

Internal Revenue Service



RECEIVED

DEC 23 2002

BY: _____

Department of the Treasury
1100 Commerce Street
Dallas, TX 75242

Date: December 16, 2002

Pathways Youth Home, Inc.
c/o R. Dan Johnson
Box 689
Leahey, TX 78873-0689

EIN: 74-2631080

Person to Contact:

Ford Allen

Badge Number:

52-03832

Contact Telephone Number:

(410) 962-2976

Contact Address:

31 Hopkins Plaza
Room 1432
Baltimore, MD 21201

CERTIFIED MAIL

**LAST DATE FOR FILING A
PETITION WITH THE TAX
COURT: March 15, 2003**

Dear Sir or Madam:

This is a final determination with respect to modification of your non-private foundation status under section 509(a) of the Internal Revenue Code.

In our letter dated May 5, 1993, we classified your organization as a public charity since you were described under Code section 509(a)(2). Based upon our recent examination, we are now modifying that letter to reflect your new and more favorable foundation status since your organization receives a substantial part of its support from a governmental unit referred to in section 170(c)(1) or from direct or indirect contributions from the general public. Accordingly, this letter modifies our prior letter and reclassifies your non-private foundation status to that of a public charity described under Code sections 509(a)(1) and 170(b)(1)(a)(vi) effective for tax years beginning after January 1, 2000.

Your exempt status under section 501(c)(3) of the Internal Revenue Code remains in effect.

Because you did not protest the proposed modification of your public foundation status, it is further determined that you have not exhausted your available administrative remedies for purposes of a declaratory judgment under section 7428 of the Code.

If you decide to contest this determination in court, a petition for declaratory judgment in the United States Tax Court, the United States Court of Federal Claims, or the United

States District Court of the District of Columbia must be filed before the 91st day after the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules regarding filing petitions for declaratory judgments and refer to the enclosed Publication 892. The last day for filing a petition for declaratory judgment in the United States Tax Court is March 15, 2003. You may write to the United States Tax Court at the following address:

United States Tax Court
400 Second Street NW
Washington, DC 20217.


You are required to file Form 990, Return of Organization Exempt from Income Tax. Form 990 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; however, the maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross for the year, whichever is less. The penalty may also be charged if a return is not complete.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above, since this person can access your tax information and can help you get answers. You can call 1-877-777-4778 and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate from the site where this letter was issued by calling (410) 962-2082 or writing to the Internal Revenue Service, Office of Taxpayer Advocate, 31 Hopkins Plaza, Baltimore, MD 21201..

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determination, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate, can, however, see that a tax matter, that may not have been resolved through normal channels, gets prompt and proper handling.

This letter should be kept within your permanent records because it is a determination modifying and clarifying your non-private foundation status. If you have any questions in regards to this matter, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,


R. C. Johnson
Director, EO Examinations

Enclosure: Publication 892

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
1100 COMMERCE STREET
DALLAS, TX 75242-0000

DEPARTMENT OF THE TREASURY

Date: **MAY 05 1993**

PATHWAYS YOUTH HOME INC
BOX 662
LEAKEY, TX 78873

Employer Identification Number:
74-2631080

Contact Person:

SHARI FLOWERS

Contact Telephone Number:
(214) 767-3526

Accounting Period Ending:
December 31

Form 990 Required:
Yes

Addendum Applies:
N/A

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(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

~~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 section 509(a)(2).~~

~~If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.~~

As of January 1, 1984, 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 (FUTA).

Since you are not a private foundation, you 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 about excise, employment, or other Federal taxes, please let us know.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(2) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(2) organization.

Letter 947(DO/CG)

PATHWAYS YOUTH HOME 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.

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 fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

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. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

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 reasonable cause for the delay. However, 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.

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.

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.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

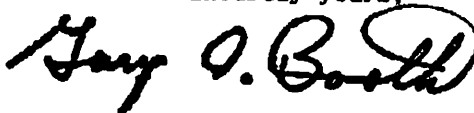
Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

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PATHWAYS YOUTH HOME INC

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in cursive script that reads "Gary O. Booth". The signature is written in dark ink and is positioned above the printed name and title.

Gary O. Booth
District Director