

18 April 2006

Internal Revenue Service
Exempt Organizations
P.O. Box 2508 550 Main St, Federal Bldg.
Cincinnati, OH 45201
ATT: Angie Bender - ID# 31-08449
Room: 4522
Group: 7827
513-263-3511 Phone
513-263-4488 Fax

Dear Angie Bender:

This is a copy of your letter with our answers to your questions spaced in bold lettering immediately following your questions. Thank you for your consideration in this matter. New financial data per your request is attached, along with date-stamped articles of incorporation which show we incorporated on Feb 17, 2000.

Response Due Date: April 19, 2006

Dear Sir or Madam:

Before we can determine whether your organization is exempt from Federal income tax, we must have enough information to show that you have met all legal requirements. You did not include the information needed to make that determination on your Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

To help us determine whether your organization is exempt from Federal income tax, please send us the requested information by the above date. We can then complete our review of your application.

If we do not hear from you within that time, we will assume you do not want us to consider the matter further and will close your case. In that event, as required by Code section 6104(c), we will notify the appropriate state officials that, based on the information we have, we cannot recognize you as an organization of the kind described in Code section 501(c)(3). As a result, the Internal Revenue Service will treat your organization as a taxable entity. If we receive the information after the response due date, we may ask you to send us a new Form 1023.

In addition, if you do not provide the requested information in a timely manner, we will consider that you have not taken all reasonable steps to secure the determination you requested. Under Code section 7428(b)(2), your not taking all reasonable steps in a timely manner to secure the determination may be considered as failure to exhaust administrative remedies available to you within the Service. Therefore, you may lose your rights to a declaratory judgment under Code section 7428.

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

Note: Your response to this letter must be submitted over the signature of an authorized person or of an officer whose name is listed on the application. If your response is over 10 pages, please do not fax it.

PLEASE ATTACH A COPY OF THIS LETTER TO ALL CORRESPONDENCE.

Additional Information Requested:

1. The Articles of incorporation received does not include a date stamp to indicate the date it was accepted by the Secretary of State. Please provide a copy which has the date stamped.

ANSWER 1: SEE ATTACHED DOCUMENT (IMMEDIATELY FOLLOWING THIS LETTER) OF OUR ARTICLES OF INCORPORATION WITH DATE STAMP AND CERTIFICATE OF INCORPORATION.

2. Your website and bylaws indicate that the organization has membership fees; however, no income was listed on line 2 of the financial data on page 9. Please answer the following questions:
a. Describe the organization's membership requirements and attach a schedule of membership fees and dues.

WE HAVE NO MEMBERSHIP REQUIREMENTS OTHER THAN \$30 MEMBERSHIP DUES WHICH ARE VOLUNTARY. DUES WERE JUST RE-INSTITUTED IN 2006. LAST TIME REGULAR DUES WERE COLLECTED WAS PRIOR TO 2002, FOR WHICH THERE WERE NO FINANCIAL RECORDS BESIDES A HANDFUL OF HANWRITTEN RECEIPTS. \$30 PER YEAR IS THE NEW 2006 SCHEDULE. NOTHING WAS LISTED ON LINE 2 BECAUSE BEFORE THE BEGINNING OF THIS YEAR (WHICH WAS AFTER THE DATE WE FILED THE 1023) WE JUST COLLECTED DONATIONS, NOT REGULAR DUES. SOME OF THE MONEY LISTED ON LINE 1 INCLUDED MONEY COLLECTED AT EDUCATIONAL LINUX BOOT CAMPS (AND HAS NOW BEEN SPLIT OUT TO LINE 9), BUT THAT MONEY IS OFFSET BY THE COSTS OF RUNNING THOSE EVENTS LISTED IN LINE 15.

Line 2a (2005): Donations \$5

Line 9a (2005): + Boot camp attendance fees \$1062 = TOTAL \$1067

Line 2b (2004): \$0 donations and \$0 fees charged

Line 2c (2003): Voluntary donations \$200

Line 2d (2002): Voluntary donations \$194

ALL THESE LINE ITEMS CAN BE DOUBLE-CHECKED AGAINST THE CINLUG BALANCE SHEET, ATTACHED.

b. Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

WE USE THE WEBSITE <http://www.cinlug.org> EXCLUSIVELY AND ANY FLYERS PRETTY MUCH JUST POINT BACK TO OUR WEBSITE.

c. What benefits do (or will) the members receive in exchange for their payment of fees or dues. Please list all benefits received and the portion of the registration fee that is dedicated to each benefit.

MEMBERS CAN ATTEND CINLUG TRAINING EVENTS AT HALF-PRICE. ATTENDING JUST ONE OF THESE MORE THAN COVERS THE ENTIRE \$30 MEMBERSHIP FEE. MEMBERS CAN ORDER FREE COPIES OF BOOKS FROM OREILLY.COM AS LONG AS THEY WRITE A BOOK REVIEW. ALSO TAKING ADVANTAGE OF THIS BENEFIT FOR A SINGLE BOOK MORE THAN COVERS THE ENTIRE \$30 MEMBERSHIP FEE. THEY CAN SERVE ON THE BOARD OF DIRECTORS.

3. Please provide a detail listing for Line 15 contributions paid out on page 9 of the application.

WE HAVE NOT PAID OUT ANY CONTRIBUTIONS PER THE DEFINITION YOU GAVE US VIA THE TELEPHONE. THE ONLY MONEY PAID OUT BY OUR ORGANIZATION IS FOR EVENTS WHICH INCLUDES BOOTH FEES, CD AND DVD DUPLICATION SERVICES (FOR FREE OPEN SOURCE SOFTWARE GIVE-AWAYS), PRINTING SERVICES, FOOD, DOOR PRIZES, AND GOVERNMENTAL FILING FEES.

Line 15a (2005): Yearly door prizes \$102, State Business Entity Filing Fee \$10, CINLUG Banner \$106, Printing Services \$30, CD Duplication \$40, Food \$87, More CD & Educational material for boot Camps \$158, Booth Costs for Ohio Linux Fest \$75, Nametags \$51, IRS Filing Fee \$150 = TOTAL \$809

Line 15b (2004): Yearly door prizes \$52, State Filing fee \$10 = TOTAL \$62.

Line 15c (2003): Yearly door prizes \$33, Printing services \$39, DVD training videos for boot camp \$57, State Filing fee \$10 = TOTAL \$139

Line 15d (2002): Yearly door prizes \$61, State Filing fee \$10, Printing services \$10 = TOTAL \$81

ALL THESE LINE ITEMS CAN BE DOUBLE-CHECKED AGAINST THE CINLUG BALANCE SHEET, ATTACHED. IF YOU SUBTRACT OUR INCOME (\$1461) FROM OUR COSTS (\$1091), YOU GET THE RESULT OF (\$370) COLLECTED OVER THE LAST 4 YEARS. THIS GIVES US SOME KIND OF BUFFER FOR OPERATING EXPENSES WHICH HAS GONE UP BASED ON THE AMOUNT OF ACTIVITY WE NOW PERFORM AND PLAN ON PERFORMING IN 2006. NEW PAGES 9 AND 10 OF THE 1023 HAVE BEEN ATTACHED FOR REVIEW. THEY NOW INCLUDE ALL OF 2005.

4. Please provide the following information regarding your membership directory:

a. Describe in detail the type of information that will be included in the membership directory. If available, provide a copy of the directory.

THE MEMBERSHIP DIRECTORY ONLY HOLDS NAMES AND EMAIL ADDRESSES OF BOTH PAID MEMBERS AND NON-PAID NON-MEMBERS. THE WEBSITE USER LIST IS NOT A MEMBERSHIP LIST, ANYONE CAN REGISTER ON THE WEBSITE TO ACCESS THE FORUMS, AND THE MAJORITY OF THESE USERS ARE NON-PAID NON-MEMBERS. CURRENTLY, SINCE WE INSTITUTED THE \$30 MEMBERSHIP FEE, WE HAVE COLLECTED DUES FROM JUST 16 MEMBERS (7 OF WHICH ARE SERVING ON THE BOARD OF DIRECTORS). HERE'S THE LIST OF MEMBER NAMES/EMAILS:
Todd Lyons todd@tri.ca, Richard Bishop rebishop@comcast.net, Bob Boyd robert.boyd@thomson.net, Kim Brand kim@fileengine.com, David Brown db@cinlug.org, Tom Conrad tmc@theconrads.us, Bernie Hofer LUG-member@TheMoreIKnow.info, Fred Kukral fkukral@yahoo.com, Tom Lapp tmlapp@yahoo.com, Jeff Licquia jeff@licquia.org, Todd Magers toddmagers@gmail.com, Dan Moeller dmoeller@iq.quik.com, Thomas Moore dark@mama.indstate.edu, Frank O'Brien frank.obrien@eds.com, Don Rushing rushing@netusa1.net, Michael Schultheiss schultmc@cinlug.org

b. Please describe the method of distribution. To whom will the directory be made available? What will the cost of the directory be?

CINLUG WILL NOT DISTRIBUTE OR SELL THE MEMBERSHIP LIST. THE WEBSITE USERS LIST IS NOT A MEMBERSHIP LIST. YOU CAN JOIN BY VISITING THE WEBSITE AND THE CLICKING "JOIN CINLUG" LINK.

c. State the purpose of the membership directory. For example, will the directory be distributed to potential customers for the purposes of informing them of your members' businesses? Or will the directory be distributed to members only for informational purposes?

OUR MEMBERSHIP DIRECTORY IS FOR INFORMATIONAL PURPOSES ONLY.

5. Please submit a more detailed description of the following activities:

a. Encourage use and operation of Linux

CINLUG IS AN ORGANIZATION WHERE PEOPLE CAN FIND LIKE-MINDED FOLKS WHO USE THE LINUX OPERATING SYSTEM. LINUX IS AN OPEN SOURCE AND FREE COMPUTER OPERATING SYSTEM FOR PEOPLE WHO DO NOT WANT TO BUY ONE (E.G. MICROSOFT WINDOWS). OPEN SOURCE SOFTWARE PROVIDES A NO FEE ALTERNATIVE TO COMMERCIAL SOFTWARE WHERE INDIVIDUALS CONTRIBUTE TO SOFTWARE DEVELOPMENT AND MAINTENANCE FOR THE BENEFIT OF ALL OPEN SOURCE USERS. CINLUG HOLDS MONTHLY CLUB MEETINGS TO PRESENT OPEN SOURCE AND LINUX RELATED TOPICS FROM SETTING UP YOUR OPERATING SYSTEM TO CONFIGURING SOFTWARE TO FUTURE TRENDS, ETC. THESE MEETINGS ARE FREE AND OPEN TO THE PUBLIC. EXPENSES FROM THE DUES ARE USED TO SUPPORT THIS ACTIVITY. THE ACTIVITY IS CONDUCTED CURRENTLY AT AN OFFICE BUILDING WITH SPACE DONATED BY ELECTRONIC DATA SYSTEMS, BUT COULD CHANGE AND THE SPACE MAY NEED TO BE PAID FOR, SO MEMBERSHIP DUES WOULD BE USED FOR THIS. THIS IS A VERY SIGNIFICANT ACTIVITY AND IS ABOUT 50% OF WHAT WE DO. THIS ACTIVITY PROVIDES FREE EDUCATION AND FREE TROUBLESHOOTING TO FURTHER OUR EXEMPT PURPOSES.

b. Offer educational materials for members and general public

THE PRESENTATIONS AND TRAINING OFFERED AT THE CINLUG MEETINGS IS PUBLISHED ON THE CINLUG WEBSITE <http://www.cinlug.org> AFTER MOST MEETINGS. THESE PUBLICATIONS ARE INVALUABLE TO MANY WHO NEED ASSISTANCE WITH THEIR LINUX QUESTIONS. THERE IS NO FEE TO VIEW THIS MATERIAL, AND IT IS PUBLISHED TO ALL MEMBERS AND NON-MEMBERS ALIKE. THIS FURTHERS OUR EXEMPT PURPOSES IN THAT IT PROVIDES FREE EDUCATION. THE WEBSITE SPACE CURRENTLY IS DONATED BUT IN THE FUTURE THAT COULD CHANGE AND WOULD NEED TO BE PAID FOR, SO MEMBERSHIP DUES WOULD BE USED FOR THIS. THIS ISN'T THAT SIGNIFICANT AMOUNT OF WORK, AND BASICALLY ENDS UP BEING A SMALL PART OF ACTIVITY (a) ABOVE.

c. Provide installation and troubleshooting assistance via interactive forums and at monthly meetings
LINUX IS A FREE OPERATING SYSTEM AND USERS OF IT RANGE FROM NOVICE TO EXPERT. FOLKS ATTENDING THE MEETINGS HAVE A CHANCE TO INTERFACE WITH THE EXPERTS TO ANSWER ANY LINUX RELATED QUESTIONS. THEY CAN ALSO POST MESSAGES ON THE WEBSITE FORUMS TO GET ANSWERS AND BOARD MEMBERS AND OTHER EXPERTS CAN QUICKLY RESPOND TO THE NEEDS OF MEMBERS AND NON-MEMBERS. THIS IS A SIGNIFICANT PORTION OF OUR SERVICES WHICH CONTRIBUTES TO OUR EXEMPT STATUS IN THAT IT PROVIDES FREE ASSISTANCE AND EDUCATION. IT PROBABLY ENDS UP BEING ABOUT 10% OF WHAT WE DO.

d. Encourage and sponsor software development initiatives
OPEN SOURCE IS FREE TO DOWNLOAD AND USE. IF YOU FIND A PROBLEM WITH THE FREE SOFTWARE, YOU ARE ENCOURAGED TO FIX IT AND CONTRIBUTE IT BACK TO THE PROJECT. WE ASSIST IN THIS BY OFFERING PROGRAMMING EDUCATION VIA OUR MEETINGS, BOOT CAMPS, AND WEBSITE. THIS ENCOURAGES OTHERS TO PARTICIPATE IN OPEN SOURCE SOFTWARE DEVELOPMENT. THIS IS CLOSELY TIED IN WITH (a, b, AND c).

e. Provide software, books, and other materials
AT MOST EVENTS WE ATTEND WE GIVE AWAY SOMETHING. USUALLY CDS OR DVDS OF RECENT LINUX DISTRIBUTIONS. ALONG WITH PROMOTIONAL FLYERS, WE GIVE QUICK REFERENCE FLYERS AND INSTRUCTIONS ON HOW TO USE THE DVD OR CD. WE ATTEND 2 OR 3 OF THESE CONFERENCES PER YEAR, AND IT ENDS UP BEING ABOUT 20% OF OUR ACTIVITY. THIS FURTHERS OUR EXEMPT STATUS IN THAT WE CHARGE NOTHING FOR THESE FREE MATERIALS.

f. Socializing
THERE IS OCCASIONAL SOCIALIZING AFTER MEETINGS AMONG SOME MEMBERS, BUT NO REGULARLY SCHEDULED SOCIALIZING EVENTS. AS OF NOW THIS ACTIVITY ONLY IS ABOUT 5%,

g. Interactive forums - **DELETED & COMBINED WITH (c)**

h. Linux boot camps
WE HAVE 2 OR 3 OF THESE EDUCATION RETREATS PER YEAR. THEY COST BETWEEN \$60 AND \$80 (\$30 AND \$40 FOR MEMBERS) WHICH COVERS THE MATERIALS, ROOM FEES, SPEAKERS, AND FOOD. THESE ARE ONE OR TWO ALL-DAY TRAINING EVENTS TARGETED SOMETIMES FOR NEW USERS AND OTHER TIMES FOR EXPERIENCED USERS. THIS ENDS UP BEING THE LAST 15% OF OUR ACTIVITY, AND THIS IS A VERY SIGNIFICANT PORTION OF THE SERVICE WE PROVIDE THE PUBLIC. THIS FURTHERS OUR EXEMPT STATUS IN THAT WE CHARGE NOMINAL FEES TO COVER THE COSTS OF THESE VALUABLE EDUCATIONAL SERVICES.

i. Linux install fest
IN THE PAST WE HAVE HAD THESE EVENTS BUT HAVEN'T HAD ONE IN A COUPLE OF YEARS. THIS IS AN EVENT WHERE PEOPLE BRING THEIR MACHINES AND WE PROVIDE THEM WITH A CD/DVD OF A LINUX DISTRIBUTION AND HELP THEM INSTALL IT. IT'S AS SIMPLE AS THAT, AND SIMILAR TO (h), BUT TARGETED FOR THE GENERAL NEW USER WHO HAS NEVER USED LINUX. AS WITH ALL OF OUR ACTIVITIES IT IS OPEN TO THE GENERAL PUBLIC, COSTS NOTHING OR COSTS A NOMINAL FEE TO COVER EXPENSES, AND IS CONDUCTED USUALLY AT A SCHOOL CAMPUS, DONATED SPACE OR OTHER PUBLIC LOCATION. AS FOR THE PERCENTAGE OF THIS ACTIVITY, IT IS CURRENTLY 0%, BUT IS SIMILAR IN ALL RESPECTS TO (h) AND CAN BE LUMPED IN WITH THAT ACTIVITY.

In your description please do not merely describe the purpose of the organization. Rather, describe the activities that your organization will initiate and/or participate in to fulfill your purpose. Your description should include the answers to the following basic questions:

- What does the activity entail?
- Who conducts the activity?
- Where is the activity conducted?
- When is the activity conducted?
- How significant is the activity in relation to your total activities?
- Who may participate in the activity?
- How are the participants selected?
- Is there a fee for participation in the activity? If so, provide a fee schedule.
- How does the activity further your exempt purpose?
- What percentage of your total funds is dedicated to this activity (total must equal 100%)?
- What percentage of your total time is dedicated to this activity (total must equal 100%)?

6. Your website has job board listing (copies of pages enclosed), please provide a detail explanation of the services offered by the job board posting and job seekers posting.

THIS JOB BOARD LISTING IS A WAY FOR CORPORATIONS AND SMALL BUSINESSES TO LINK UP WITH QUALIFIED INDIVIDUALS. SINCE OUR GROUP IS A TECHNICAL SOCIETY OF SORTS, WE HAVE MANY EXPERIENCED USERS. SOMETIMES THEY CAN FIND SIDE-WORK OR FULL-TIME WORK VIA THE JOB BOARD. JOB POSTINGS CAN BE POSTED BY ANYONE (WITH REVIEW BY THE CINLUG ADMINISTRATION). ANYONE CAN READ THE JOB BOARD AND ARE FREE TO CONTACT THE COMPANY ON THEIR OWN. WE GET NO MONEY, AND WE DO NOT LIMIT THIS JOB BOARD IN ANY RESPECT. WE DO NOT HIRE AND WE DO NOT PROMOTE - WE JUST FACILLITATE. THIS FURTHERS OUR EXEMPT STATUS IN THAT WE PROVIDE THIS SERVICE FREE TO ALL.

7. Based upon the balance sheet provided you have listed net profit for various programs. The gross amount of income received needs to be reported on line 9 of page 9. Please provide updated financial information. I am enclosing a blank page 9 to have the information updated.

SEE ANSWER 2, AS WELL AS NEW 1023 PAGE 9 AND 10 ATTACHED. \$1062 WAS COLLECTED AS FEES FOR BOOT CAMP EDUCATIONAL SEMINARS WHICH WE HOSTED (3) LAST YEAR. CINLUG ONLY HAS ONE CHECKING ACCOUNT WHICH DOESN'T GET INTEREST INCOME. IT IS INTEREST-FREE CHECKING. I WAS ABLE TO DIG UP THE BANK RECORDS (WITH THE HELP OF FIFTH THIRD BANK AT A COST OF \$60) ONLY BACK AS FAR AS 2002, BUT THE AVERAGE BANK ACCOUNT BALANCE IS AROUND \$1200, AND IT HAS NEVER GONE OVER ABOUT \$1800. THE ENTIRE TRANSACTION FEE BALANCE SHEET FROM 2002 TO 2006 IS ALSO ATTACHED WITH DESCRIPTIONS OF THE PAY-IN PAY-OUT OF ALL INDIVIDUAL TRANSACTIONS. WE VERY MUCH WOULD LIKE TO GET 501(c)(3) STATUS SO WE CAN PUT ON SOME LARGER NON-PROFIT EVENTS SUCH AS AN INDY LINUX FEST. WE HOPE THESE ANSWERS ARE SATISFACTORY. IF YOU WISH YOU CAN GOOGLE FOR "linux user group 501 tax" AND SEE A VERY LARGE LISTING OF LUGS (LINUX USERS GROUPS) THAT HAVE 501(c)(3) TAX STATUS. WE ARE NO DIFFERENT. THANK YOU FOR YOUR CONSIDERATION.

Sincerely,



David Brown, 2005/2006 Treasurer
Employer Identification Number: 35-2099735
Central Indiana Linux Users Group Inc.
10625 Glenn Cairn Ct.
Fishers, IN 46037