

Elaine F. Marshall
Secretary

North Carolina

DEPARTMENT OF THE
SECRETARY OF STATE

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Corporate Names

Prev Legal: Eckerd Family Youth Alternatives, Inc.

Legal: Eckerd Youth Alternatives, Inc.

Non-Profit Corporation Information

SosId: 0178435
Status: Current-Active
Annual Report Status: Not Applicable
Citizenship: Foreign
Date Formed: 12/6/1985
Fiscal Month: December
State of Incorporation: FL
Registered Agent: National Corporate Research, Ltd.

Corporate Addresses

Reg Office: 212 South Tryon Street Ste 1000
Charlotte, NC 28281
Reg Mailing: 212 South Tryon Street Ste 1000
Charlotte, NC 28281
Mailing: Prentice-hall Corp. Inc 327 Hillsborough St
Raleigh, NC 27602

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February 6, 2015

VIA E-MAIL DELIVERY

Richard Semancik, Executive Director
Paxen Learning Services, LLC
c/o Eckerd Youth Alternatives, Inc.
100 N. Starcrest Dr.
Clearwater, FL 33765

Re: Paxen, LLC and Paxen Learning Services, LLC as "disregarded entity" subsidiaries of Eckerd Youth Alternatives, Inc., FEIN 59-2551416, a Florida nonprofit corporation ("Eckerd")

Dear Rich:

As you are aware, Paxen conducts its workforce development, educational and juvenile justice services primarily through the following two entities (collectively referred to as "Paxen"):

- (i) Paxen, LLC, FEIN 98-0493767, a Florida limited liability company formerly known as Paxen Learning Corp. ("Paxen LLC") (which is now owned 100% by Eckerd), and
- (ii) Paxen Learning Services, LLC, FEIN 59-2495345, a Florida limited liability company formerly known as The Paxen Group, Inc. ("Paxen Services LLC"), (which has been and continues to be owned 100% by Paxen LLC).

For federal income tax purposes, each of these companies has elected to be disregarded as an entity separate from its owner (with this tax status commonly referred to as such entity being characterized as a "disregarded entity").

Eckerd is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Eckerd's stated tax-exempt purpose includes the provision of educational, rehabilitative and therapeutic programs for adolescents.

Effective January 31, 2015, Paxen became affiliated with Eckerd, when Eckerd acquired 100% of the ownership of Paxen LLC. As a consequence, the business and activities of Paxen will be conducted by Paxen in coordination with and in furtherance of Eckerd's stated tax-exempt purposes. Each of Paxen LLC and Paxen Services LLC has retained its tax status as a disregarded entity following the acquisition.

Richard Semancik, Executive Director

February 6, 2015

Page 2

For federal income tax purposes: (i) the assets of a disregarded entity are treated as being directly owned by such entity's owner, (ii) the liabilities of a disregarded entity are treated as being direct obligations of such entity's owner, and (iii) the business and activities of the disregarded entity are treated as being directly conducted and actually performed by such entity's owner. If there is more than one disregarded entity in a chain of wholly-owned subsidiaries (that is, where one disregarded entity owns 100% of another disregarded entity), then the ultimate parent company in the ownership chain would be the only entity recognized by the IRS as being in "existence" for federal tax purposes. Essentially, a disregarded entity subsidiary of a corporation is treated by the IRS as if such subsidiary was instead simply a division or branch of its corporate owner. As noted above, this characterization is strictly for federal income tax reporting purposes. For example, for state law purposes (e.g., in connection with the application of laws governing the ownership of property and the enforcement of contracts), a disregarded entity has its own legal existence, owns its own property and is obligated to perform its own contractual obligations. Additionally, a disregarded entity may employ its own employees and have its own federal employer identification number (FEIN). Such is the case with each of Paxen LLC and Paxen Services LLC. Each Paxen entity is considered a disregarded entity of Eckerd, but conducts its own business activities, is party to its own contracts with its customers and vendors, has its own employees, and possesses its own FEIN.

The IRS has confirmed that a disregarded entity which is wholly-owned and controlled by a 501(c)(3) organization and which conducts activities in furtherance of its parent organization's tax exempt purpose should not apply for its own tax-exempt status. Rather, the IRS has stated that such a disregarded entity should simply rely on its parent organization's IRS Determination Letter, since for federal income tax purposes, this subsidiary would simply be considered a branch or division of the 501(c)(3) parent organization.

Therefore, since each of Paxen LLC and Paxen Services LLC is a disregarded entity of Eckerd and conducts activities in furtherance of Eckerd's 501(c)(3) tax exempt purpose, neither Paxen entity would separately exist for federal income tax purposes, but rather, they are both considered to be branches or divisions of Eckerd and should rely on Eckerd's IRS Determination Letter for purposes of identifying / supporting its own tax-exempt status.

Please let me know if you have any questions. Thank you.

Sincerely,

/s/ Michael

Michael E. Neukamm

MEN/ej

PAXEN, LLC

ASSIGNMENT OF MEMBERSHIP INTEREST

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, **HILDERLEY SEMANCIK HOLDINGS, LLC**, a Florida limited liability company ("Assignor"), in its capacity as the sole member of **PAXEN, LLC**, a Florida limited liability company (the "Company"), hereby assigns, transfers, and conveys all of its membership interest in the Company, as follows:

Name of Assignee

Percentage Interest Transferred

ECKERD YOUTH ALTERNATIVES, INC.

100%

Assignor represents and warrants that, effective as of the date hereof, the Company owns 100% of the membership interests of **PAXEN LEARNING SERVICES, LLC**, a Florida limited liability company.

Assignor does hereby irrevocably constitute and appoint Randy Luecke as attorney-in-fact to reflect said assignment, transfer and conveyance on the books of the Company, with full power of substitution in the premises.

This Assignment of Membership Interest shall be effective January 31, 2015 (the "Effective Date").

IN WITNESS WHEREOF, the undersigned has executed this Assignment of Membership Interest as of the Effective Date.

ASSIGNOR:

**HILDERLEY SEMANCIK HOLDINGS,
LLC**, a Florida limited liability company

By: 

Richard Semancik, Manager/COO

**CERTIFICATE OF EXEMPT STATUS
OF
PAXEN, LLC**


Dated effective as of February 1, 2015

The undersigned, in his capacity as the Chief Financial Officer of ECKERD YOUTH ALTERNATIVES, INC. ("Eckerd"), a Florida nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code"), hereby certifies that:

1. PAXEN, LLC is a Florida limited liability company (f/k/a Paxen Learning Corp.), with an FEIN of 98-0493767 ("Paxen").
2. Paxen is wholly owned and controlled by Eckerd, and Paxen is treated by Eckerd for federal income tax purposes as a disregarded entity.
3. As a disregarded entity subsidiary of Eckerd, Paxen is considered for federal income tax purposes to be a division or branch of Eckerd.
4. In September 1985, the IRS issued a Determination Letter to Eckerd confirming that Eckerd is a United States charitable organization described in Section 501(c)(3) of the Code.
5. In Notice 2012-52, issued by the IRS on July 31, 2012, the IRS encouraged each U.S. charity that owns 100% of a limited liability company to disclose to persons or entities transacting with such subsidiary that such subsidiary: (i) is wholly owned by the U.S. charity, and (ii) is a disregarded entity of such U.S. charity.
6. In furtherance of the foregoing IRS recommendation, Eckerd hereby acknowledges and confirms that Paxen is a disregarded entity of Eckerd, and as such, the Determination Letter issued by the IRS to Eckerd also extends to the business and activities conducted by Paxen.

The undersigned has executed this Certificate of Exempt Status effective as of the date first set forth above.

**ECKERD YOUTH ALTERNATIVES, INC., a
Florida nonprofit corporation**

By: 
Randall W. Luecke, its Chief Financial Officer