

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: October 4, 2001

Person to Contact:
Stephanie Broach-Camp 31-04022
Customer Service Representative

The Salem Woods Civic Association, Inc.
P.O. Box 64095
Virginia Beach, VA 23467

Toll Free Telephone Number:
8:00 A.M. to 9:30 P.M. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
54-1276650

Dear Sir or Madam:

This is in response to your request for a change of address. We have updated our records to reflect the correct address as indicated above.

In March 2001 we issued a determination letter that recognized your organization as exempt from federal income tax under section 501(c)(7) of the Internal Revenue Code. That letter is still in effect.

A section 501(c)(7) organization is permitted to receive up to 35 percent of its gross receipts, including investment income, from sources outside of its membership without losing its tax-exempt status. Of the 35 percent, not more than 15 percent of the gross receipts may be derived from the use of the club, facilities, or services by the general public. Income in excess of these limits may jeopardize your organization's continued exempt status.

As your organization is not one described in section 170(c) of the Code, donors may not deduct contributions made to your organization. You should advise your organization's contributors to that effect.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid each employee during a calendar year. Your organization is also liable for tax under the Federal Unemployment Tax Act for each employee to whom it pays \$50 or more during a calendar quarter if, during the current or preceding calendar year, the organization had one or more employees at any time in each of 20 calendar weeks or it paid wages of \$1,500 or more in any calendar quarter.

If your organization's character, method of operation, or purposes change, please let us know so we can consider the effect of the change on your organization's exempt status. Also, your organization should inform us of all changes in its name or address.