

[REDACTED] [REDACTED]  
[REDACTED]  
OCT 20 1988.

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates you were incorporated under the laws of the State of [REDACTED] in [REDACTED]. Your Articles of Incorporation provide in Article VI that you are organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code of 1954. Article III of the articles of incorporation provides, in part, "The purpose for which this corporation is organized is to create a closer bond and fellowship of [REDACTED] members."

The application indicates that you will sell [REDACTED] directories and the net proceeds will be disbursed for the benefit of the [REDACTED], the [REDACTED] and other non for profit [REDACTED] sponsored projects as determined by the Board of Directors of the corporation.

In [REDACTED]'s responses to our request for information, he indicated that the net profits, i.e. receipts from sales of directories, less printing, packaging and shipping costs, will be used to assist young people - teenagers - with operating [REDACTED] and [REDACTED].

Distributions to the various organizations have not been made to date because sales proceeds have not yet covered the cost of printing nor paid a loan made by a member which was used for initial printing expenses.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(c) and reads, in part, as follows:

"(3) Corporations, \*\*\* fund, or foundation, organized and operated exclusively for religious, charitable, scientific,

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]	[REDACTED]				
Time		10/24/88	10/20/88				



or international amateur sports competition (but only if no part of its activities involved the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

Section 1.501(c)(3)-1 of the regulations provides, in part, as follows:

"(a)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

"(c)(1) Primary activities. An organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose."

Based on the information submitted it is held that you do not qualify for tax-exempt status under section 501(c)(3) because you do not meet the organizational and operational tests of section 501(c)(3). The organizational test is not met because you are organized, in part, to create a closer bond and fellowship of [redacted] members. This is not an exempt purpose under section 501(c)(3).

You do not satisfy the operational test because distributing funds to the [redacted] and the [redacted] is not an exempt activity under section 501(c)(3). [redacted] and [redacted] are fraternal organizations that are exempt from federal income tax under section 501(c)(8) or (10). Supporting such organizations is not charitable.

You are required to file an annual Federal income tax return on Form 1120.

[REDACTED]

Contributions, bequests, legacies, devices, transfers, or gifts to you as for your use are not deductible under sections 170, 2055, 2106, and 2522 of the Code.

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6018 in the enclosed self-addressed envelope as soon as possible.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

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

Sincerely,

[REDACTED]  
District Director

Enclosures:  
Form 6018  
Publication 892