

0507577040870
Application for Recognition of Exemption
Under Section 501(c)(3) of the Internal Revenue Code

OMB No. 1545-0056

If exempt status is approved, this application will be open for public inspection.

0507577040870

Read the instructions for each Part carefully.
A User Fee must be attached to this application.

If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.

Part I Identification of Applicant

<p>1a Full name of organization (as shown in organizing document)</p> <p style="text-align: center;">Youth Enterprises System, Inc.</p>	<p>2 Employer identification number (If none, see instructions.)</p> <p style="text-align: center;">75-0347028 Form SS-4 attached</p>
<p>1b CEO Name (if applicable)</p> <p style="text-align: center;">Chris Baca, Rudy Chavez</p>	<p>3 Name and telephone number of person to be contacted if additional information is needed</p> <p style="text-align: center;">Chris Baca Rudy Chavez</p>
<p>1c Address (number and street)</p> <p style="text-align: center;">6301 Central NW</p>	<p>4 Month the annual accounting period ends</p> <p style="text-align: center;">(505) 831-6038 6/30</p>
<p>1d City or town, state, and ZIP code</p> <p style="text-align: center;">Albuquerque, NM 87105</p>	<p>5 Date incorporated or formed</p> <p style="text-align: center;">8/6/90</p>
<p>6 Activity codes (See instructions)</p> <p style="text-align: center;">566 126 400</p>	<p>7 Check here if applying under section</p> <p style="text-align: center;">a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> 501(k)</p>
<p>8 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? If "Yes," attach an explanation</p> <p style="text-align: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	
<p>9 Has the organization filed Federal income tax returns or exempt organization information returns? If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.</p> <p style="text-align: right;"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

10 Check the box for your type of organization. BE SURE TO ATTACH A COMPLETE COPY OF THE CORRESPONDING DOCUMENTS TO THE APPLICATION BEFORE MAILING.

- a Corporation— Attach a copy of your Articles of Incorporation, (including amendments and restatements) showing approval by the appropriate state official; also include a copy of your bylaws.
- b Trust— Attach a copy of your Trust Indenture or Agreement, including all appropriate signatures and dates.
- c Association— Attach a copy of your Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of your bylaws.

If you are a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here

Augustine C. Bels
 (Signature)

Director
 Title or authority of signer

5-21-90
 (Date)

For Paperwork Reduction Act Notice, see page 1 of the instructions.

Part II Activities and Operational Information

- 1 Provide a detailed narrative description of all the activities of the organization—past, present, and planned. Do not merely refer to or repeat the language in your organizational document. Describe each activity separately in the order of importance. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

Youth Enterprises System, Inc. (YES) is a training program for unemployed and underemployed youth. YES is not operational yet but has received seed grants from [REDACTED] (\$30,000) plus [REDACTED] (approx \$131,825) to train youth as apprentice painters and apprentice culinary workers.

- 2 What are or will be the organization's sources of financial support? List in order of size.

Governments grants
Donations
Service fees

- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc.) Attach representative copies of solicitations for financial support.

Research and respond to governmental requests for proposals (RFPS). Solicit support from foundations and not for profit funds. Request assistance from the business community through fund raisers.

Part II Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.			b Annual Compensation
Bob Avila	115 Eighth Street Sw, Albq., NM 87102	Dir	
Jim Reich	625 Silver SW, Ste. 200, Albq., NM 87125	Dir	
Rich Calkins	508 1st St. NW, Albq., NM 87102	Dir	
Richard Santos	3421 Vail Ave., SE, Albq., NM 87106	Dir	
Jerry Ryburn	3705 Don Isidro NW, Albq., NM 87107	Dir	
Chris Baca	901 Field SW, Albq., NM 87121	President	10,000

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
 If "Yes," name those persons and explain the basis of their selection or appointment

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See the Specific Instructions for line 4d.) Yes No
 If "Yes," explain

5 Does the organization control or is it controlled by any other organization? Yes No
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors? Yes No
 If either of these questions is answered "Yes," explain

Youth Development, Inc. a 501(c)(3) organization is the sole member of Youth Enterprises System, Inc.

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than 501(c)(3) organizations). (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
 If "Yes," explain fully and identify the other organization(s) involved.

7 Is the organization financially accountable to any other organization? Yes No
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part I Activities and Operations Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If "None," indicate "N/A."

The corporation is not yet operational. A grant from [REDACTED] in the amount of \$30,000 has been received.

9a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No

If either of these questions is answered "Yes," attach a copy of each such contract and explain the relationship between the applicant and each of the other parties.

Although the corporation has not occupied facilities, it is expected to secure a lease on rental space to begin training youths.

10 Is the organization a membership organization? Yes No

If "Yes," complete the following.

- a Describe the organization's membership requirements and attach a schedule of membership fees and dues.
- b Describe your present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.
- c What benefits do (or will) your members receive in exchange for their payment of dues?

11a If the organization provides benefits, services or products, are the recipients required, or will they be required, to pay for them? N/A Yes No

If "Yes," explain; show how the charges are determined; and attach a copy of your current fee schedule.

b Does or will the organization limit its benefits, services or products to specific individuals or classes of individuals? N/A Yes No

If "Yes," explain how the recipients or beneficiaries are or will be selected.

12 Does or will the organization attempt to influence legislation? Yes No

If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds which it devotes or plans to devote to this activity.

13 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No

If "Yes," explain fully.

Part III Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed? Yes No
If you answer "Yes," do not answer questions 2 through 6.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions—You are not required to file an exemption application within 15 months if the organization

- (a) Is a church, interchurch organization, local unit of a church, a convention or association of churches, or an integrated auxiliary of a church;
- (b) Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year, or;
- (c) Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate

3 If you do not meet any of the exceptions in question 2, do you wish to request relief from the 15-month filing requirement? Yes No

4 If you answer "Yes" to question 3, please give your reasons for not filing this application within 15 months from the end of the month in which your organization was created or formed.

5 If you answer "No" to both questions 1 and 3 and do not meet any of the exceptions in question 2, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date you were formed and ending with the date your Form 1023 application was received (the effective date of your section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application

Part III Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, do you claim to be a private operating foundation?

- Yes (Complete Schedule E)
 No

After answering this question, go to Part IV.

9 If you answer "No" to question 7, indicate the public charity classification you are requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | |
|--|---|
| (a) <input type="checkbox"/> As a church or a convention or association of churches
(MUST COMPLETE SCHEDULE A) | Sections 509(a)(1)
and 170(b)(1)(A)(i) |
| (b) <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B) | Sections 509(a)(1)
and 170(b)(1)(A)(ii) |
| (c) <input type="checkbox"/> As a hospital or a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital.
(MUST COMPLETE SCHEDULE C) | Sections 509(a)(1)
and 170(b)(1)(A)(iii) |
| (d) <input type="checkbox"/> As a governmental unit described in section 170(c)(1) | Sections 509(a)(1)
and 170(b)(1)(A)(v) |
| (e) <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in (a) through (d), (g), (h), or (i).
(MUST COMPLETE SCHEDULE D) | Section 509(a)(3) |
| (f) <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| (g) <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1)
and 170(b)(1)(A)(vi) |
| (h) <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1)
and 170(b)(1)(A)(vii) |
| (i) <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| (j) <input type="checkbox"/> We are a publicly supported organization but are not sure whether we meet the public support test of block (h) or block (i). We would like the Internal Revenue Service to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(viii)
or
Section 509(a)(2) |

If you checked one of the boxes (a) through (f) in question 9, go to question 14.
 If you checked box (g) in question 9, go to questions 11 and 12.
 If you checked box (h), (i), or (j), go to question 10.

Part III Technical Requirements (Continued)

- 10 If you checked box (h), (i), or (j) in question 9, have you completed a tax year of at least 8 months?
- No—You must request an advance ruling by completing and signing 2 Forms 872-C and attaching them to your application
 - Yes—Indicate whether you are requesting:
 - A definitive ruling (Answer question 11 through and including question 14.)
 - An advance ruling (Answer questions 11 and 14 and attach 2 Forms 872-C completed and signed.)

11 If the organization received any unusual grants during any of the tax years shown in Part IV-A, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of each such grant.

12 If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and

- a Enter 2% of line 8, column (e) of Part IV-A _____
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount you entered on line 12a above

13 If you are requesting a definitive ruling under section 509(a)(2), check here and

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each person who is a "disqualified person"
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following, and if so, complete the required schedule. (Submit only those schedules, if any, that apply to your organization. Do not submit blank schedules.)

	Yes	No	If "Yes," complete schedule
Is the organization a church?		X	A
Is the organization, or any part of it, a school?		X	B
Is the organization, or any part of it, a hospital or medical research organization?		X	C
Is the organization a section 509(a)(3) supporting organization?		X	D
Is the organization an operating foundation?		X	E
Is the organization, or any part of it, a home for the aged or handicapped?		X	F
Is the organization, or any part of it, a child care organization?		X	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		X	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		X	I

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A.—Statement of Revenue and Expenses

		Current tax year	3 prior tax years or proposed budget for 2 years		(e) TOTAL
		(a) From 7/1/90 to 6/30/91	Proposed (b) 1992...	Proposed (c) 1993...	
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see instructions)	241,825	251,800	80,700	
	2 Membership fees received				
	3 Gross investment income (see instructions for definition)				
	4 Net income from organization's unrelated business activities not included on line 3				
	5 Tax revenues levied for and either paid to or spent on behalf of the organization				
	6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)				
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	2,000	2,500	2,800	
	8 Total of lines 1 through 7	243,825	254,300	283,500	
	9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513	93,000	110,000	125,000	
	10 Total of lines 8 and 9				
	11 Gain or loss from sale of capital assets (attach schedule)				
	12 Unusual grants				
	13 Total revenue (add lines 10 through 12)	336,825	364,300	408,500	
Expenses	14 Fundraising expenses				
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)				
	16 Disbursements to or for benefit of members (attach schedule)				
	17 Compensation of officers, directors, and trustees (attach schedule)				
	18 Other salaries and wages	190,000	230,000	250,000	
	19 Interest				
	20 Occupancy (rent, utilities, etc.)	14,400	17,000	20,000	
	21 Depreciation and depletion				
	22 Other (attach schedule)	118,000	100,800	118,100	
	23 Total expenses	322,400	347,800	388,100	
	24 Excess of revenue over expenses (line 13 minus line 23)	14,425	16,500	20,400	

Part IV Financial Data (Continued)

B.—Balance Sheet (at the end of the period shown) Proforma

Current tax year
Date 6/30/91

Assets		
1	Cash	4,425
2	Accounts receivable, net	6,500
3	Inventories	4,800
4	Bonds and notes receivable (attach schedule)	
5	Corporate stocks (attach schedule)	
6	Mortgage loans (attach schedule)	
7	Other investments (attach schedule)	
8	Depreciable and depletable assets (attach schedule)	15,000
9	Land	
10	Other assets (attach schedule)	
11	Total assets	30,725
Liabilities		
12	Accounts payable	6,000
13	Contributions, gifts, grants, etc., payable	
14	Mortgages and notes payable (attach schedule)	
15	Other liabilities (attach schedule)	3,500
16	Total liabilities	9,500
Fund Balances or Net Assets		
17	Total fund balances or net assets	21,225
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	30,725

If there has been any substantial change in any aspect of your financial activities since the end of the period shown above, check the box and attach a detailed explanation

YOUTH ENTERPRISES SYSTEM, INC.

Form 1023, Page 8, Line 22(a), 22(b), 22(c)

	<u>22(a)</u>	<u>22(b)</u>	<u>22(c)</u>
Food	48,000	60,000	72,000
Paint	12,000	20,000	22,000
Equipment	15,000	5,000	5,000
Insurance	4,000	4,800	5,600
Supplies	5,000	6,000	7,500
Organization	30,000	-	-
Other	<u>4,000</u>	<u>5,000</u>	<u>6,000</u>
	<u>118,000</u>	<u>100,800</u>	<u>118,100</u>

Part IV Financial Data (Continued)

B.—Balance Sheet (at the end of the period shown)

Proforma

Current tax year
Date 6/30/91

Assets			
1	Cash	1	4,425
2	Accounts receivable, net	2	6,500
3	Inventories	3	4,800
4	Bonds and notes receivable (attach schedule)	4	
5	Corporate stocks (attach schedule)	5	
6	Mortgage loans (attach schedule)	6	
7	Other investments (attach schedule)	7	
8	Depreciable and depletable assets (attach schedule)	8	15,000
9	Land	9	
10	Other assets (attach schedule)	10	
11	Total assets	11	30,725
Liabilities			
12	Accounts payable	12	6,000
13	Contributions, gifts, grants, etc., payable	13	
14	Mortgages and notes payable (attach schedule)	14	
15	Other liabilities (attach schedule)	15	3,500
16	Total liabilities	16	9,500
Fund Balances or Net Assets			
17	Total fund balances or net assets	17	21,225
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	30,725

If there has been any substantial change in any aspect of your financial activities since the end of the period shown above, check the box and attach a detailed explanation