

**Bennett, Kildow**

CERTIFIED PUBLIC ACCOUNTANTS

& Co.

A PROFESSIONAL SERVICE CORPORATION

January 14, 1990

Chili Appreciation Society International
8 19909 -163rd Avenue N.E.
Woodinville, Washington 98072

Attn: Bob Whitefield, Treasurer

Dear Bob:

Enclosed is a copy of a blank form 1024 which is the application for exempt status from the Internal Revenue Service.

Apparently, Section 501 (c) 3 no longer exists and these are the remaining new categories of exemption.

I have highlighted the areas of concern which will affect the application. The first area is the choice of section to apply under.

Please read the attached highlighted descriptions at the end of the application. I think you will find that we should apply under code section 501(c)7. This will give CASI tax exempt status without putting pressure on us to give all of our money to charity. I feel it also describes closely what CASI is. Please discuss this matter with the Board and give me your decision as to whether or not we choose this section or 501(c)10.

The next section is on page 2, item 3. This is where you can "make" or "break" an application. First, the description of the activities must conform with the stated purpose in the articles of incorporation and/or bylaws. The last sentence is a killer. We should try to get at least 5 statements from the pods stating how CASI has helped them to have cook-offs which raised money for charity. Perhaps descriptions of the top cookoffs would be best. However, be aware that if a large cookoff was privately promoted and did not make money for charity, we should ignore it.

Item 4 you will have to help me with. I know CASI has plans and partial commitments, but I am not sure I know what they all are.



It appears that your articles of incorporation or by-laws must include a plan of dissolution which describes what would happen to your assets if the organization fell apart. What they are looking for is the fact that no one member will get those assets and that they will be donated to charity. I suspect your by-laws do not provide for this. With the acquisition of the land, I think you will have to discuss this with the Board. It is possible that the great State of Texas (and we love her) has a statute that designates the disposition of assets for all of their non-profit organizations.

On the lighter side, it appears that this application wants only the last three years' financial data which I can glean from the last three years' corporate tax returns.

Please review page 610. I have highlighted the areas of "activity" that apply in general to our organization. However, again, the Board will have to choose which one. Since we are not specifically a fund raising organization and don't really want to be, I suggest choosing either 119 or 559.

Please be aware that I think the articles or bylaws or both will have to be amended and recommend doing so before the application is mailed in. The IRS will require a signed document from the state.

Bob, please locate a copy of the current articles and by-laws for my file so I can review them thoroughly.

This is the first step in saving our bacon in the future. Time is now of the essence.

I'll wait to hear from you when you have the board's decisions on the above matters.

Chili Love,

A handwritten signature in cursive script that reads "Marleen".

Marleen Bennett, CPA
Encl (1)

.