

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **SEP 20 2002**  
DLN:  
**17053353061031**

THE COMMUNITY FOUNDATION FOR THE  
TWIN TIERS  
C/O MARILYN A BOK  
205 MAIN ST  
TOWANDA, PA 18848

Accounting Period Ending:  
December **31**

Employer Identification Number:  
**23-3096312**

Contact Person:  
VERONICA PERRY ID# 52119  
Contact Telephone Number:  
(877) 829-5500

Foundation Status Classification:  
**170 (b) (1) (A.) (v i)**  
Advance Ruling Period Begins:  
October 26, 2001  
Advance Ruling Period Ends:  
December **31**, 2005  
Addendum Applies:  
Yes

Dear Applicant:

Based on information you 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).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably expect to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, during an advance ruling period you will be treated as a publicly supported organization, and not as a private foundation. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must send us the information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, we will classify you as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, we will classify you as a private foundation for future periods. Also, if we classify you as a private foundation, we will treat you as a private foundation from your beginning date for purposes of section 507(d) and 4940.

Grantors and contributors may rely on our determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you send us the required information within the 90 days, grantors and

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contributors may continue to rely on the advance determination until we make a final determination of your foundation status.

If we publish a notice in the Internal Revenue Bulletin stating that we will no longer treat you as a publicly supported organization, grantors and contributors may not rely on this determination after the date we publish the notice. In addition, if you lose your status as a publicly supported organization, and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that we had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date he or she acquired such knowledge.

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

As of January 1, 1984, you are liable for social security taxes under the Federal Insurance Contributions Act on amounts 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).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Internal Revenue 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.

Donors may deduct contributions to you as provided in section 170 of the Internal Revenue 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 sections 2055, 2106, and 2522 of the Code.

Donors may deduct contributions to you 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. Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, gives guidelines regarding when taxpayers may deduct payments for admission to, or other for charity.

Contributions to you are deductible by donors beginning October 26, 2001.

You are not required to file Form 990, Return of Organization Exempt From Income Tax, if your gross receipts each year are normally \$25,000 or less. If you receive a Form 990 package in the mail, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are

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normally \$25,000 or less, and sign the return. Because you will be treated as a public charity for return filing purposes during your entire advance ruling period, you should file Form 990 for each year in your advance ruling period that you exceed the \$25,000 filing threshold even if your sources of support do not satisfy the public support test specified in the heading of this letter.

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 \$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 receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. 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 are required to make your annual information return, Form 990 or Form 990-EZ, available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and your exemption letter. Copies of these documents are also required to be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or you may call our toll free number shown above.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, we will assign a number to you and advise you of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should keep records to show that funds are spent only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), you must have evidence that the funds will remain dedicated to the required purposes and that

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the recipient will use the funds for those purposes.

If you distribute funds to individuals, you should keep case histories showing the recipients, names, addresses, purposes of awards, manner of selection, and relationship (if any) to members, officers, trustees or donors of funds to you, so that you can substantiate upon request by the Internal Revenue Service any and all distributions you made to individuals. (Revenue Ruling 56-304, C.B. 1956-2, page 306.)

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

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

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

Sincerely yours,

Lois G. Lerner  
For Director, Exempt Organizations

Enclosure(s):  
Form 872-C

Form 872-C Consent Fixing Period of Limitation Upon *OMB No. 1545-0056*  
Assessment of Tax Under Section 4940 of the  
Internal Revenue Code

(Rev -September 1998)

To be used with  
Form 1023. Submit  
in duplicate.

Department of the Treasury  
Internal Revenue Service

(See instructions.)

Under section 6501 (C) (4) of the Internal Revenue Code, and as part of a request filed with Form 1023 that the organization named below be treated as a publicly supported organization under section 170(b) (1) (A) (vi) or section 509(a) (2) during an advance ruling period,

Community Foundation for the Twin Tiers (CFTT)  
*(Exact legal name of organization as shown in organizing document)*

205 Main Street, Towanda, PA 18848  
*(Number, street, city or town, state, and ZIP code)*

and the  
District Director of  
Internal Revenue, or  
Assistant  
Commissioner  
(Employee Plans and  
Exempt Organizations)

consent and agree that the period for assessing tax (imposed under section 4940 of the Code) for any of the 5 tax years in the advance ruling period will extend 8 years, 4 months, and 15 days beyond the end of the first tax year.

However, if a notice of deficiency in tax for any of these years is sent to the organization before the period expires, the time for making an assessment will be further extended by the number of days the assessment is prohibited, plus 60 days.

Ending date of first tax year December 31, 2001  
*(Month, day, and year)*

Name of organization (as shown in organizing document)  
Community Foundation for the Twin Tiers (CFTT)

Date  
December 14, 2001

\_\_\_\_ Officer or trustee having authority to sign

Type or print name and title  
Marilyn A. Bok  
President

Signature

**For IRS use only**

District Director or Assistant Commissioner (Employee Plans and Exempt Organizations) Date

Steven T. Miller

9/17/02

By James S. Jubin E.O. Reviewer

For Paperwork Reduction Act Notice, see page 7 of the Form 1023 Instructions.

ISA  
STF FED1585F

## Charitable Contributions -

### Substantiation and Disclosure Requirements

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#### UNDER THE NEW LAW, CHARITIES WILL NEED TO PROVIDE NEW KINDS OF INFORMATION TO DONORS. Failure to furnish

do so may result in denial of deductions to donors and the imposition of pro quo donations in penalties on charities.

Legislation signed into law by the President on August 10, 1993, contains a number of significant provisions affecting tax-exempt charitable intangible religious benefits, organizations described in section 501(c)(3) of the Internal Revenue

Code. These provisions include: (1) new substantiation requirements for benefits. "Intangible religious donors, and (2) new public disclosure requirements for charities (with

potential penalties for failing to comply). Additionally, charities should note that donors could be penalized by loss of the deduction if they fail to substantiate. **THE SUBSTANTIATION AND DISCLOSURE PROVISIONS APPLY TO CONTRIBUTIONS MADE AFTER**

#### DECEMBER 31, 1993.

Charities need to familiarize themselves with these tax law changes in order to bring themselves into compliance. This Publication alerts you to the new provisions affecting tax-exempt charitable organizations. Set forth below are brief descriptions of the new law's key provisions. The Internal Revenue Service plans to provide further guidance in the near future.

#### Donor's Substantiation Requirements

threshold. However,

separate

**Documenting Certain Charitable Contributions.** - Beginning January 1, 1994, no deduction will be allowed under section 170 of the Internal Revenue Code for any charitable contribution of \$250 or more unless the donor has contemporaneous written substantiation from the charity. In cases where the charity has provided goods or services to the donor in exchange for making the contribution, this contemporaneous written acknowledgment must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of \$250 or more.

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written acknowledgment must include a good faith estimate of the value of such goods or services. Thus, taxpayers may no longer rely solely on a cancelled check to substantiate a cash contribution of \$250

or more.

The written substantiation should also note whether the donee organization provided any goods or services in consideration, in whole or in part, For the contribution and, if so, must provide a description and good-faith estimate of the value of the goods or services. In the new law these are

Referred to as "quid pro quo contributions. Please note that there is a new law requiring charities to

disclosure statements to donors for such quid pro quo donations in excess of \$75. This is addressed in the next section regarding Disclosure By Charity.

If the goods or services consist entirely of the statement should indicate this, but the statement need not describe or provide an estimate of the value of these

benefits" are also discussed in the following section on Disclosure By Charity. If, on the other hand, the donor received nothing in return for the contribution, the written substantiation must

The present law remains in effect that, generally, if the value of an item or group-of like items exceeds \$5,000, the donor must obtain a qualified appraisal and submit an appraisal summary with the return claiming the deduction.

The organization may either provide separate statements for each contribution of \$250 or more from a taxpayer, or furnish periodic statements substantiating contributions of \$250 or more.

Separate payments are regarded as independent contributions and are not aggregated for purposes of measuring the \$250

the Service is authorized to establish anti-abuse rules to prevent avoidance of the substantiation requirement by taxpayers writing

smaller checks on the same date. If donations are made through payroll

each paycheck is regarded as a

A charity that knowingly provides false written

may be subject to the penalties for aiding and abetting an understatement of tax liability under section 6701 of the Code.

#### Disclosure by Charity of Receipt of Quid Pro Quo Contribution

The substantiation must be "contemporaneous." That is, it must be obtained by the donor no later than the date the donor actually files a return for the tax year in which the contribution was made. If the return is filed after the due date or extended due date, then the substantiation must have been obtained by the due date or extended due date.

discussed

**The responsibility for obtaining this substantiation lies with the donor, who must request it from the charity.** The charity is not required to record or report this information to the IRS on behalf of donors.

The legislation provides that substantiation will not be required if, in accordance with regulations prescribed by the Secretary, the charity reports directly to the IRS the information required to be provided in the donor by the charity. An written substantiation. At present, there are no regulations establishing the donor gives a char-procedures for direct reporting by charities to the IRS of charitable con-valued at \$40. In this ex-made in 1994. Consequently, charities and donors should be donor's payment (quid pro prepared to provide/obtain the described substantiation for 1994 contri-statement must be fur-butions of \$250 or more.

There is no prescribed format for the written acknowledgment. For example, letters, postcards or computer-generated forms may be aggregated for purposes of the able. The acknowledgment does not have to include the donor's social security or tax identification number. It must, however, provide sufficient information to substantiate the amount of the deductible contribution. The acknowledgement should note the amount of any cash contribution. However, if the donation is in the form of property, then the statement must: acknowledgment must describe, but need not value, such property. Valuation of the donated property is the responsibility of the donor. of the contribution that is de-

Beginning January 1, 1994, under new section 6115 of the Internal Revenue Code, a charitable organization must provide a written disclosure statement to donors who make a payment, described as a "quid pro quo contribution," in excess of \$75. This requirement is separate from the written substantiation required for deductibility purposes as

above. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure state-ment requirement in a timely manner because of the penalties involved. A quid pro quo contribution is a payment made partly as a contribution and partly for goods or services provided to the donor. An example of a quid pro quo contribution is where a charity provides a concert ticket valued at \$100 in consideration for a concert ticket valued at \$60. Because the quid pro quo contribution exceeds \$75, the disclosure statement must be furnished, even though the deductible amount does not exceed \$75.

Separate payments of \$75 or less made at different times of the year for separate fundraising events will not be aggregated for purposes of the \$75 threshold. However, the Service is authorized to develop anti-abuse rules to prevent avoidance of this disclosure requirement in situations such as the writing of multiple checks for the same transaction.

The required written disclosure

(1) inform the donor that the amount

ductible for federal income tax purposes is limited to the excess exclusively for religious of any money (and the value of any property other than money) not sold in a contributed by the donor over the value of goods or services pro- context. An ex- vided by the charity, and admission to a

de (2) provide the donor with a good-faith estimate of the value of the provided in connection goods or services that the donor received.

for The charity must furnish the statement in connection with either the solicitation or the receipt of the quid pro quo contribution. If the disclosure statement is furnished in connection with a particular solicitation, it is not necessary for the organization to provide another statement when meet the disclosure re- the associated contribution is actually received.

penalty of The disclosure must be in writing and must be made in a manner that is fundraising event or reasonably Likely to come to the attention of the donor. For example, a can show that the failure disclosure in small print within a larger document might not meet this requirement.

#### donor deductions

In the following three circumstances, the disclosure statement is not the fair market value of required.

#### only to the

(1) Where the only goods or services given to a donor meet the stan- the \$10 per contribution dards for "insubstantial value" set out in section 3.01, paragraph payment 2 of Rev. Proc. 90-12, 1990-1 C.B. 47 1, as amplified by section 2.01 of Rev. Proc. 92-49, 1992-1 C.B. 987 (or any updates or revisions thereof);

(2) Where there is no donative element involved in a particular transaction with a charity, such as in a typical museum gift shop sale.

(3) Where there is only an intangible religious benefit provided to the donor. The intangible religious benefit must be provided to

the donor by an organization organized purposes, and must be of a type that generally is commercial transaction outside the donative ample of an intangible religious benefit would be

religious ceremony. The exception also generally applies to minimis tangible benefits, such as wine, with a religious ceremony. The intangible religious benefit exception, however, does not apply to such items as payments

tuition for education leading to a recognized degree, or for travel services, or consumer goods.

A penalty is imposed on charities that do not requirements. For failure to make the required disclosure in connection with a quid pro quo contribution of more than \$75, there is a \$10 per contribution, not to exceed \$5,000 per mailing. The charity may avoid the penalty if it was due to reasonable cause.

**Please note that the prevailing basic rule allowing only to the extent that the payment exceeds the goods or services received in return still applies generally to all quid pro quo contributions. The \$75 threshold pertains obligation to disclose and the imposition of penalty, not the rule on deductibility of the**

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