

Exempt IRS 3/24
Betsy

call IRS

Do not have to —

hour - hour $\frac{1}{2}$ } Catherine

\$220.00 an hour

to call IRS & Send letter
to JR

Do have to forget the
Catherine charge & go
about original charges

Betsy - 750-850
3/26/04

Cathy Glafco prepare
Catherine review
list of Board of
Directions

Betsy

4/27/04

4:30-4:45

Form 990

Follow up with no cost to Trust
on Kickback ~~letter~~ notice
- 6-9 months
if necessary to be sent
directly to IRS office
& contact name
requiring information

DV

~~7-13-2506~~

10 minutes
2:30 - 2:40

Moss Adams

4/13/04

Catherine H.
Betsy Selders

School District deemed to be Govt Agency
no filing requirements

VEBA- Govt Agency NO 990 filing requirements
(IRS)

Contact local office - are not required
to file

Bottom line

Federal

Catherine will get me a phone number contact
to call IRS

or

Catherine will do a blank letter stating that we
do not have "gross receipts more than \$25,000."
so we do not need to file.

Catherine will get back to me — DV

EVERETT SCHOOL EMPLOYEE BENEFIT TRUST

3715 Oakes Avenue Everett, WA 98201
PO Box 2098 Everett, Washington 98213

TRUSTEES	ADMINISTRATIVE MANAGER	CONSULTANT
Kay Nickel	Darla Van Duren	Thomas C. Pursley
John W. Morrill	3715 Oakes Avenue	William M. Mercer Inc.
Jeffrey S. Riddle	PO Box 2098	One Union Square
Sue McCann	Everett, WA 98213	600 University Street
Molly Ringo	(425) 385-4176	Suite 3200
Elizabeth Selders	d_vanduren@everett.wednet.edu	Seattle, WA 98101-3137
		(206) 461-2300

TELEFAX

PAGE 1 OF 3 (INCLUDING THIS PAGE)

DATE: April 13, 2004

TO: Betsy Suydam, CPA – Moss Adams

FAX NO. 425-259-2844 PHONE NO. 425-259-7227

FROM: Darla Van Duren, ESEBT Administrative Manager

FAX NO. (425) 385-4172 PHONE NO. (425) 385-4176

RE: IRS letter from May 19, 1988

MESSAGE:

Betsy, here is the letter from the IRS regarding the exemption from federal income tax with the Trust. The letter goes on to talk about the filing of Form 990. The rules may have changed since 1988, but this is why we have been filing with Lockitch, Clements & Rice, P.S. ever since.

Let me know if you would like me to call Ken at Lockitch, Clements & Rice, P.S. to get his take on this.



19 MAY 1986

Everett School Employee Benefit Trust
4730 Colby Avenue
Everett, WA 98023

E I N: 91-1297853

Person to Contact:

L. Yee

Contact Telephone Number:
(415) 556-0327Internal Revenue Code Section:
501(c)(9)Accounting Period Ending:
June 30

Dear Applicant:

Based on information 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 the provisions of the Internal Revenue Code shown above.

Unless specifically excepted, you must pay taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. Also, if you paid wages of \$1,500 or more in a calendar quarter in the current or preceding calendar year, or if at any time you had one or more employees in any 20 calendar weeks then, unless specifically excepted, you must pay tax under the Federal Unemployment Tax Act for each employee who earns \$50 or more during a calendar quarter.

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$25,000. If your gross receipts are not normally more than \$25,000 we ask that you establish that you are not required to file Form 990 by completing Part I of the Form for your first tax year. Thereafter, you will not be required to file a return until your gross receipts normally exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. 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. There is a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late unless you establish, as required by section 6652(d)(1), that the failure to file timely was due to reasonable cause.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. 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.

If your purposes, character, or method of operations change (including any change in the benefits or eligibility rules), please let us know so we can consider the effect of the change on your exempt status. Also, you should inform us of all changes in your name or

address.

Cash and noncash benefits realized by a person on account of your activities must be included in gross income to the extent provided in the Code. No opinion is expressed or implied as to whether there is any provision available under the Code that would permit individuals to exclude from gross income contributions to you or payments made by you. Further, no opinion is expressed or implied as to whether you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) or the Federal Unemployment Tax Act on the payment of benefits. If you have any questions about these matters, please contact your district office.

No opinion is expressed or implied as to whether employer contributions to you are deductible under the Code.

We have concluded that your organization satisfies the nondiscrimination requirements of Code section 505(b) but we have not considered new code section 89. New Code section 89 will establish a separate nondiscrimination standard for certain benefits now subject to section 505(b). These benefits are accident or health plans described in section 105(e), and group-term life insurance described in section 79. An employer may also elect to treat qualified group legal services described in section 120, an educational assistance program described in section 127, or a dependent care assistance program described in section 129 as subject to section 89. Section 89 is generally effective for taxable years beginning after the later of December 31, 1987, or the date that is 3 months after the date implementing regulations are issued. However, in no event will the effective date be later than taxable years beginning after December 31, 1988.

We note that your present eligibility requirements could, in the future, in finding of discrimination and jeopardize your exemption. For example, section 505(b)(2) of the Code would only allow the exclusion of "less than half-time employees" in testing for discrimination under section 505(b)(1), whereas your plan excludes part-time employees defined as those working more than 17 1/2 hours per week.

Please show your employer identification on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt 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,



District Director