



TELEPHONE
(AREA CODE 703) - 528-1775

NAVY LEAGUE OF THE UNITED STATES
Serving the Sea Services since 1902

2300 WILSON BOULEVARD
ARLINGTON, VIRGINIA 22201

May 30, 1996

Mr. Duane B. Clantanoff
Past President
NLUS-Kingsville Council
P.O. Box 5023
Kingsville, TX 78364

Dear Mr. Clantanoff;

We have received all of the materials from your council that are necessary in order to participate in the Group Exemption (that is, as an organization exempt from federal income tax under sections 501 (a) and 501 (c) (3) of the Internal Revenue Code) which was approved by the Internal Revenue Service (IRS) on November 6, 1990. The council has been added to the list of participating subordinate councils.

A four-digit group exemption number (GEN) 3276 was assigned by the IRS Service Center in Philadelphia on January 14, 1991. This number must be used in order to identify the Group Exemption when corresponding with the IRS. Do not confuse it with your council's Employer Identification Number (EIN).

A copy of the IRS letter recognizing the Group Exemption, and the letter assigning the GEN are attached. This letter provides you with important information about the Group Exemption granted to the Navy League of the United States (Navy League) and its subordinate councils.

RIGHTS

A significant benefit of being included in the Navy League's Group Exemption is that your council may receive contributions deductible by the donor as provided for in section 170 of the Code. Additionally, bequests, legacies, devises, transfers, or gifts to or for your council's use are generally deductible for federal estate and gift tax purposes under sections 2055, 2106, and 2522 of the Code.

Should you ever encounter a situation where a potential donor requests proof that your council is a member of the Group Exemption, you may send them a copy of the Determination Letter, which includes, as an attachment, a complete list of participating Navy League councils.

RESPONSIBILITIES

Your council (though now exempt as a member of the Group Exemption) is still required to file an annual information Return of Organization Exempt from Income Tax Form 990, by May 15, if its gross receipts normally exceed \$25,000 annually. Moreover, if your council conducts any activities that give rise to the unrelated business income tax, the council must file an Exempt Organization Business Income Tax Return (Form 990-T).

As you may know, the law imposes a penalty of \$10 a day (with maximum penalty of the lesser of 5 percent of your council's gross receipts for the year in question or \$5,000) when a return is filed late or incomplete, unless there is a reasonable cause for the delay. Please be advised that even if your council does not meet the \$25,000 filing minimum, if you receive a Form 990 from the IRS, you should file. This will allow the IRS to update its records regarding whether or not your council should be sent a Form 990 in future years.

As you are probably aware, your council is liable for FICA (social security) taxes on remuneration of \$100 or more paid to any council employee during a calendar year. However, your council is not liable for the FUTA (unemployment) tax.

In addition to your filing responsibilities with regard to the IRS, your council must promptly provide the Navy League with information regarding any changes in the following areas so that the Navy League is able to fulfill its responsibilities under the Group Exemption:

1. Any material changes in the purposes, character or method of operation of your council; and /or
2. Any changes in the name or address of your council.

Please call me, at the Navy League, if you have any questions about the rights and responsibilities of your council as a member of the Navy League Group Exemption.

Sincerely,



Eva Hochard
Controller

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
31 HOPKINS PLAZA
BALTIMORE, MD 21201

11-8-90
DEPARTMENT OF THE TREASURY

NOV 09 1990

Date NOV 06 1990.

NAVY LEAGUE OF THE UNITED STATES
C/O CALVIN H COBB JR
STEPTOE & JOHNSON
1330 CONNECTICUT AVENUE NW
WASHINGTON, DC 20036

Employer Identification Number:
53-0116710
Contact Person:
MS. A. ASKINS
Contact Telephone Number:
(301) 962-9423

Addendum Applies:
Yes

Dear Applicant:

We have considered your application for a group exemption letter recognizing your subordinates as exempt from Federal income tax under section 501(a) of the Internal Revenue Code as organizations of the type described in section 501(c)(03).

Our records show that you were recognized as exempt from Federal income tax under section 501(c)(03) of the Code. Your exemption letter remains in effect.

Based on the information supplied, we recognize your subordinates whose names appear on the list you submitted as exempt from Federal income tax under section 501(c)(03) of the Code.

Additionally, we have classified the organizations you operate, supervise, or control, and which are covered by your notification to us, as organizations that are not private foundations because they are organizations of the type described in section 509(a)(2) of the Code.

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

Your subordinates whose gross receipts each year are normally more than \$25,000 are each required to file Form 990, Return of Organization Exempt From Income Tax, by the 15th day of the fifth month after the end of their annual accounting period. If you prefer, you may file a group return for those subordinates that authorize you in writing to include them in that return. If you are required to file Form 990 for your own activities, you must file a separate return and may not be included on any group return that you file for your subordinates. The law imposes a penalty of \$10 a day when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty imposed cannot exceed \$5,000 or 5 percent of gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so your subordinates should make sure their returns are complete before filing them. Please advise your subordinates that, if they receive a Form 990 package in the mail, they should file the return even if their gross receipts do not exceed the \$25,000 minimum. If not required to file, a subor-

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dinate should simply attach the label provided, check the box in the heading to indicate that its annual gross receipts are normally \$25,000 or less, and sign the return. This will allow us to update our records to show that the subordinate is not required to file and to delete that subordinate from the list of organizations that will receive Form 990 packages in future years.

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

As of January 1, 1984, each of your subordinates is liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more they pay to each of their employees during a calendar year. Your subordinates are not liable for the tax imposed under Federal Unemployment Tax Act (FUTA).

Each year, at least 90 days before the end of your annual accounting period, please send the items listed below to the Internal Revenue Service Center at the address shown below.

1. A statement describing any changes during the year in the purposes, character, or method of operation of your subordinates;
2. A list showing the names, mailing addresses (including Postal ZIP codes); actual addresses if different; and employer identification numbers of subordinates that since your previous report:
 - a. Changed names or address;
 - b. Were deleted from your roster; or
 - c. Were added to your roster.
3. For subordinates to be added, attach:
 - a. A statement that the information on which your present group exemption letter is based applies to the new subordinates;
 - b. A statement that each has given you written authorization to add its name to the roster;
 - c. A list of those to which the Service previously issued exemption rulings or determination letters;
 - d. A statement that none of the subordinates is a private foundation as defined in section 509(a) of the Code if the group exemption letter covers organizations described in section 501(c)(3);
 - e. The street address of each subordinate whose mailing address is a P. O. Box; and
 - f. The information required by Revenue Procedure 75-50, 1975-2 C.B. 587; for each subordinate that is a school claiming exemption under section 501(c)(3). Also include any other information necessary to establish that the school is complying with the requirements of Revenue Ruling 71-447, 1971-2 C.B. 230. This is the same information required by Schedule A, Form 1023;

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Application for Recognition of Exemption Under Section 501(c)(3)
of the Internal Revenue Code.

4. If applicable, a statement that your group exemption roster did not change since your previous report.

If the heading of this letter indicates 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.

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

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

Sincerely yours,


District Director

Enclosure(s):
Addendum

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This group exemption letter supersedes all prior determination letters of the following organizations:

1. Fort Lauderdale Council
2. Long Beach Council
3. Miami Council
4. Oak Harbor Council
5. San Fernando Council
6. Oakland Council
7. CO-MAR Waves Council

The Central organization will be responsible for notifying each of the above listed subordinates that its individual exemption letter is superseded.

Internal Revenue Service
11601 Roosevelt Blvd.
Philadelphia, PA 19255

Emp. 28 16503220

Refer Reply to: P:IP:ECUC

Date: 01-14-91

EIN: 53-0116710

Group Exemption Number:
3276

Navy League of the United States
National Headquarters
2300 Wilson Blvd
Arlington VA 22201

Dear Officer or Trustee:

The four-digit Group Exemption Number (GEN) as shown above has been assigned to your organization. This number is not to be confused with the nine-digit Employer Identification Number (EIN) previously assigned to your organization.

Form 990 (Return or Organization Exempt from Income Tax) and instructions require each central organization and its subordinates to show their group exemption number (GEN) in Part I, Item 18(b), of Form 990 in addition to their EIN.

Please advise any of your subordinates that are required to file an annual information return. Form 990, to place your group exemption number on their return.

Thank you for your help in this matter.

Sincerely yours,

Maryanne Slater

Maryanne Slater
Chief, Entity Section III