

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

▷ CES & Associates, Inc.
P. O. Box 110120
Nashville, TN 37222

Person to Contact: Mr. Orcino

Telephone Number: (202) 622-7981

Refer Reply to: CP:E:EO:R:3

Date:

JUL 21 1994

Employer Identification Number: 62-1528325
Key District: Atlanta
Accounting Period Ending: October 31
Foundation Status Classification: 509(a)(1) and
170(b)(1)(A)(vi)
Advance Ruling Period Ends: October 31, 1997
Form 990 Required: Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Code.

This ruling is based on the premise that in your operation, your program will be made available to all youth, there will be no promotion of the businesses of any private individuals, and that any payment of compensation will be reasonable for services rendered.

Because you are a newly created organization, we are not now making a final determination of your foundation status under Code section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in the sections shown above.

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during the advance ruling period. This advance ruling period begins on the date you were organized and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to your key District Director information needed to determine whether you have met the requirements of the

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applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522.

Donors (including private foundations) may rely on the advance ruling that you are not a private foundation until 90 days after your advance ruling period ends. If you submit the required information within the 90 days, contributors may continue to rely on the advance ruling until we make a final determination of your foundation status. However, if notice that you will no longer be treated as the type of organization shown above is published in the Internal Revenue Bulletin, contributors may not rely on this advance ruling after the date of such publication. Also, contributors (other than private foundations) may not rely on the classification shown above if they were in part responsible for, or were aware of, the act or failure to act that resulted in your loss of that classification, or if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification. Private foundations may rely on the classification shown above whether or not they were responsible for an act or failure to act that caused you to lose your classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification shown above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

If your sources of support, or your purposes, character, or methods of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. In the case of an amended document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key District Director of all changes in your name or address.

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As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have questions about excise, employment, or other federal taxes contact your key District Director.

If your organization conducts fund-raising events such as benefit dinners, auctions, membership drives, etc., where something of value is received in return for contributions, you can help your contributors avoid difficulties with their income tax returns by assisting them in determining the proper tax treatment of their contributions. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that your contributors can determine how much is deductible and how much is not. To assist you in this, the Service has issued Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events. You may obtain copies of Publication 1391 from your key district office.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts are not normally more than \$25,000 we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first tax year. Thereafter, you will not be required to file a return until your gross receipts normally exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is a reasonable cause for the delay. The maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

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You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, any supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C. B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513.

In this letter, we have not determined the effect on your tax-exempt status of financing your activities with the proceeds of tax-exempt bonds since you have not indicated that you intend to use such methods now or in the future.

You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely,



Edward K. Karcher
Chief, Exempt Organizations
Rulings Branch 3

Enclosures
Publication 1771
Form 872-C