

District
Director

P.O. Box 2508
Cincinnati, OH 45201

United Methodist Youth Home, Inc.
2521 N. Burkhardt Road
Evansville, Indiana 47715

Person to Contact:
Robert Woodruff
Telephone Number:
(513) 684-3578

Refer Reply to:
EP/EO:RW:nh

Date: JUL 26 1979

Accounting Period Ending: December 31
Form 990 Required: Yes No
Advance Ruling Period Ends: December 31, 1980

Gentlemen:

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 Internal Revenue Code effective January 18, 1979.

Because you are considered a new organization as of the date you filed your exemption application (see Rev. Rul. 77-208), we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization of the type described in section 509(a)(1) & 170(b)(1)(A)(vi).

Accordingly you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins on the effective date of your exemption under section 501(c)(3) of the Code and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the 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 so long as you continue to meet the requirements of the applicable support test. If, however, 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, in the event you are classified as a private foundation, you will be treated as a private foundation from the effective date of this determination for purposes of sections 507(d) and 4940.

As of the effective date of this determination, donors may deduct contributions to you as provided in section 170 of the Code. Bequests,

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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 of the Code.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. In addition, if you submit the required information within the 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section 509(a)(1)* organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on this determination if he was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(1)* status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(1)* organization.

For the period for which you are exempt under section 501(c)(3) of the Code, you are not liable for social security (FICA) taxes unless you file a waiver of exemption certificate as provided in the Federal Insurance Contributions Act. You are not liable for the taxes 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 any questions concerning these taxes, please let us know.

If your sources of support, purposes, character, or method of operation is changed, please let us know so we can consider the effect of the change on your exempt status. Also, you should inform us of all changes in your name or address.

If your gross receipts each year are normally more than \$10,000, you are required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, for failure to file a return on time.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T. 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 of the Code.

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You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Under the income tax regulations, an organization which seeks exemption under section 501(c)(3) of the Code must file its exemption application within 15 months from the end of the month in which it was formed. See section 1.508-1(a)(2) of the Regulations. You did not file your application until more than 15 months after you were formed. Therefore, it is necessary for us to hold that the effective date of your exemption is as stated in the first paragraph of this letter which is the date you first filed your application. (Also see section 1.508-1 of the Regulations).

You have the right to protest our determination regarding the effective date of your exemption under section 501(c)(3) if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892 (Rev. 8-78), "Exempt Organization Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional office, or, if you request, at any mutually convenient District office. If you are to be represented by someone who is not one of your principal officers, he must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

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

For the period beginning with your date of formation to the effective date of your exemption under section 501(c)(3), you may qualify for exemption from Federal income tax as an organization described in

section 501(c)(4) of the Code. If you wish to apply for exemption under section 501(c)(4) for that period, you should submit to us application Form 1024. It will not be necessary for you to furnish any supporting documentation which you have previously submitted to us.

Filing Form 1024 does not preclude your right to protest our determination as to the effective date of your exemption under section 501(c)(3) of the Code. If you do not seek exemption under section 501(c)(4) of the Code, you are liable for filing Federal income tax returns for the period beginning with your date of formation to the effective date of your exemption under section 501(c)(3) of the Code.

Also, for the period beginning with your date of formation to the effective date of your exemption under section 501(c)(3) of the Code, you are liable for Federal taxes, including income tax and Federal Insurance Contributions Act (Social Security) taxes, to the extent provided by law. You are also liable for Federal unemployment taxes if, during the current or preceding calendar year, you have one or more employees at any time in each of 20 calendar weeks or pay wages of \$1,500 or more in any calendar quarter.

Please keep this determination letter for your permanent records.

Very truly yours,

* and 170(b)(1)(A)(vi)



D. L. James, Jr.
District Director

Enclosure
Publication 892