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By Monica Gianni

Although limited liability companies ("LLCs") have become prevalent in the for-profit world, the use of LLCs by the nonprofit community has moved at a slower pace. In fact, the state of the law is at best unsettled regarding whether LLCs themselves can be organizations exempt from federal income tax, and the IRS has recognized that at this time it "has more questions than answers regarding LLCs as [exempt charitable] organizations."[1] For example, two provisions in the "check-the-box" regulations seemingly conflict with each other in the case of a single-member LLC. The regulations treat eligible entities that are exempt organizations as corporations[2] yet also provide that a single-member LLC may be disregarded.[3] As a result of this and related issues, the IRS has determined that it presently will not issue letter rulings involving a disregarded LLC that has as its sole member an exempt organization.[4] Further, all exemption applications in which the applicant is an LLC are forwarded to the National Office for processing.[5]

The use of LLCs by exempt organizations is not, however, stymied as a result of the uncertain treatment of LLCs as exempt organizations. An exempt organization can still be a member of a nonexempt LLC that executes activities related to the exempt organization's purpose. The IRS approved the use of LLCs by an exempt organization that was categorized as a private operating foundation ("POF") in IRS Letter Ruling 9834033. In this ruling, the IRS looked at whether disbursements related to an LLC that had a POF member could be considered direct qualifying distributions of the POF and ruled that an LLC can be used to meet the direct

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qualifying distribution requirement in two different ways. First, the disbursements of an LLC can be direct qualifying distributions of its members under an aggregate approach to partnership taxation. Second, a POF's capital contribution to an LLC can be a program-related investment ("PRI") that is a direct qualifying distribution.

This ruling is extremely significant for practitioners in the exempt organization area, as it is the first authority that addresses the issue of direct qualifying distributions when a POF is a member of an LLC. The ruling also is very important for practitioners working with passthrough entities, as the ruling expands the opportunities available for using LLCs in program implementation of POFs and other exempt organizations. This article discusses how the IRS's analysis of a POF using an LLC in LTR 9834033 indicates the IRS's approach to LLCs with exempt organization members.

In LTR 9834033, the IRS held that the investment in the LLC was a PRI that was itself a direct qualifying distribution.

LTR 9834033

LTR 9834033 involved a POF that provided long-term care to children primarily through foster homes. The POF and an unrelated public charity created an LLC to operate a family support center, and each organization held a 50-percent capital-and-profits interest in the LLC, which was treated for federal tax purposes as a partnership. The POF had a large number of employees, including 135 social workers, and the POF was actively involved in the LLC's programs. The LLC was actively engaged in providing family services both through its own employees and through the participation of other organizations that would conduct treatment of families. When other organizations provided such treatment, the LLC nevertheless would remain involved through participation in the design of the program and monitoring.

Private Operating Foundations

Before analyzing the IRS's holding in LTR 9834033, a general understanding of POFs is required. A POF is a special type of organization that is exempt from federal income tax under Code Sec. 501(c)(3). As a Code Sec. 501(c)(3) organization, a POF must be organized and operated exclusively for religious, charitable, scientific, educational or similar purposes, and no part of its net earnings can inure to the benefit of any private shareholder or individual. Code Sec. 501(c)(3) organizations are either public charities, if they receive a certain amount of minimum support from the public, or otherwise are private foundations.[6] Private foundations are subject to more restrictive rules than are public charities (*e.g.*, termination provisions[7] and excise taxes for self-dealing,[8] excess business holdings,[9] jeopardizing investments[10] and taxable expenditures).[11] In addition, the deductibility of contributions to private foundations is more limited than contributions to public charities, although contributions to POFs receive the higher contribution deduction limits of public charities.[12]

To qualify as a POF, the organization generally must manage its own programs rather than making grants to other organizations. This principle is enforced by requiring a POF to make "qualifying distributions" directly for the active conduct of the activities constituting its exempt purpose equal to "substantially all" (*i.e.*, 85 percent or more)[13] of the lesser of its adjusted net income or its minimum investment return.[14] "Adjusted net income" means the POF's gross income less deductions applicable to a corporation subject to certain adjustments.[15] "Minimum investment return" is five percent of the excess of the fair market value of assets not used to carry out the POF's exempt purpose over any acquisition indebtedness for such assets.[16]

There are thus two components to a POF's distribution requirement: (1) the POF must make qualifying distributions; and (2) the POF must make such distributions directly for the active conduct of the POF's activities.

Qualifying Distribution. A qualifying distribution is any amount paid to accomplish one or more exempt purposes described in Code Sec. 170(c)(2)(B), which include religious, charitable, scientific, literary or educational purposes.[17] Qualifying distributions do not, however, include contributions to an organization controlled by the POF or disqualified person(s) or to a private foundation that is not a POF.[18] A qualifying distribution also can be a distribution made to acquire an asset used, or held for use, to directly carry out an exempt purpose,[19] such as a museum, public park or historic site.[20]

Direct Distribution. A POF makes qualifying distributions directly for the active conduct of its activities only if the POF itself uses such qualifying distributions. This is in contrast to a POF making qualifying distributions to grantee organizations. Grants made by a POF to other organizations to assist them in conducting activities in furtherance of their exempt purposes are generally considered indirect, rather than direct, means of carrying out activities that further the exempt purposes of the POF, even if the activities of the grantee will assist the POF in carrying out its own exempt activities.[21]

Approach to Partnership Taxation

In the first holding of LTR 9834033, the IRS concluded that 50 percent of the disbursements of the LLC (*i.e.*, the POF's percentage share) could be treated by the POF member as made directly for the active conduct of the POF's activities. Such a conclusion necessarily would be reached based on adoption by the IRS of an aggregate approach to partnerships, although the ruling does not explicitly so state.

Federal tax law applies two distinct theories of the nature of a partnership: the aggregate approach and the entity approach.[22] Under the aggregate approach, the activities and income of a partnership flow through to its partners, and each partner is treated as if it conducted its share of the partnership's activities directly. The partnership is effectively disregarded as a legal entity. Under the entity approach, on the other hand, the partnership is considered to be a separate legal entity apart from its partners, and a partner has no direct interest in partnership assets or operations.

Partnerships are treated as aggregates for some tax purposes and as entities for other purposes. There are no defining guidelines as to when a particular approach should prevail. Rather, the resolution depends on the question to be resolved.[23] The Internal Revenue Code (the "Code") specifies the approach to be followed for many purposes; in other instances, the IRS has determined the appropriate approach in rulings. As a general matter, where the issue is the identity of the taxpayer that is undertaking activities, the tax law applies an aggregate approach to partnerships. Where the issue is a procedural one dealing with efficient administration of the tax system, the tax law generally applies an entity approach.

Aggregate Approach

The IRS has specifically adopted the aggregate approach in two areas where exempt organizations own interests in partnerships or LLCs.

Operational Test. Code Sec. 501(c)(3) requires that organizations be operated exclusively for an exempt purpose. An organization is regarded as operated exclusively for an exempt purpose only if it engages primarily in activities that accomplish one or more of such exempt purposes.[24] Rev. Rul. 98-15[25] dealt with the effect on this operational test when a Code Sec. 501(c)(3) organization participated in an LLC treated as a partnership for federal tax purposes. The ruling addressed two scenarios concerning continuation of exemption of a Code Sec. 501(c)(3) hospital where the hospital formed an LLC with a for-profit corporation and contributed its hospital and operating assets to the LLC. In one scenario, the organization's exemption continued where the exempt hospital's appointees to the LLC's governing board had voting control and could assure that the LLC's activities were primarily intended to further its charitable purposes. In the second scenario, the exemption did not continue because the LLC's governing documents did not obligate the LLC to provide services to the community. In the ruling, the IRS stated clearly that the aggregate approach was to apply for purposes of the operational test, with the activities of an LLC treated as a partnership considered to be the activities of an exempt organization LLC member when evaluating whether the exempt organization is operated exclusively for exempt purposes.

Unrelated Business Income. Again in the exempt organization context, the tax law treats an exempt partner's share of activities carried on by a partnership as being carried on directly by the partner for unrelated business income tax ("UBIT") purposes.[26] LTR 9517029 and LTR 9637050 specifically addressed this issue for an LLC by treating activities of the LLC as carried out directly by the LLC's exempt member for UBIT purposes. Thus, if a partnership or LLC carries on an unrelated business activity, the exempt partner or member is subject to UBIT on its share of the net income from the activity. Similarly, if the partnership or LLC carries on activities that further the exempt partner's charitable purposes, the exempt partner is treated as carrying on its share of those activities directly and is not subject to tax on income from such activities.

The aggregate approach also has been adopted in numerous other areas outside of exempt organizations, including the following.

Taxation of Partnership Income. A partnership is not subject to tax at the partnership level. Instead, the income and expenses of the partnership flow through to the partners.[27] The character of the partnership's income and expenses also flows through to the partners.[28]

Private Activity Bonds. In LTR 9623011, the IRS addressed the issue of whether a partnership formed to share services and facilities of several Code Sec. 501(c)(3) hospitals threatened the tax-exempt status of the interest on the bonds that financed the hospitals. Code Secs. 141 and 145 impose strict limitations on the private use of tax-exempt bond-financed facilities by persons other than qualified users, which include Code Sec. 501(c)(3) organizations or governmental entities. Although the partnership itself was not a qualified user, the IRS ruled that there was no violation of the private use rules, because, under an aggregate theory, the use of the bond-financed facilities was not by the partnership as an entity, but rather by its partners, which were qualified users.

Sale of Partnership by Foreign Partner. A foreign partner's sale of its interest in a U.S. partnership is considered to be the sale of a share of the partnership's assets rather than a sale of an interest in the entity.[29]

Interest on Debt to Carry Tax-Exempt Obligations. Code Sec. 265 disallows deductions for interest incurred to purchase or carry tax-exempt obligations. Where a partnership owns tax-exempt obligations, the IRS treats each partner as incurring or holding his or her allocable share of the tax-exempt obligations of the partnership.[30]

Cancellation of Indebtedness Income. When a partnership has cancellation of indebtedness income, each partner is treated as having received such income directly.[31]

LTR 199947038 is significant because the IRS reached its conclusion without the possibility of applying an aggregate theory and looking through the corporation.

Partnership Installment Sales. Code Sec. 453A imposes an interest charge on any nondealer installment obligation resulting from the sale of property at a price exceeding $150,000 if the obligation remains outstanding at the close of the tax year in which it arose and if the face amount of all such outstanding obligations arising from sales during the year exceeds $5 million. The IRS considers that the $5 million threshold is applied, and the interest charges computed, at the partner level.[32]

Passive Investment Income of S Corporations. The IRS has ruled that, for purposes of the excess passive investment income rules for S corporations, the gross receipts of a general partnership of which an S corporation is a partner will retain their character and flow through to the S corporation partner and not be converted into passive income.[33] This rule also has been applied where an S corporation is a limited partner in a limited partnership.[34]

Entity Approach

Although partnerships are treated as aggregates for many purposes of the tax law, there are also instances in which a partnership is treated as an entity. Some examples follow.

Taxation of Partnerships. A partnership has its own tax year;[35] the partnership's taxable income is computed at the partnership level;[36] certain transactions between partners and partnerships are treated as if made between a partner and a separate entity;[37] and most tax elections are made at the partnership level.[38]

Sale of Partnership Interest. A U.S. partner's sale of a partnership interest is generally considered to be a sale of a capital asset.[39] This treatment is modified by an aggregate approach, however, through rules that look through to particular underlying assets under Code Sec. 751(a) and by certain optional adjustments to the bases of partnership assets for a transferee of a partnership interest under Code Sec. 743(b).

Basis. A partner has a basis in its partnership interest that is not necessarily the same as its proportionate share of the partnership's basis in the partnership's assets.[40] As with the sale of a partnership interest, the aggregate approach modifies this treatment by adjusting the partner's basis under Code Sec. 705(a) to reflect the partner's share of undistributed partnership income or loss.

Activities Not Engaged in For Profit. The question of profit motive applies to the partnership entity and not to the individual partners.[41]

Like-Kind Exchanges of Partnership Interests. Code Sec. 1031 denies nonrecognition status to like-kind exchanges of partnership interests. The legislative history of Code Sec. 1031 indicates that Congress denied tax deferral on partnership interest exchanges because it believes that partnership interests are analogous to securities.[42]

Aggregate Approach Applied i n LTR 9834033

In spite of the entity approach prevailing in some situations, the IRS applied the aggregate approach to partnership taxation in LTR 9834033 by ruling that 50 percent of the disbursements of the LLC would be treated as qualifying distributions made directly for the active conduct of the POF's activities. This is consistent with the treatment of partnerships and LLCs in other exempt organization contexts, notably UBIT from partnerships in Code Sec. 512(c) and the operational test of an exempt organization member of an LLC in Rev. Rul. 98-15, discussed above. The IRS clearly seems to have reached the correct result in LTR 9830433 by applying the aggregate approach. The fact that a POF provides direct services in partnership with another exempt entity should not change the direct nature of the services rendered by the POF for purposes of satisfying the direct qualifying distribution requirement.

PRIs

The IRS had a second basis for ruling in LTR 9834033 that a POF that had an interest in an LLC could use related disbursements to satisfy the POF's direct qualifying distribution requirement. In LTR 9834033, the IRS held that the investment in the LLC was a PRI that was itself a direct qualifying distribution. This was a novel holding, as an LLC engaged in charitable activities is not the traditional type of investment that usually qualifies as a PRI. The legislative history of PRIs provides examples of the more typical types of investments that can be PRIs: low-interest or interest-free loans to needy students; high-risk investments in low-income housing; and loans to small businesses where commercial sources of funds are unavailable.[43] The regulations provide similar examples, such as below-market loans to business enterprises, stock in a corporation owned by an economically disadvantaged minority group and a high-risk investment in low-income housing.[44]

Definition of a PRI

PRIs are defined in the Code and Treasury regulations as investments with respect to which: (1) the primary purpose is to accomplish one or more exempt purposes;[45] (2) no significant purpose of which is the production of income or the appreciation of property;[46] and (3) no purpose of the investment is to attempt to influence legislation or aid or oppose candidates in political campaigns.[47] An investment is made primarily to accomplish an exempt purpose if it significantly furthers the accomplishment of the POF's exempt activities and if the investment would not have been made but for such relationship between the investment and the accomplishment of the POF's exempt activities.[48] In addition, a relevant factor in determining whether one of the significant purposes of an investment is the production of income or the appreciation of property is whether a private profit-seeking investor would have been likely to make the same investment on the same terms.[49]

Direct Qualifying Distribution

In addition to an investment meeting the requirements of a PRI, the PRI still must meet the requirements of a direct qualifying distribution in order to be counted towards meeting the "substantially all" test for POF distributions. As described above, a qualifying distribution can be either an amount paid to accomplish the POF's exempt purpose or a distribution made to acquire an asset used in carrying out the POF's exempt purpose. The regulations provide that amounts paid for charitable purposes include PRIs.[50] A PRI also could be an asset used in carrying out the POF's exempt purpose. A PRI is considered a charitable asset used directly in carrying out a POF's exempt purpose in determining which assets are included in the calculation of a POF's minimum investment return.[51] PRIs also are considered to be assets devoted directly to the active conduct of activities constituting a POF's exempt purpose if the POF maintains "significant involvement" in the PRI for purposes of the "assets test" that can be required of a POF.[52]

A PRI, besides meeting the criteria of being a qualifying distribution, must be a distribution made directly for the active conduct of its activities, as opposed to a POF making grants to other organizations. This prohibition on the qualification of grants as direct qualifying distributions is modified in certain cases, including PRIs made to "individuals or corporate enterprises" to support active programs conducted in carrying out the POF's exempt purposes, so long as the POF maintains a "significant involvement" in the active programs in support of which the payments are made.[53] In such a case, the contribution of the PRI will be considered as made directly by the POF for the active conduct of its activities. This is a question of fact to be determined based on the particular facts and circumstances of each case.[54]

A POF is considered to maintain "significant involvement" in an exempt activity in connection with which grants are made if the activity: (1) provides relief of poverty or human distress; or (2) enhances particular skills or expertise of the POF.

Relief of Poverty or Human Distress. If an exempt purpose of the POF is the relief of poverty or human distress, grants to accomplish such an exempt purpose are direct if the POF makes the payments directly and without the assistance of an intervening organization and the POF maintains a staff that supervises and directs the activities on a continuing basis.[55]

Particular Skills or Expertise of the POF. If the POF maintains a salaried staff that supervises or conducts programs that support and advance the POF's work in its particular area of interest and the payments are made to encourage and further the grantee's involvement in the POF's particular area of interest and in some segment of the programs or activities carried on by the POF, there is significant involvement.[56]

LLCs Can Be PRIs

In LTR 9834033, the IRS discussed the rules related to PRIs and direct qualifying distributions at length and concluded that the POF's investment in the LLC was a PRI, because the LLC would be carrying on a program that would accomplish the POF's exempt purposes, and the LLC members would control the LLC to ensure that the LLC would always continue to be operated for exempt purposes. The IRS additionally recognized that PRIs are clearly qualifying distributions, based on the regulations and ruled that the PRIs at issue were direct qualifying distributions because the POF maintained a "significant involvement" in the activities carried on by the LLC through the POF's direct involvement in the LLC's programs and the POF's continuing monitoring and administrative activities. The ruling did not indicate whether a finding of significant involvement came from the relief of poverty or particular skills exception, or strictly on a qualitative basis from the particular facts. In any event, it is notable that the IRS found that this type of "investment" could be a PRI, where the "investment" is really a vehicle for the POF to implement its programs rather than a capital contribution or loan strictly in the nature of investing funds in an enterprise.

A very recent ruling, LTR 199947038, which was released on November 29, 1999, followed the reasoning of LTR 9834033 and took an even larger step in broadening the meaning of PRIs. The POF in LTR 199947038 again provided long-term care to children, primarily through foster care. The POF was influential in establishing a corporation that was exempt from federal income tax under Code Sec. 501(c)(3) and a public charity within the meaning of Code Secs. 509(a)(1) and 170(b)(1)(A)(vi). One of the POF's directors was the chairperson of the exempt corporation as well as the director of the office of the POF located in the same region as the corporation, and she spent a portion of her time working for the corporation. The POF provided direct assistance to the corporation's clients, helped coordinate services provided to them by other agencies and provided leadership and technical assistance to help develop the corporation's program.

The IRS concluded that the POF's distribution to the corporation constituted a PRI that was a direct qualifying distribution, where the POF maintained significant involvement in the activities carried on by the corporation and the PRI furthered the POF's exempt purposes. The holding in LTR 199947038 is significant because the IRS reached its conclusion without the possibility of applying an aggregate theory and looking through the corporation as in LTR 9834033. This ruling would appear at first glance to level the playing field for a POF's use of a corporation versus an LLC in order to obtain direct qualifying distribution treatment. Use of an LLC by a POF member, however, offers several advantages over a POF being a member or shareholder of an exempt corporation. First, if a corporation is used by the POF, the corporation generally will have to apply for tax-exempt status itself, while an LLC will not. Second, only the capital contributions to a corporation by a POF can be considered as direct qualifying distributions, while a share of disbursements made by an LLC can count as direct qualifying distributions.

Conclusion

LTR 9834033 is undoubtedly an extremely crucial ruling for POFs and should open the door for POFs to utilize LLCs to implement their programs. The IRS considers this ruling to be important as well and highlighted the ruling in an article on recent emerging significant developments in the IRS's Continuing Professional Education Text for FY 2000.[57] The ruling is also significant in that it adds one more situation in the area of partnerships and LLCs with exempt organization members to which the IRS will apply an aggregate approach in analyzing the activities and income of the partnership or LLC. Applying an aggregate approach will help encourage POFs to pool their resources with other exempt organizations so that the POFs can provide greater levels of direct services.

The ruling that a contribution by a POF to an LLC can be a PRI is also a milestone determination, as it broadens the meaning of a PRI far beyond the traditional sense of a mere investment. According to the ruling, a POF can use a noncontrolled LLC to implement the POF's programs, and the capital contribution to the LLC itself will be a direct qualifying distribution, provided that the POF maintains significant involvement in the LLC. This expanded definition of a PRI should further enhance the benefits of a POF using an LLC. Even though a subsequent ruling indicates that a capital contribution to a tax-exempt corporation also can be a PRI that is a direct qualifying distribution for a POF, the LLC will generally offer advantages over a tax-exempt corporation.

The IRS has taken one more step in LTR 9834033 in opening up opportunities for exempt organizations to use LLCs. As the IRS continues to increasingly accept exempt organizations implementing activities through LLCs, it may even finally arrive at the point where it accepts LLCs themselves as exempt organizations.

ENDNOTES

[1] Richard A. McCray and Ward L. Thomas, *Limited Liability Companies as Exempt Organizations*, Topic H, Exempt Organizations Continuing Professional Education Technical Instruction Program Textbook for FY 2000 (1999).
[2] Reg. §301.7701-3(c)(1)(v)(A).
[3] Reg. §301.7701-3(a).
[4] Rev. Proc. 99-4, IRB 1999-1, 115, §8.11.
[5] *Supra* note 1.
[6] Code Sec. 509(a).
[7] Code Sec. 507.
[8] Code Sec. 4941.
[9] Code Sec. 4943.
[10] Code Sec. 4944.
[11] Code Sec. 4945.
[12] Code Sec. 170(b)(1)(A)(vii) and 170(b)(1)(E)(i). Cash contributions to a POF are generally deductible up to 50 percent of a taxpayer's "contribution base," which is essentially equivalent to adjusted gross income, while the limit for contributions to private nonoperating foundations is 30 percent of the contribution base.
[13] Reg. §53.4942(b)-1(c).
[14] Code Sec. 4942(j)(3)(A). A POF also must satisfy the assets test, endowment test or support test set forth in Reg. §53.4942(b)-2(a), (b) and (c).
[15] Code Sec. 4942(f).
[16] Code Sec. 4942(e).
[17] Code Sec. 4942(g)(1)(A).
[18] *Id.*
[19] Code Sec. 4942(g)(1)(B).
[20] Reg. §53.4942(b)-1(b)(1).
[21] *Id.*
[22] *See* S. Rep. No. 1622, 83d Cong., 2d Sess. 89 (1954) and H.R. Rep. No. 2543, 83d Cong., 2d Sess. 59 (1954).
[23] Rev. Rul. 75-62, 1975-1 CB 188.
[24] Reg. §1.501(c)(3)-1(c)(1).
[25] IRB 1998-12, 6 §86,132.
[26] Code Sec. 512(c).
[27] Code Sec. 701.
[28] Code Sec. 702.
[29] Rev. Rul. 91-32, 1991-2 CB 107.
[30] Rev. Proc. 72-18, 1972-1 CB 740, clarified by Rev. Proc. 74-8, 1974-1 CB 419, amplified by Rev. Proc. 80-55, 1980-2 CB 849, and modified by Rev. Proc. 87-53, 1987-2 CB 669.
[31] Code Sec. 108(d)(6).
[32] Notice 88-81, 1988-2 CB 397 and Announcement 89-33, IRB 1998-10, 30.
[33] Rev. Rul. 71-455, 1971-2 CB 318.
[34] LTR 8931007 and LTR 8804015. *See also* LTR 199923007 regarding S corporation's share of the gross receipts from an investment in a publicly traded partnership retaining their character.
[35] Code Sec. 706.
[36] Code Sec. 703(a).
[37] Code Sec. 707.
[38] Code Sec. 703(b).
[39] Code Secs. 741, 742 and 743(a).
[40] Code Secs. 705(a), 722, 733 and 742.
[41] Rev. Rul. 77-320, 1977-2 CB 78.
[42] H.R. Rep. No. 432, 98th Cong., 2d Sess., pt. 2, at 1233-34 (1984); S. Rep. No. 169, 98th Cong., 2d Sess. 243-44 (1984).
[43] S. Rep. No. 552, 91st Cong., 1st Sess. 45-46 (1969).
[44] Reg. §53.4944-3(b).
[45] Code Sec. 4944(c).
[46] *Id.*
[47] Reg. §53.4944-3(a)(1)(iii).
[48] Reg. §53.4944-3(a)(2)(i).
[49] Reg. §53.4944-3(a)(2)(iii).
[50] Reg. §53.4942(a)-3(a)(2)(i).
[51] Reg. §53.4942(a)-2(c)(3)(ii)(d).
[52] Reg. §§53.4942(b)-2(a)(2)(ii)(A) and 53.4942(b)-1(b)(2). The assets test is noted in note 14, *supra.*
[53] Reg. §53.4942(b)-1(b)(2)(i).
[54] *Id.*
[55] Reg. §53.4942(b)-1(b)(2)(ii)(A).
[56] Reg. §53.4942(b)-1(b)(2)(ii)(B).
[57] Ron Shoemaker and Bill Brockner, *Public Charity Classification and Private Foundation Issues: Recent Emerging Significant Developments*, Topic P, Exempt Organizations Continuing Professional Education Technical Instruction Program Textbook for FY 2000 (1999).