

**DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224**

Date: **OCT 18 1999**

Youth Guardian  
Services, Inc.  
8667 Sudley Road #262  
Manassas, VA 20110-4588

Employer Identification Number:  
54-1869331  
Issuing Specialist:  
James L. Joseph  
ID # 50-03778  
Toll Free Customer Service Number:  
877-829-5500  
Accounting Period Ending:  
December 31  
Foundation Status Classification:  
509(a)(1) & 170(b)(1)(A)(vi)  
Form 990 Required:  
Yes

Dear Applicant:

Based on the 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(a) of the Internal Revenue Code as an organization described in section 501(c)(3). This ruling is based, in part, upon your representation that you are forming a for-profit subsidiary which will provide Internet assistance to other groups rather than providing such services directly.

Information submitted with your application indicates that you or others involved in your program may engage in or encourage others to engage in certain activities which might be considered attempts to influence legislation. For the purposes of section 501(c) of the Code an organization is attempting to influence legislation if it contacts or urges the public to contact members of a legislative body, for the purposes of proposing, supporting, or opposing legislation, or if it advocates the adoption or rejection of legislation. Section 501(c)(3) of the Code specifically prohibits lobbying as a substantial part of your activities. If you do not wish to be subject to the test of substantiality under section 501(c)(3), you may elect to be covered under the provisions of section 501(h) which establishes acceptable ceiling amounts on lobbying expenses. In order to make the 501(h) election you must file Form 5768, Election/Revocation of election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation. For additional guidance in this matter see pages 37 and 38 of the enclosed copy of Publication 557, Tax-Exempt Status for Your Organization.

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in the section(s) indicated above.

Please notify the Ohio Employee Plans/Exempt Organizations (EP/EO) Customer Service office if there is any change in your name, address, sources of support, purposes, or method of operation. If you amend your organizational document or bylaws, please send a copy of the amendment to the Ohio EP/EO Customer Service office. The mailing address for that office is: Internal Revenue Service, EP/EO Customer Service, P.O. Box 2508, Cincinnati, OH 45201.

You are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act.

If you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958 of the Code. In this letter we are not determining whether any of your present or proposed arrangements would be considered an excess benefit transaction resulting in tax under section 4958. Additionally, you are not automatically exempt from other federal excise taxes.

Re: Youth Guardian Services, Inc.

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 Code sections 2055, 2106, and 2522.

Donors (including private foundations) may rely on this ruling unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your 509(a) status as indicated above, donors (other than private foundations) may not rely on the classification indicated above if they were in part responsible for, or were aware of, the act that resulted in your loss of such status, or 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 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 indicated above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fund-raising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fund-raising events such as benefit dinners, shows, membership drives, etc., where something of value is received in return for payments, you are required to provide a written disclosure statement informing the donor of the fair market value of the specific items or services being provided. 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 the donor can determine how much is deductible and how much is not. Your disclosure statement should be made, at the latest, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fund-raising circumstance where each complete payment, including the contribution portion, exceeds \$75. In addition, donors must have written substantiation from the charity for any charitable contribution of \$250 or more. For further details regarding these substantiation and disclosure requirements, see the enclosed copy of Publication 1771. For additional guidance in this area, see Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events, which is available at many IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

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 each year 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 year. Thereafter, you will not be required to file a return until your gross receipts 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 \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it. Form 990 should be filed with the Ogden Service Center, Ogden, UT 84201-0027.

The law requires you to make your annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your exemption application, any supporting documents, and this exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are made widely available, such as by posting them on the

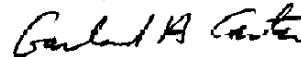
Re: Youth Guardian Services, Inc.

Internet (World Wide Web). You may be liable for a penalty of \$20 for each day you do not make those documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

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, 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 of the Code.

Please use the employer identification number indicated in the heading of this letter on all returns you file and in all correspondence with the Internal Revenue Service. Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records. If you have any questions about this letter, or about filing requirements, excise, employment, or other federal taxes, please contact the Ohio EP/EO Customer Service office at 877-829-5500 (a toll free number) or correspond with that office using the address indicated above.

Sincerely,



Garland A. Carter  
Chief, Exempt Organizations  
Technical Branch 2

Enclosure:  
Pub. 1771  
Pub 557