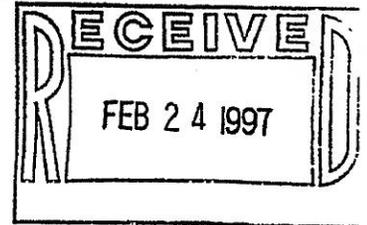


Internal Revenue Service

District
Director

>Friends of the Mary Imogene
Bassett Hospital, Inc.
One Atwell Road
Cooperstown, N.Y. 13326

Department of the Treasury
625 Fulton Street
Brooklyn, N.Y. 11201



Person to Contact:
J. Liboff
Telephone Number:
(201) 645-3266
Refer Reply To:
I.R.S. P.O. Box 260 Newark, N.J.
EO 7204
Date:

FEB 20 1997

Dear Sir:

Based on the information you recently submitted, we have reclassified your organization from 509(a)(3) to one that is publically supported within the meaning of Internal Revenue Code Section 509(a)(1) and 170(b)(1)(A)(vi) as of January 1, 1996. Your exempt status under Section 501(a) of the Internal Revenue Code as an organization described in 501(c)(3) is still in effect, assuming that your operations will continue as you have stated. If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your Section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the I.R.S. had given notice that you would no longer be classified as a Section 509(a)(1) organization.

Donors may deduct contributions to you as provided in Section 170 of the 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 provision of Code sections 2055, 2106, and 2522. Contribution deductions are allowable to donors 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. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payment made by taxpayers for admission to or other participation in fundraising activities for charity.

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 maintain records to show that funds are expended only for those purposes. If you distribute funds to other organizations, your records should show whether they are under Section 501(c)(3). In cases where the recipient organization is not exempt under Section 501(c)(3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for the purposes by the recipient.

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

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the 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.

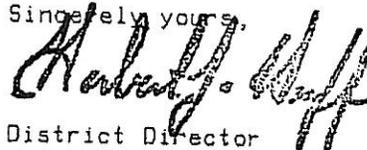
As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under Federal Unemployment Tax Act (FUTA).

You are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. For guidance in determining whether your gross receipts are "normally" more than \$25,000, see the instructions for Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your accounting period. A penalty of \$10 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 \$5000 or 5% of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

Because this letter could help resolve any questions about your 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 above.

Sincerely yours,



District Director