



PERSON TO CONTACT



CONTACT TELEPHONE NUMBER



IN REPLY REFER TO



DATE: MAR-22-1995

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(7) of the Internal Revenue Code and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

Your organization was incorporated to operate the [redacted] at such time as the operation of the resort shall be turned over to the [redacted].

All owners in good standing of [redacted] shall be members of the [redacted].

The organization's current source of income is from owner donations, sale of scrap aluminum and barbecues. In the future it intends to collect maintenance fees from members.

Expenses are not further delineated.

Section 501(c)(7) of the Internal Revenue Code provides for exemption for clubs organized for pleasure, recreation, and other non-profitable purposes, substantially all of the activities of which are for such purposes, and no part of the net earnings of which inures to the benefit of any private shareholder.

Your organizational document does not meet the test required by section 1.501(c)(7)-1 of the Income Tax Regulations since you are not organized for pleasure, recreation, and other non-profitable purposes.

At the present time the developer still holds and controls the property. Therefore, any benefits from the property flow to the developer and serve a private interest. It cannot be said, therefore, that the organization is currently operated for pleasure, recreation or other non-profitable purposes.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(7) of the Code in accordance with this determination. You are required to file Federal

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[redacted]	[redacted]	[redacted]				
Surname							
Date	3/18/95	3/26/95	3/27/95				

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination on this matter.

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.

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

Sincerely,

  
District Director

Enclosure: Publication 892