

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **FEB 02 2005**

NARROW GATE FOUNDATION
1040 WILDLIFE TRAIL
KINGSTON SPRINGS, TN 37082

Employer Identification Number:
20-1748295
DLN:
17053005054005
Contact Person: **ID# 31364**
JOHN J KOESTER
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
DECEMBER 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
YES
Effective Date of Exemption:
AUGUST 17, 2004
Contribution Deductibility:
YES
Advance Ruling Ending Date:
DECEMBER 31, 2008

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.


Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

NARROW GATE FOUNDATION

found in the instructions for Form 990 and Form 990-EZ, or you may call our toll free number to obtain additional information on how to correct and report this transaction.

EMPLOYMENT TAXES

 If you have employees, you are subject to income tax withholding and the social security taxes imposed under the Federal Insurance Contribution Act (FICA). You are required to withhold Federal income tax from your employee's wages and you are required to pay FICA on each employee who is paid more than \$100 in wages during a calendar year. To know how much income tax to withhold, you should have a Form W-4, Employee's Withholding Allowance Certificate, on file for each employee. Organizations described in section 501(c)(3) of the Code are not required to pay Federal Unemployment Tax (FUTA).

Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return. The requirements for withholding, depositing, reporting and paying employment taxes are explained in Circular E, Employer's Tax Guide, (Publication 15), and Employer's Supplemental Tax Guide, (Publication 15-A). These publications explain your tax responsibilities as an employer.

CHURCHES

Churches may employ both ministers and church workers. Employees of churches or church-controlled organizations are subject to income tax withholding, but may be exempt from FICA taxes. Churches are not required to pay FUTA tax. In addition, although ministers are generally common law employees, they are not treated as employees for employment tax purposes. These special employment tax rules for members of the clergy and religious workers are explained in Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers. Churches should also consult Publications 15 and 15-A. Publication 1828, Tax Guide for Churches and Religious Organizations, also discusses the various benefits and responsibilities of these organizations under Federal tax law.

PUBLIC CHARITY STATUS

Every organization that qualifies for tax-exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term [referred to in section 509(a)(1), (2), (3), or (4)]. In effect, the definition divides these organizations into two classes, namely private foundations and public charities.

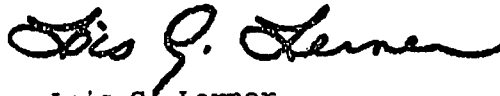
Public charities are generally those that either have broad public support or actively function in a supporting relationship to those organizations.

Public charities enjoy several advantages over private foundations. There are certain excise taxes that apply to private foundations but not to public charities. A private foundation must also annually file Form 990-PF, Return of Private Foundation, even if it had no revenue or expenses.

NARROW GATE FOUNDATION

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in cursive script that reads "Lois G. Lerner".

Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c) (3)
Form 872-C