

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

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.

Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

<p>1a Full name of organization (as shown in organizing document)</p> <p>Ciudad de Angeles, Inc.</p>	<p>2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.)</p> <p align="center">01 : 0730818</p>
<p>1b c/o Name (if applicable)</p> <p>Gary M. Gardner, President</p>	<p>3 Name and telephone number of person to be contacted if additional information is needed</p> <p align="center">(770) 416-1598 / Gary Gardner, Pres.</p>
<p>1c Address (number and street) Room/Suite</p> <p>5240 Roswell Road NE</p>	
<p>1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.</p> <p>Marietta, Georgia 30062</p>	<p>4 Month the annual accounting period ends</p> <p align="center">December</p>
<p>1e Web site address</p> <p>www.ciudaddeangeles.org</p>	<p>5 Date incorporated or formed</p> <p align="center">July 11, 2002</p>
<p>7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.</p>	
<p>8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).</p>	
<p>9 Has the organization filed Federal income tax returns or exempt organization information returns? . . . <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.</p> <p>Form 990-EZ is being filed at the same time as this 1023 filing, for tax Year 2002. Internal Revenue Service Address: Internal Revenue Service Center Ogden, UT 84201-0027</p>	

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See **Specific Instructions** for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

a Corporation—Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.

b Trust— Attach a copy of the Trust Indenture or Agreement, including all appropriate signatures and dates.

c Association— Attach a copy of the 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 the bylaws.

If the organization is 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 _____ **Gary M. Gardner, President** _____
 (Signature) (Type or print name and title or authority of signer) (Date)

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 the organizational document.** List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

The primary purpose of the Corporation is to promote the physical, emotional, and spiritual well-being of abandoned, abused, and orphaned children in the country of Mexico, and further to support the development of these children into adults who will contribute to the communities within which they reside. A sister association, Ciudad de Angeles, Institucion de Asistencia Privada (IAP), has been registered in Mexico and the IAP organization began operation in February of 2002. The IAP has received all permits required in Mexico to fulfill the primary purpose of the Corporation. The IAP is functioning under the legal, financial, and tax laws of Mexico. The IAP operation in Mexico is also reviewed by the government advisory board of the Junta Estatal Asistencias Privadas (JEAP). The care of children and their development into moral adults will be the sole function of the grants from the Corporation in the USA and received by the IAP in Mexico.

The initial funds to investigate and start-up this operation were provided by East Cobb church of Christ in Marietta, Georgia. Ciudad de Angeles, Inc. was incorporated on July 11, 2002 to provide an independent organization from that single church of Christ congregation and to expedite the solicitation, organization, development and control.

The USA corporation will provide oversight of the IAP and the home/s in Mexico including financial accountability; development of the infrastructure to collect, transfer, control, report, and audit grants for operating the home/s and caring for the children; organization of short-term visiting mission and service teams (one to two week visits for each group per year) from the USA to the facilities in Mexico for various humanitarian and religious efforts (teaching -- academic and religious, medical projects, construction and renovation projects, etc.); and coordination of the support relationship between the children and the USA sponsors of those children. The corporation has an elected Board of Directors, who are members-in-good-standing from various churches of Christ in the USA. There are currently six members on the board. The president of the Board of Directors is responsible and accountable for the operations both in the USA and in Mexico. The president of the Corporation is also the President and member of the Board of Directors of the IAP. There are currently no paid positions for anyone in the Corporation.

The IAP commenced operation in 2002 by renting a 3-bedroom property in San Miquel, Quintana Roo, Mexico. The first child was accepted into the home and arrived there on July 25, 2002. The number of children in the first house was increased to a total of 10 by June 1, 2003.

In April, 2003 a second rental property was added in the same city. On July 11, 2003, six additional children were accepted by the IAP and arrived in the home (bringing the total number of children served to 16). The children receive food, clothing, housing, medical care, education, religious training, and moral guidance while they reside at the homes. A search for land on which to build the first permanent campus to house between 50 and 100 children, is underway. In addition, other locations in Mexico are being investigated to begin future homes. All future homes will be located within the country of Mexico, beginning in the Southeast region of the country, and probably in the area of the Yucatan peninsula.

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

During the first 12 months of solicitation (July 2002 to July 2003), funds were received from the following classifications: 105 individuals for 57% of the total contributions; 8 churches for 37% of the total; 3 companies for 3% ; 5 schools or groups representing schools for 3%. Total dollar contributions during that same period were \$92,000. No substantial change in this mix of donors is expected.

- 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.

Congregations, and individuals who are members of the churches of Christ in the USA, are being contacted directly to generate donors. One congregation (East Cobb church of Christ, Marietta, Georgia) was the founding congregation and supplied seed money (\$15,000). In addition, this congregation also applied and received a grant from the Bell Trust to provide addition funds (\$10,000 initially, then \$500 per month) for the first three years. All other solicitation for funds have and will be by newsletters and direct contact. The Corporation plans to continue with this method.

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.
See Attachment.

b Annual compensation

No compensation

0

0

0

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 **Specific Instructions** for Part II, Line 4d, on page 3.) 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 with another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

The Corporation has a relationship (based on history and religious goals) with the churches of Christ, but the Corporation is not controlled in any way by any single congregation or group of congregations. Members to the Board of Directors are required to be members-in-good-standing in a local, independent congregation of the churches of Christ. In the first 12 months of operation, eight congregations have contributed to the Corporation, but these donations have not been directed contributions.

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 a 501(c)(3) organization): (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 organizations involved.

East Cobb church of Christ (Marietta, Georgia) received a seed grant from the Bell Trust (660 Preston Forest Center -- Box 289, Dallas, Texas 75230) in the form of a one-time amount of \$10,000 and then \$1,500 per quarter for three years. These funds are transferred to the Corporation through that congregation's accounting process (not directly to Ciudad de Angeles) from the foundation.

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 II Activities and Operational 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."

N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a 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 the contracts and explain the relationship between the applicant and the other parties.

11 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 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.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a 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 how the charges are determined and attach a copy of the 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.

The primary purpose of the Corporation is to promote the physical, emotional, and spiritual well-being of abandoned, abused, and orphaned children in the country of Mexico. The benefits will be limited to those children who fit this profile.

13 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 that it devotes or plans to devote to this activity.

14 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 your organization was created or formed? Yes No
If you answer "Yes," do not answer questions on lines 2 through 6 below.

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 of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- 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 the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the 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 the organization was created or 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 the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's 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, does the organization claim to be a private operating foundation?
 Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

- 9** If you answer "No" to question 7, indicate the public charity classification the organization is 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
(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 (These organizations, except for hospital service organizations, 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)(iv) |
| 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)(vi) |
| 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"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i . The organization would like the IRS to decide the proper classification. | Sections 509(a)(1)
and 170(b)(1)(A)(vi)
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, in question 9, go to question 10.

Part III Technical Requirements (Continued)

- 10** If you checked box **h, i, or j** in question 9, has the organization completed a tax year of at least 8 months?
 Yes—Indicate whether you are requesting:
 A definitive ruling. (Answer questions 11 through 14.)
 An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
 No—You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.
- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, **Statement of Revenue and Expenses**, 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 the 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), Total, 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 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 “disqualified person.” (For a definition of “disqualified person,” see **Specific Instructions**, Part II, Line 4d, on page 3.)
- 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. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If “Yes,” complete Schedule:
Is the organization a church?		✓	A
Is the organization, or any part of it, a school?		✓	B
Is the organization, or any part of it, a hospital or medical research organization?		✓	C
Is the organization a section 509(a)(3) supporting organization?		✓	D
Is the organization a private operating foundation?		✓	E
Is the organization, or any part of it, a home for the aged or handicapped?		✓	F
Is the organization, or any part of it, a child care organization?		✓	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		✓	H
Has the organization taken over, or will it take over, the facilities of a “for profit” institution?		✓	I

Part IV Financial Data

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			
		(a) From <u>1/2003</u> to <u>7/2003</u>	(b) <u>7/2003</u> to <u>12/2003</u>	(c) <u>2004</u> Budget	(d) <u>2005</u> Budget	(e) TOTAL
Revenue	1 Gifts, grants, and contributions received (not including unusual grants—see page 6 of the instructions).	46,388	50,000	100,000	125,000	321,388
	2 Membership fees received	0	0	0	0	0
	3 Gross investment income (see instructions for definition)	0	0	0	0	0
	4 Net income from organization's unrelated business activities not included on line 3	0	0	0	0	0
	5 Tax revenues levied for and either paid to or spent on behalf of the organization	0	0	0	0	0
	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)	0	0	0	0	0
	7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	0	0	0	0
	8 Total (add lines 1 through 7)	46,388	50,000	100,000	125,000	321,388
	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. Include related cost of sales on line 22	0	0	0	0	0
	10 Total (add lines 8 and 9)	46,388	50,000	100,000	125,000	321,388
	11 Gain or loss from sale of capital assets (attach schedule)	0	0	0	0	0
	12 Unusual grants	0	0	0	0	0
	13 Total revenue (add lines 10 through 12)	46,388	50,000	100,000	125,000	321,388
Expenses	14 Fundraising expenses	4,876	3,000	10,000	15,000	
	15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	24,000	35,000	78,000	98,000	
	16 Disbursements to or for benefit of members (attach schedule)	0	0	0	0	
	17 Compensation of officers, directors, and trustees (attach schedule)	0	0	0	0	
	18 Other salaries and wages	0	0	0	0	
	19 Interest	0	0	0	0	
	20 Occupancy (rent, utilities, etc.)	0	0	0	0	
	21 Depreciation and depletion	0	0	0	0	
	22 Other (attach schedule)	13,990	10,000	12,000	12,000	
	23 Total expenses (add lines 14 through 22)	42,866	48,000	100,000	125,000	
	24 Excess of revenue over expenses (line 13 minus line 23)	3,522	2,000	0	0	

Part IV Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)		Current tax year Date <u>12/31/2002</u>
Assets		
1	Cash	1 25,442
2	Accounts receivable, net	2
3	Inventories	3
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
9	Land	9
10	Other assets (attach schedule)	10
11	Total assets (add lines 1 through 10)	11 25,442
Liabilities		
12	Accounts payable	12
13	Contributions, gifts, grants, etc., payable	13
14	Mortgages and notes payable (attach schedule)	14
15	Other liabilities (attach schedule)	15
16	Total liabilities (add lines 12 through 15)	16
Fund Balances or Net Assets		
17	Total fund balances or net assets	17 25,442
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18 25,442

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

**Consent Fixing Period of Limitation Upon
Assessment of Tax Under Section 4940 of the
Internal Revenue Code**

(Rev. September 1998)

Department of the Treasury
Internal Revenue Service

(See instructions on reverse side.)

**To be used with
Form 1023. Submit
in duplicate.**

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,

Ciudad de Angeles, Inc.

(Exact legal name of organization as shown in organizing document)

5240 Roswell Road NE, Marietta, Georgia 30062

(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, 2002**
(Month, day, and year)

Name of organization (as shown in organizing document)	Date
Ciudad de Angeles, Inc.	
Officer or trustee having authority to sign	Type or print name and title
Signature ►	Greg Winnett, Treasurer

For IRS use only

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

By ►