention the bill then-Speaker Tillis purportedly fought for never passed or that no vote was scheduled on the legislation.²¹

¹⁰ *Id.*

¹¹ See <http://docquery.fec.gov/cgi-bin/fecimg/?C30002273> (FEC reports of Carolina Rising electioneering communications); Press Release, Carolina Rising, *17 Year Veteran Public School Teacher Featured In, New “Better Schools Ad”*, September 12, 2014, available at <http://carolinarising.org/17-year-veteran-public-school-teacher-featured-in-new-better-schools-ad/>.

¹² *Id.* The Federal Election Campaign Act requires any person spending more than \$10,000 in a year to produce and air “electioneering communications” to promptly report that spending to the FEC. 52 U.S.C. § 30104(f)(1). An electioneering communication is any broadcast, cable, or satellite communications that refers to a clearly identified candidate for federal office, is publicly distributed within 60 days of a general election for the office, and is targeted to the relevant electorate. 52 U.S.C. § 30104(f)(3). This ad had to be reported to the FEC because it ran within 60 days of the November 4, 2014 Senate election, but Carolina Rising’s August advertisement was broadcast just outside the window and thus did not have to be disclosed to the FEC.

¹³ See <https://www.youtube.com/watch?v=KLt4YXY8g7o>.

¹⁴ *Id.*

¹⁵ See <http://docquery.fec.gov/cgi-bin/fecimg/?C30002273>; Press Release, Carolina Rising, *Speaker Thom Tillis Fights for Samuel*, September 24, 2014, available at <http://carolinarising.org/speaker-thom-tillis-fights-for-samuel/>.

¹⁶ See <https://www.youtube.com/watch?v=f9vdkQAxfoU>.

¹⁷ Mark Brinker, *New Ad Emphasizes Tillis’ Work on Autism Despite Bill’s Failure*, WRAL, September 23, 2014, available at <http://www.wral.com/new-ad-emphasizes-tillis-work-on-autism/14008389/>.

¹⁸ See <https://www.youtube.com/watch?v=f9vdkQAxfoU>.

¹⁹ See <https://www.youtube.com/watch?v=Jp4dw2QBxEo>.

²⁰ *Id.*

²¹ Brinker, WRAL, Sept. 23, 2014.

Asked about the ads after the election, Carolina Rising president Woodhouse claimed: “Those are issue ads. Those are not political ads.”²² In a moment of candor, however, Mr. Woodhouse admitted that the true purpose of the advertisements Carolina Rising spent \$4.7 million to broadcast was to help elect Sen. Tillis. At Sen. Tillis’s election night party, a reporter for a North Carolina television station interviewed Mr. Woodhouse, which began with the following exchange:

Reporter: “Well people here are very excited about this big win tonight. And actually I’m joined by Dallas Woodhouse, who is with Carolina Rising. You just mentioned you spent a whole lot of money to get this man elected, right?”

Mr. Woodhouse: “4.7 million dollars. We did it . . .”²³

This statement is consistent with another comment Mr. Woodhouse made about the “autism coverage” ads before the election. In an interview on MSNBC about the race between then-Speaker Tillis and then-Sen. Kay Hagan (D-NC), Mr. Woodhouse made clear the millions Carolina Rising spent on the ads were part of the effort to help then-Speaker Tillis win:

Thom Tillis is actually in a pretty good position. He was never going to leave [sic] this race until the very end. I think he can still win this. Senator Hagan can still win this. We put a new television ad on this week, we put \$2 million behind it to talk about his work to pass through the North Carolina House a requirement that the insurance companies cover children therapies for children with autism. I think the speaker is in good shape.²⁴

Accordingly, Mr. Woodhouse has admitted the purpose of the ads was to support then-Speaker Tillis’s campaign for Senate.

Political Activity and Private Benefit Under Section 501(c)(4)

Section 501(c)(4) provides tax-exempt status to organizations “not organized for profit but operated exclusively for the promotion of social welfare.”²⁵ IRS regulations interpret the statute to mean a section 501(c)(4) organization must be “primarily engaged in promoting in some way the common good and general welfare of the people of the community.”²⁶ The regulations further provide “direct or indirect participation or intervention in political campaigns

²² Levine, *Center for Public Integrity*, Nov. 26, 2014.

²³ See <https://www.youtube.com/watch?v=StFwqGXQvEM> (emphasis added).

²⁴ Transcript, Up With Steve Kornacki, *MSNBC*, September 27, 2014, available at http://www.nbcnews.com/id/56141801/ns/msnbc-rachel_maddow_show/t/steve-kornacki-saturday-september-th/.

²⁵ 26 U.S.C. § 501(c)(4).

²⁶ Treas. Reg. § 1.501(c)(4)-1(a)(2)(i). By allowing section 501(c)(4) organizations to be only “primarily” engaged in social welfare, the regulation misinterprets the plain meaning of the word “exclusively” in the statute. This complaint analyzes Carolina Rising’s conduct using the “primarily” standard. Under a correct interpretation of the statute, Carolina Rising’s political spending unquestionably would violate its tax-exempt status.

on behalf of or in opposition to any candidate for public office” does not promote social welfare.²⁷

Advertisements and other communications that support a candidate but stop short of expressly advocating the candidate’s election can constitute political campaign intervention. In Revenue Ruling 2007-41, the IRS promulgated guidance on the distinction between issue advocacy and political campaign intervention. The IRS takes into consideration all the facts and circumstances of a particular communication and identified the key factors as: (1) whether the statement identifies one or more candidates; (2) whether the statement expresses approval or disapproval for a candidate’s position; (3) whether the statement is delivered close to an election; (4) whether the statement makes reference to voting or an election; (5) whether the issue addressed has been raised as an issue distinguishing candidates for an office; (6) whether the communication is part of an ongoing series of communications by the organization on the issue that are made independent of the timing of any election; and (7) whether the timing of the communication is related to a non-electoral event such as a scheduled vote on specific legislation by an officeholder running in an election.

As discussed above, Carolina Rising’s president admitted the purpose of the group’s advertisements was to help Sen. Tillis get elected. Mr. Woodhouse’s assertions are confirmed by the application of IRS guidance to the ads. Even though they stop short of explicitly advocating Sen. Tillis’s election, the ads still constitute political campaign intervention. All of advertisements mentioned then-Speaker Tillis by name, expressed approval of his position, were broadcast close to an election, and were not part of an ongoing series of communications. Moreover, their timing was not related to a non-electoral event such as a scheduled vote. To the contrary, the ads did not have any relationship to a vote. The first two ads did not even claim to be related to legislative action. Rather, they simply hailed and thanked then-Speaker Tillis for his accomplishments, a transparent attempt to burnish his image with voters in the midst of the campaign. The fact that the ads also thanked Gov. McCrory does not diminish their political nature. The timing and content of the advertisements indicate their main purpose was to influence voters in then-Speaker Tillis’s election.

The “autism coverage” ads, while ostensibly related to a legislative issue, in fact did not have a relationship to any action then-Speaker Tillis could have taken. At the time, then-Speaker Tillis was a member of the North Carolina House of Representatives, which adjourned for the year on August 20, 2014, a month before the ads started running.²⁸ As a result, there could not have been votes on any issue before the election. Nor could the ads have been an attempt to influence then-Speaker Tillis in future state legislative sessions as he had announced in May 2013 he was not running for another term.²⁹

²⁷ Treas. Reg. § 1.501(c)(4)-1(a)(2)(ii).

²⁸ See <http://www.ncleg.net/gascripts/Help/KnowledgeBase/viewItem.pl?nID=35>.

²⁹ Dan Way, *Renewable Energy Mandate Untouched for Now*, *Carolina Journal Online*, May 28, 2013, available at http://www.carolinajournal.com/exclusives/display_exclusive.html?id=10194.

Political activity in support of a candidate for office also does not promote social welfare because it benefits the private interests of the candidate. An organization can qualify as exempt under section 501(c)(4) only if its activities primarily benefit “the community as a whole,” rather than particular individuals or groups. *Commissioner v. Lake Forest, Inc.*, 305 F.2d 814, 818-19 (4th Cir. 1962); *Mutual Aid Assoc. of Church of the Brethren v. United States*, 759 F.2d 792, 795 (10th Cir. 1985); *Contracting Plumbers Coop. Restoration Corp. v. United States*, 488 F.2d 684, 687 (2d Cir. 1973); Priv. Ltr. Rul. 201221025; Priv. Ltr. Rul. 201128035. A section 501(c)(4) organization must be “a community movement designed to accomplish community ends.” *Erie Endowment v. United States*, 316 F.2d at 151, 156 (3d Cir. 1963); Priv. Ltr. Rul. 201403020. Even if an organization provides some benefit to the community, it cannot be exempt under section 501(c)(4) if it is primarily operated to benefit private interests. *Contracting Plumbers Coop. Restoration Corp.*, 488 F.2d at 687; Priv. Ltr. Rul. 201403020; Priv. Ltr. Rul. 201221025. As a result, for the same reasons that Carolina Rising’s advertisements constitute political campaign intervention, they also benefitted Sen. Tillis’s private political interest, not the interests of the community as a whole.

Carolina Rising’s Representations to the IRS

As a section 501(c)(4) tax-exempt organization, Carolina Rising is required to file annual Form 990 tax returns. Tax-exempt organizations engaged in any “direct or indirect political campaign activities on behalf of or in opposition to candidates for public office” must both acknowledge conducting these activities on their tax returns and file a Schedule C describing the political activities and disclosing the amount spent on them.³⁰ “Political campaign activities” are defined as “[a]ll activities that support or oppose candidates for elective federal, state, or local public office.”³¹ As discussed above, all of Carolina Rising’s advertisements supporting Sen. Tillis were political campaign activity.

Carolina Rising filed its 2014 Form 990 tax return, covering the period from March 25, 2014 to December 31, 2014, on August 12, 2015.³² Mr. Woodhouse signed the tax return under penalty of perjury.³³ On the tax return, Mr. Woodhouse and Carolina Rising answered “no” to the question: “Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office?”³⁴ Carolina Rising also did not submit a Schedule C.

Carolina Rising reported spending a total of \$4,799,344 in 2014.³⁵ Of that amount, Carolina Rising and Mr. Woodhouse said \$4,684,247 was spent on “educating citizens about North Carolina tax reform and other state economic development issues.”³⁶ As discussed above,

³⁰ Form 990, Part IV, Question 3; 2014 Instructions for Form 990, at 12; 2014 Instructions for Schedule C, at 1, 3.

³¹ 2014 Instructions for Form 990, at 64.

³² Carolina Rising, 2014 Form 990, Part II.

³³ *Id.*

³⁴ *Id.*, Part IV, Question 3.

³⁵ *Id.*, Part I, Line 18.

³⁶ *Id.*, Part III, Line 4a.

however, Mr. Woodhouse admitted the purpose of the ads was to help then-Speaker Tillis get elected to the Senate, and the advertisements are demonstrably political under tax law and IRS guidance.

Violations

26 U.S.C. § 501(c)(4)

Even under the IRS's interpretation of the tax code, a section 501(c)(4) organization must be primarily engaged in promoting social welfare, which does not include "direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office."³⁷ Based on its FEC reports and the amount it said it spent on the advertisement that ran in August, Carolina Rising spent approximately \$4,680,000 on political campaign activity in 2014. That amount equals approximately 97.5 percent of the \$4,799,344 it spent on all activities. As a result, Carolina Rising appears to be blatantly violating its tax-exempt status. Even if only the \$3,179,626 the group reported to the FEC that it spent on electioneering communications is counted, Carolina Rising spent more than 66.2 percent of its expenditures on political activity and still appears to be violating its tax-exempt status.

26 U.S.C. § 6652

Under the Code, a tax-exempt organization that, without reasonable cause, fails to include any of the information required on a Form 990 tax return or fails to provide the correct information, is liable for civil penalties.³⁸ By failing to accurately report the amount it spent on political campaign activities on its 2014 Form 990, Carolina Rising appears to have violated 26 U.S.C. § 6652 and should be subject to monetary penalties.

26 U.S.C. § 7206

Under the Code, any person who "[w]illfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and which he does not believe to be true and correct as to every material matter," is guilty of a felony and subject to up to three years in prison and a fine of up to \$100,000.³⁹ The money spent on political campaign activities a tax-exempt organization reports to the IRS on its Schedule C is material for several reasons, including: (1) the amounts reported can be used by the IRS to determine whether the organization is complying with its tax-exempt status; (2) the amount an organization expended on section 527 exempt activities in part determines exempt function taxes the organization must pay;⁴⁰ and (3) accurate public disclosure

³⁷ Treas. Reg. § 1.501(c)(4)-1(a)(2)(ii).

³⁸ 26 U.S.C. §§ 6652(c)(1)(A)(ii), 6652(c)(4); *see also* 2012 Instructions for Form 990, at 7.

³⁹ 26 U.S.C. § 7206(1).

⁴⁰ 26 U.S.C. § 527(f)(1).

of the amount of political activity conducted by tax-exempt organizations is critical to the objective of transparency that underlies the reporting required on Form 990.⁴¹

Carolina Rising's 2014 Form 990 was signed by Mr. Woodhouse under written declarations that each was made under penalty of perjury, and that Mr. Woodhouse had examined the returns and each was true, correct, and complete to the best of his knowledge.⁴² The tax returns, however, appear to be false and incorrect as to the material matter of the amount Carolina Rising spent on political campaign activities in 2014.

Mr. Woodhouse and Carolina Rising's representations appear to be willful. Mr. Woodhouse admitted in the election night interview that the purpose of the \$4.7 million Carolina Rising spent on advertisements was to help Sen. Tillis get elected, and similarly made clear the purpose of the "autism treatment" ad was political. Mr. Woodhouse further acknowledged that Carolina Rising's broad purpose is to aid Republicans. As a result, his representation that Carolina Rising spent nothing at all on political activity appears to be willfully false.

18 U.S.C. § 1001

Federal law further prohibits anyone from "knowingly and willfully" making "any materially false, fictitious, or fraudulent statement or representation" in any matter within the jurisdiction of the executive, legislative, or judicial branch.⁴³ Violations are punishable by up to five years in prison.⁴⁴ By falsely stating the amount of political campaign activity on the 2014 Form 990, Mr. Woodhouse and Carolina Rising appear to have violated 18 U.S.C. § 1001.

Conclusion

Based on the publicly available information, Carolina Rising's activities do not comport with its claimed status as a section 501(c)(4) tax-exempt organization. Therefore, the IRS should investigate Carolina Rising and, should it find that Carolina Rising has violated its tax-exempt status, take appropriate action, which may include revoking its section 501(c)(4) status, imposing any applicable excise taxes under section 4958 for excess benefit transactions, and treating Carolina Rising as a taxable corporation or a section 527 political organization. Further, it appears Carolina Rising and Mr. Woodhouse intentionally omitted approximately \$4.7 million in spending on political activity from Carolina Rising's 2014 tax return. The IRS also should investigate Carolina Rising and Mr. Woodhouse and, should it find they made false or incomplete statements on Carolina Rising's tax return, take appropriate action.

Carolina Rising was one of the first and most active of a new kind of entity – a purported section 501(c)(4) social welfare organization that actually is operated almost entirely for the

⁴¹ IRS, Background Paper, Summary of Form 990 Redesign Process, August 19, 2008, at 1.

⁴² Carolina Rising, 2014 Form 990, Part II.

⁴³ 18 U.S.C. § 1001(a)(2).

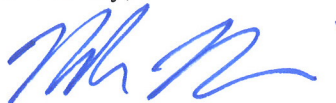
⁴⁴ *Id.*

Hon. John A. Koskinen
October 20, 2015
Page 9

political advancement and private benefit of a single candidate. These groups provide a vehicle for donors to make unlimited but secret contributions that benefit the political prospects of a targeted candidate or public official. While the public is kept in the dark, the candidate or official almost certainly knows who made the often-large contributions. The IRS must take forceful action to enforce the law and stop Carolina Rising from abusing its tax-exempt status and to prevent other organizations from following Carolina Rising's lead.

Thank you for your prompt attention to this matter.

Sincerely,



Noah Bookbinder
Executive Director
Citizens for Responsibility and Ethics in Washington

Encls.

cc: IRS-EO Classification

EXHIBIT A

North Carolina Department of the Secretary of State

Charitable Solicitation Licensing Division

PO Box 29622

Raleigh, NC 27626-0622

Phone: 919-807-2214 NC only Toll Free: 1-888-830-4989 Email: csi@sosnc.com Website: www.sosnc.com

Solicitation License Application

Charitable or Sponsor Organization

REVISED June 1, 2014

If applicant received less than \$25,000 in N.C.G.S. §131F-2(5) contributions in immediate preceding fiscal year and does not compensate any officer, trustee, organizer, incorporator, fundraiser, or solicitor, applicant may be eligible for exemption and may file "Request for Exemption Under 131F-3(3)" and submit supporting documentation. This Form is available at <http://www.secretary.state.nc.us/csl/Download.aspx> and may be filed in lieu of the application.

1. Check appropriate box: Initial Application Renewal Application

2. N.C. Charitable Solicitation License Number: SL009021 (renewal applicants only)

3. Legal Name of Applicant Organization: Carolina Rising, Inc.

4. Principal Street Address: 7474 Creedmoor Road, #175

5. City: Raleigh State: North Carolina Zip Code: 27613

6. Mailing address (may not be third party filer): 7474 Creedmoor Road, #175, Raleigh, North Carolina 27613

7. Telephone number: (919) 671-1050

8. Email address (may not be third party filer): dallashwoodhouse@gmail.com

9. Applicant's Website: www.carolinarising.org

10. List all other NC locations: N/A

Street address(es): _____

Telephone number(s): _____

11. Charitable purpose for which applicant is organized: The Corporation is organized for the purpose of promoting social welfare by (a) publicly advocating in favor of limited government and low taxation; and (b) promoting policies to improve North Carolina's economy and the education of its citizens.

12. Charitable purpose for which solicited contributions will be used: Solicited contributions will be used to engage in any and all lawful activities that are appropriate to carry out and fulfill the purpose of the Corporation.

13. Major program activities of applicant: Web and social media campaigns, TV and radio campaigns, robocalls and other advertising campaigns.

14. Applicant's Fiscal Year End Date: (month/day) December 31

15. Has applicant received a federal tax exemption determination letter? Yes No

IRS Tax Exemption Code: IRC 501(c)(4) (e.g. 501(c)(3) or other code included on IRS Tax Exempt Determination letter)

If yes, applicant must provide a copy of their "IRS Tax Exempt Determination" letter to the Department with this application or upon receipt to obtain a tax exempt license. Once submitted, the Department will keep the applicant's letter on file.

16. Applicant's State of Establishment: North Carolina Applicant's Date of Establishment: March 25, 2014

For non-NC corporations: Provide either of the following to verify the applicant's current legal existence:

1. Certificate of Existence or Certificate of Good Standing from state of incorporation dated no more than six months prior to date of signing of application, or
2. Actual webpage screenshot found on a publicly accessible regulatory authority website dated no more than thirty (30) days prior to the date the license application was signed that includes the following elements:
 - Exact name of the entity as it appears on the license application; and
 - Language clearly verifying its status as a corporation in good standing in the state of incorporation (i.e. "current" or "active"); and
 - Date the information was printed on the face of the document.

For non incorporated applicants: Copy of stamped certificate of "doing business as" or "assumed name" filed with local Register of Deeds must be filed with application.

The following items **MUST** be included with your application package: **PLEASE ATTACH**

17. List of all names used by applicant in the solicitation of contributions. All names must be legally registered and documentation of legal registration of all names in state where registered must be filed with application. Carolina Rising, Inc. is the only name

18. List of all states where applicant is authorized to solicit contributions. North Carolina

19. List of names and street addresses of directors, officers, trustees, and salaried executive personnel for current fiscal year. (The applicant's street address may be used.) See attachment.

20. List of names of individuals or officers in charge of any solicitation activities. See attachment.

21. List of names, street addresses, and telephone numbers of individuals or officers who have final responsibility for custody and/or final distribution of contributions. See attachment.

22. Name, street address, and telephone number of individual who has custody of applicant's financial records (if applicant does not maintain an office in North Carolina). N/A

23. **Financial Information:** Include with the application at least one of the following documents with financial information for the immediate preceding fiscal year. Check all documents that are included with this application.

IRS Form 990 or 990-EZ (with dated signature of authorized official) Audited Financial Statement NC Annual Financial Report Form

Note: Schedule A is required with the Form 990

(available at www.secretary.state.nc.us/csl/Download.aspx)

Note: IRS e-postcard (Form 990-N) is not sufficient to satisfy the financial information requirement.

For newly established applicants with no financial history, a proposed budget for the current fiscal year including projected revenues and expenses must be submitted.

24. **Contract(s) Information:** Does applicant intend to enter into, presently have, or had within the last 12 month period a contract(s) with any person who qualifies as a fundraising consultant, solicitor, or coventurer?

Yes, intend to enter or presently have Yes, had an active contract within the last 12 months No

If yes, for EACH applicable Contractual Agreement or active contract within the last 12 months, attach a completed NC Fundraising Disclosure Form. (available at www.secretary.state.nc.us/csl/Download.aspx)

25. **Consolidated Application Information:** Is applicant applying as a parent organization for one or more subordinate organization(s) (chapter, branch, member or affiliate) located in North Carolina?

Yes. No.

If yes, attach a list of applicant's subordinate organization(s), include for each subordinate: (1) organization's full legal name, (2) for non-incorporated applicants, copy of stamped certificate of "doing business as" or "assumed name" filed with local Register of Deeds, (3) address for each NC location, (4) contact person for each NC location, and (5) telephone number for each NC location.

If yes, attach appropriate parent and subordinate organization(s) financial information in accordance with instructions in Question 23.

26. **Federated Fundraising Organization Information:** Is applicant a United Way, United Arts Fund, community chest, or other federation of independent charitable organizations which have voluntarily joined together for the purpose of raising and distributing contributions and where membership does not confer operating authority and control of the individual group organization upon the federated group organization?

Yes. No.

If yes, attach a list of applicant's member agencies that complies with the following requirements:

A. For each NC member agency exempt from license requirements, the agency name, why the agency is exempt (a statutory cite is sufficient), and the amount allocated by the applicant to the member agency during the immediate preceding fiscal year.

B. For each NC member agency subject to license requirements, provide the agency's charitable solicitation license number assigned by the Department, the agency name, the agency address, the name of the executive in charge of the member agency, the agency telephone number, and the amount allocated by the applicant to the licensed member agency during the immediate preceding fiscal year.

27. Does applicant compensate (in any capacity) any officer, trustee, organizer, or incorporator?

Yes. No.

28. Has applicant or any of its officers, directors, trustees, or salaried executive personnel been enjoined from soliciting contributions in any jurisdiction? Yes. No. If Yes, attach an explanatory statement.

29. Has applicant or any of its officers, directors, trustees, or salaried executive personnel been found to have engaged in unlawful practices in the solicitation of contributions or the administration of charitable assets in any jurisdiction?

Yes. No.

If Yes, attach an explanatory statement.

30. Has applicant had its authority denied, suspended, or revoked by any governmental agency?

Yes. No.

If yes, attach an explanatory statement including the reason(s) for each denial, suspension, or revocation.

31. Has applicant entered into any assurance of voluntary compliance or similar agreement in any jurisdiction?

Yes. No.

If yes, attach one (1) copy of each agreement.

32. Calculation of License Fee:

Amount of N.C.G.S. §131F-2(5) contributions received in immediate preceding fiscal year: \$ 4,880,000.00

If applicant received less than \$5,000, there is no license fee.

If applicant is required to have a license and received \$5,000 but less than \$100,000 in immediate preceding fiscal year: **\$50.00**

If applicant received more than \$100,000, but less than \$200,000 in immediate preceding fiscal year: **\$100.00**

If applicant received more than \$200,000 in immediate preceding fiscal year: **\$200.00**

Calculated license fee amount: \$ 200.00

Calculation of Late Fee: \$25.00 per month following expiration of last license or extension calculated on the fifteenth day of each month past the due date. + \$

Total fee amount attached to this application: \$ 200.00

MAKE CHECK PAYABLE TO: NORTH CAROLINA DEPARTMENT OF THE SECRETARY OF STATE

33. APPLICANT SIGNATURE: To be signed in the presence of a Notary Public who has administered the following oath:

I swear or affirm that I am the **Treasurer or Chief Fiscal Officer (CFO)** of the applicant charitable or sponsor organization, and that the information furnished in this application and all supplemental forms, reports, documents, and attachments are true and correct to the best of my knowledge under penalty of perjury.

Signature: *Dallas H. Woodhouse*

Signer's Name (Print): Dallas H. Woodhouse

Signer's Title (Print): Treasurer

NOTARIZATION:

In County Wake State North Carolina

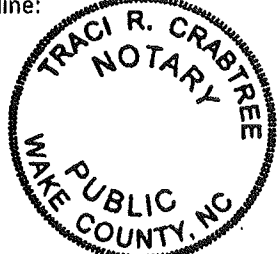
Sworn to and subscribed before me this the 14th day of August in the year of 2015

Notary Public's Signature: *Traci R. Crabtree*

Notary Public's Name (Print): Traci R. Crabtree

Date Notary Public's Commission Expires: 05-31-2020

Please place notary stamp or seal imprint beside or below this line:



34. Third Party Filer Contact Information (optional):

Name: _____ Telephone Number: _____

Email address: _____

EXHIBIT B

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

2014

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Do not enter social security numbers on this form as it may be made public.

Information about Form 990 and its instructions is at www.irs.gov/form990.

A For the 2014 calendar year, or tax year beginning MAR 25, 2014 and ending DEC 31, 2014

B Check if applicable: C Name of organization: CAROLINA RISING, INC. D Employer identification number: Privacy Reduction E Telephone: (919) 671-1050 G Gross receipts \$: 4,880,001. H(a) Is this a group return for subordinates? H(b) Are all subordinates included? I Tax-exempt status: 501(c)(3) 501(c)(4) J Website: CAROLINARISING.ORG K Form of organization: Corporation L Year of formation: 2014 M State of legal domicile: NC

Part I Summary

Table with 4 columns: Description, Prior Year, Current Year, and Net Assets or Fund Balances. Rows include: 1 Briefly describe the organization's mission... 2 Check this box... 3-7a Activities & Governance 8-12 Revenue 13-19 Expenses 20-22 Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer: Dallas H. Woodhouse, President, Treasurer. Date: 08/12/15. Preparer: C. Thomas Turner, CPA, Heroux & Company, LLP. Firm's address: 4700 Falls of Neuse Road, Suite 110, Raleigh, NC 27609. Phone no. 919-788-9570.

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [] No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission: PROMOTE LIMITED GOVERNMENT, LOW TAXATION, AND A THRIVING ECONOMY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 4,684,247. including grants of \$) (Revenue \$ 4,820,000.) THE ORGANIZATION HAS PROMOTED SOUND PUBLIC POLICIES AND INDIVIDUAL FREEDOMS, EDUCATING CITIZENS ABOUT NORTH CAROLINA TAX REFORM AND OTHER STATE ECONOMIC DEVELOPMENT ISSUES.

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 4,684,247.

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>		X
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>		X
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>		X
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a	Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b	<i>If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?</i>		

Part IV Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J		X
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If "Yes," complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV	X	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1		X
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?		
	Note. All Form 990 filers are required to complete Schedule O	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
3b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	X	
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	X	
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		
d	If "Yes," indicate the number of Forms 8282 filed during the year		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8 Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?			
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the sponsoring organization make any taxable distributions under section 4966?		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
10 Section 501(c)(7) organizations. Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
11 Section 501(c)(12) organizations. Enter:			
a	Gross income from members or shareholders		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
c	Enter the amount of reserves on hand		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 10, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.	3	
1b	Enter the number of voting members included in line 1a, above, who are independent	2	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
10b			
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
12c		X	
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official		X
b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		X
15b			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		
16b			

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed **NC**
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20 State the name, address, and telephone number of the person who possesses the organization's books and records: **HEROUX & COMPANY, LLP (C. THOMAS TURNER CPA) - (919) 788-9570**
4700 FALLS OF NEUSE ROAD, SUITE 110, RALEIGH, NC 27609

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a			
	b Membership dues	1b			
	c Fundraising events	1c			
	d Related organizations	1d			
	e Government grants (contributions)	1e			
	f All other contributions, gifts, grants, and similar amounts not included above	1f 4,880,000.			
	g Noncash contributions included in lines 1a-1f: \$				
	h Total. Add lines 1a-1f	4,880,000.			
Program Service Revenue	2 a _____	Business Code			
	b _____				
	c _____				
	d _____				
	e _____				
	f All other program service revenue				
	g Total. Add lines 2a-2f				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		1.		1.
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties				
	6 a Gross rents	(i) Real (ii) Personal			
	b Less: rental expenses				
	c Rental income or (loss)				
	d Net rental income or (loss)				
	7 a Gross amount from sales of assets other than inventory	(i) Securities (ii) Other			
	b Less: cost or other basis and sales expenses				
	c Gain or (loss)				
	d Net gain or (loss)				
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a			
	b Less: direct expenses	b			
	c Net income or (loss) from fundraising events				
	9 a Gross income from gaming activities. See Part IV, line 19	a			
	b Less: direct expenses	b			
	c Net income or (loss) from gaming activities				
10 a Gross sales of inventory, less returns and allowances	a				
b Less: cost of goods sold	b				
c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code			
11 a _____					
b _____					
c _____					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total revenue. See instructions.	4,880,001.	0.	0.	1.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management	72,000.		72,000.	
b Legal	17,505.		17,505.	
c Accounting	2,923.		2,923.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	4,666,314.	4,666,076.	238.	
12 Advertising and promotion	757.	757.		
13 Office expenses	180.		180.	
14 Information technology	34,577.	17,414.	17,163.	
15 Royalties				
16 Occupancy	5,084.		5,084.	
17 Travel	4.		4.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a				
b				
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	4,799,344.	4,684,247.	115,097.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	0.	1	80,657.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a		
	b	Less: accumulated depreciation	10b	10c	
	11	Investments - publicly traded securities		11	
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11		15	
16	Total assets. Add lines 1 through 15 (must equal line 34)	0.	16	80,657.	
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26	Total liabilities. Add lines 17 through 25	0.	26	0.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		27	
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds	0.	30	0.
	31	Paid-in or capital surplus, or land, building, or equipment fund	0.	31	0.
	32	Retained earnings, endowment, accumulated income, or other funds	0.	32	80,657.
33	Total net assets or fund balances	0.	33	80,657.	
34	Total liabilities and net assets/fund balances	0.	34	80,657.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,880,001.
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,799,344.
3	Revenue less expenses. Subtract line 2 from line 1	3	80,657.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	0.
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	80,657.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2b	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.		X
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____		

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Name of the organization

Privacy Redaction

CAROLINA RISING, INC.

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(4) (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2014)

Name of organization

Employer identification number

CAROLINA RISING, INC.

Privacy Redaction

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1		\$ 4,820,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2		\$ 60,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization

Employer identification number

CAROLINA RISING, INC.

Privacy Reduction

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

Name of organization

Employer identification number

CAROLINA RISING, INC.

Privacy Reduction

Part III Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) \$ _____
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

SCHEDULE L

(Form 990 or 990-EZ)

Transactions With Interested Persons

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b. Attach to Form 990 or Form 990-EZ. Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2014

Open To Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization

CAROLINA RISING, INC.

Privacy Redaction

Part I Excess Benefit Transactions (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization?, (e) Original principal amount, (f) Balance due, (g) In default?, (h) Approved by board or committee?, (i) Written agreement?

Total \$

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
DALLAS H. WOODHOUSE	DALLAS H. WOODHOUSE	72,000.	CAROLINA RI		X

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions).

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: DALLAS H. WOODHOUSE

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

DALLAS H. WOODHOUSE IS THE SOLE OWNER OF SOLUTIONS NC, INC.

(D) DESCRIPTION OF TRANSACTION: CAROLINA RISING, INC. PAID SOLUTIONS NC, INC. FOR MANAGEMENT SERVICES.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

2014

Open to Public

Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/foia

Name of the organization

CAROLINA RISING, INC.

Privacy Redaction

Privacy Redaction

FORM 990, PART VI, SECTION B, LINE 11:

A COPY OF THIS FORM 990 HAS BEEN PROVIDED TO ALL MEMBERS OF ITS GOVERNING
BODY PRIOR TO FILING VIA EMAIL OR DIRECT MAIL.

FORM 990, PART VI, SECTION B, LINE 12C:

DIRECTORS ARE REMINDED AT BOARD MEETINGS TO REPORT ANY INCOME OR ACTIVITY
THAT MAY BE CONSIDERED A CONFLICT OF INTEREST.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST
POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC DURING THE TAX
YEAR BY WRITTEN REQUEST TO: CAROLINA RISING, INC., 7474 CREEDMOOR ROAD,
#175, RALEIGH, NC 27613. A NOMINAL FEE MAY BE CHARGED FOR COPYING AND
MAILING.

FORM 990, PART IX, LINE 11G, OTHER FEES:

GENERAL COMMUNICATIONS SUPPORT:

PROGRAM SERVICE EXPENSES	5,950.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	5,950.

VIDEOGRAPHY AND PRODUCTION COSTS:

PROGRAM SERVICE EXPENSES	4,461.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2014)