



December 9, 1991

Internal Revenue Service
Exempt Rulings Branch
Washington, D.C 20224

Attn: Sadie Copeland, TaxLaw Specialist
RE: Chili Appreciation Society International, Inc.

Dear Sadie:

The following information is provided in answer to your request dated October 8, 1991. A proposed conformed draft of amended articles were faxed to you December 9, 1991 after preparing them in accordance with Texas requirements.

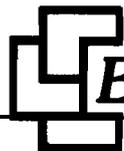
1. Although, we do not have complete records for the amounts actually given to each charity since 1983, the enclosed documents indicate certain amounts given. As evidenced by the letter from the Terlingua Medics, the Type 1 ambulance valued at \$70,000 was a gift from the Dodge Company on behalf of CASI and at CASI's request and as a result of CASI's solicitation efforts. The keys to the ambulance were given to Carroll Shelby in Dallas and the presentation to the Terlingua Medics was made on the stage during the 1983 cookoff. The letter from the Terlingua Medics also acknowledges annual contributions each year of cash. Since we did not during most of the years directly control our gate proceeds, the checks were not written from our checking account, but instead were made in the form of actual cash. To the best of our knowledge the following amounts were donated: 1984 - Est. \$1,000 to the Terlingua medics from the gate, 1985- \$200 check and \$1,000 estimated gate donation to the Terlingua Medics, 1986 \$1,000 gate proceeds to Terlingua Medics, 1987 \$1,000 gate proceeds to the Terlingua Medics, 1988 \$1,000 gate proceeds to



the Terlingua Medics, 1989 \$1,000 gate proceeds to the Terlingua Medics. In November of 1990 checks issued from our account in the amount of \$1,000 each to the Terlingua Medics and the Terlingua Volunteer Fire Department. On November 2, 1991 a check was issued to the Terlingua Volunteer Fire Department for \$1,000 and on November 2, 1991 a check in the amount of \$1,000 to the Terlingua Medics. On November 8, 1991 a check in the amount of \$1,200 to Brewster County was issued. The enclosed letter from Gaviscon also acknowledges the contribution of \$1,000 per year to the Terlingua Medics on behalf of CASI. It is CASI's intent to increase the funding to these and other organizations from increased revenues from the annual cookoff each year.

The acquisition of our new site and set up costs required a large portion of the proceeds last year. This year's revenues are a strong indication of the potential for fund raising at the annual event.

2. We have been in existence for 25 years. The first year of the annual cookoff was a show-down between a New York food editor and a local Texas Cook. Both felt they could cook the best "bowl of red". They agreed to meet in the desert at Terlingua to settle the issue. Thus, the annual chili-cookoff was born. The organization continued to grow informally for several years. The idea that chili cookoffs were fun and could be used as fund raising events occurred. Many events began to take place across Texas. The first Pod was formed in 1970. A need for a parent organization or governing body became apparent. The need for rules to govern the sanctioning of the cookoffs was also apparent. The current structure, including a board of directors, officers and the beginning of the current rules and by-laws were formalized in 1983 when the non-profit charter was acquired in Texas. Since 1983 the number of Pods in the United States and Canada has increased to 52. The annual cook-off has been held continuously at Terlingua since the first event nearly 25 years ago. As the idea of a fund-raising chili cookoff caught fire, more cooks became involved. There are approximately 15,000 active chili cooks and over 400 cookoffs being held annually. The regular meetings began in 1980 and became an annual necessity

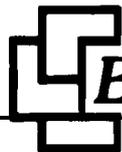


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in 1983. The only activities CASI has been involved in since our beginning have been the sanctioning of chili cookoffs, dissemination of information about chili and its ingredients to the public, holding of the annual meeting and the annual championship each year. Taking care of the necessary business affairs of the organization, keeping the tally of earned points, helping new Pods to get started, assisting promoters of cookoffs has been the focus of activities since inception with the greatest efforts beginning in 1983. Over the years, the organization has attracted sponsorship from some major corporations. These monies cover the costs of holding the cookoffs, thus, increasing the profits raised for charities.

Several years ago, it became apparent that the annual championship could not grow financially or otherwise at the site rented from Glenn Pepper. The board decided that there would be much to gain for our purpose and more funds could be raised for charity if it owned and controlled it's own site. Land became available very near the old site and funds were donated to CASI from the members to acquire it. Monies were spent to clear and grade the desert to allow for traffic and to raise basic outbuildings for the cookoff. The board of directors is very proud of the amount of work that has been completed to develop this site. The gate this year increased by nearly \$10,000 as a result of this improved site. Registered cooks increased from 232 in 1990 to 254 in 1991. New vendors are attending the site with part of their sales proceeds donated to CASI to help fund our operations and to increase funds available for donation. All of the time spent by the board to purchase the site, develop it and host the annual cookoff is donated. No director receives reimbursement for their many trips to Terlingua to take care of affairs.

Currently our tallymaster keeps track of over 400 cookoffs held nationally. We publish a quarterly newsletter called the Terlingua Trails (a copy of which was mailed with earlier documentation). Membership cards are issued each year as dues are received. The Board meets either at Terlingua or other spots or by telephone as required to conduct the necessary business of the organization. There are two board meetings at the annual meeting each year. The evolution of our current rules structure and referee guide is a result of annual review, discussion and change. Several years ago, the organization was challenged as to it's rights to the name and the use of the words "World Championship Chili Cookoff". The organization was forced to engage legal counsel to defend our copyright.

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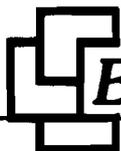
No. 3 - see No. 1 for description

No. 4- We do not currently have a scholarship program in place, although many of the charities that were recipients of cookoff proceeds were scholarship funds. Because of the need to acquire our own site to increase our available funds, there has not been sufficient proceeds to fund a scholarship. However, negotiations have begun between CASI and Sol Roz State University in Alpine Texas to establish a scholarship program for underprivileged children in or around the Alpine-Terlingua area. It is hoped that we will be able to fund tuition, lodging and books for a student to attend a 4 year institution. CASI has not developed the exact criteria for selection of a recipient, but is considering a 4 year scholarship in agriculture or agricultural science with the focus on the chili crop in Texas, New Mexico, California and Arizona. The scholarship may be expanded to include other areas of study, depending upon the proceeds available each year. CASI has only just begun to raise monies for worthwhile endeavors and feels they have taken many steps in the right direction to accomplish their goals. Enclosed is a copy of my letter of recommendation to the board to begin the formation of the annual fund. We expect the first disbursement to be made on or before September 1, 1992.

5. We have previously submitted copies of the Terlingua Trails, our quarterly newsletter, but I have enclosed another copy for your files. I have also enclosed a copy of our rule book which is published and distributed to members, referees and promoters across the United States. We have no other pamphlets or brochures at this time, as our budget has been limited.

6. CASI does sponsor an annual meeting of the directors, Great Peppers, referees and officers as well as interested members each year at a different location in the United States and has done so each year since 1983. Enclosed is a copy of the agenda for the meeting held last September. Also enclosed is a copy of the various rule changes voted on at the meeting.

The meeting is always held on the second Saturday in September. Most of the elected delegates arrive either Thursday or Friday prior to the meeting. An informal hosted cocktail hour is held Thursday evening with food and beverage sponsored by one of the PODS. The meeting is held at a hotel complex large enough to accommodate approximately 300 people. During Thursday and Friday members and delegates meet informally to introduce themselves share ideas and discuss some of the upcoming proposed rule changes or additions.

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Friday evening is a formal dinner hosted by the host Pod and formal introduction of current officers and directors is made.

Saturday morning all delegates register and their credentials are checked and the business meeting begins. During the business meeting, new board members are elected. The annual treasurer's report is given as well as the annual report of the tallymaster and secretary. The executive director gives his report. Additions, deletions and amendments to the rules are then discussed and voted on with input from all of the Pod representatives. Discussion of the upcoming annual cookoff is held.

7. There are no other formal educational activities except the continual public education and awareness of chili as a food, its uses and facts about the industry provided at the many local cookoffs and whenever articles are solicited from the public.

8. We would like to be exempt from October 1, 1989, the beginning of the 89-90 fiscal year. This would eliminate the filing of two returns for the year. I was advised by your Los Angeles office to file a form 990 in its letter dated December 13, a copy of which is again enclosed. Also, in a conversation I had with you last spring regarding what to do, you advised to file a form 990 for the whole year.

I have enclosed a copy of the 9-30-90 Form 990 which has been filed and a copy of the 9-30-91 financial report to the board for your review.

Please call or write if you need additional information.

Sincerely,

Marleen Bennett

Marleen Bennett, CPA

Encls (10)

cc: with Encls to B. Whitefield