

[REDACTED]

Certified Mail

[REDACTED]

[REDACTED]

[REDACTED]

MAY 27 1992

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 discloses that you were incorporated under the laws of the state of [REDACTED] on [REDACTED].

Your stated purposes indicate that you are organized exclusively for charitable, educational, cultural, scientific, and fraternal purposes including for such purpose, the making of distribution to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code of 1954. Your Constitution further describes your purposes as:

- (a) To foster unity among [REDACTED] in general and among [REDACTED] descent in particular.
- (b) To promote the common interest and welfare of [REDACTED] and the enhance their cultural and social advancement within the Association and the community at large.
- (c) To promote public service by establishing a continuing cultural and educational program for [REDACTED].
- (d) To stimulate research and community interaction involving members of the Association.
- (e) To conduct educational seminars by teaching the [REDACTED] language and dialects to the Association.
- (f) To grant scholarships to deserving but indigent [REDACTED] students.
- (g) To render economic and personal assistance to victims of natural calamities and to indigent [REDACTED].
- (h) To promote and preserve the heritage of [REDACTED].
- (i) To protect the rights of its members and to assist them in the pursuit of their legitimate and lawful endeavors.

Membership is limited to [REDACTED] descent.

Your activities are a monthly meeting, induction of officers/dinner, the October Ball, the Miss Teenage [REDACTED] Pageant, the Family Picnic, a Christmas Party and trips to Atlantic City.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	4-30-92	[REDACTED]	5/27/92				

[REDACTED]

Income is derived from Atlantic City trips, induction of officers/dinner, Miss Teenage [REDACTED] Pageant, the October Ball, and advertisements in the souvenir program.

Expenditures are for events, the Miss [REDACTED] Pageant Scholarship awards, scholarship to the [REDACTED], and donations to the [REDACTED] and the [REDACTED].

Section 501(c)(3) of the Code provides for exemption from federal income tax for organizations organized and operated exclusively for charitable, educational, religious, or scientific purposes, no part of the net earnings of 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.

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations requires that organizations seeking exemption under section 501(c)(3) have purposes which are exclusively charitable, educational, etc., as defined in section 501(c)(3) of the Code.

Under no circumstances may the organizational purposes be broader than the purposes of section 501(c)(3).

If the organization does not meet either the organizational or the operational test, it is not exempt. The organizational test relates to the rules for governing an organization and the purposes stated in its articles of organization. The operational test relates to the organization's activities.

Section 1.501(c)(3)-1(c)(1) of the Regulations states that an organization is operated exclusively for the purposes set out in section 501(c)(3) of the Code only if substantially all of its activities are in furtherance of these purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not organized or operated for any purpose under section 501(c)(3) unless it serves a public rather than a private interest.

In Better Business Bureau v. U.S. 279 (1945), C.T.D. 1950, 1945 C.B., 375, the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under Code section 501(c)(3), regardless of the number or importance of truly exempt purposes.

Revenue Ruling 68-504, 1968-2 C.B., p. 211, describes an organization which operated an educational program for bank employees in particular urban area. The organization provided classrooms, instructors, and textbooks. It published a professional magazine. Social activities that it conducted were an insubstantial part of the organization's activities. The organization was determined to be exempt under section 501(c)(3). Its social activities were insubstantial in relation to its educational activities.

[REDACTED]

Your activities as described in your application are primarily directed toward the social fulfillment of your members. It is concluded that these activities are one of the primary reasons for the existence of your organization and therefore, your organization would not be organized and operated exclusively for one or more of the purposes specified in section 501(c)(3) of the Code.

Since these activities will comprise a substantial part of the total activities of your organization, the Supreme Court decision regarding Better Business Bureau, supra, is applicable. Therefore, you do not meet the operational test of section 501(c)(3).

Your stated purposes are more broad than those described in section 501(c)(3) of the Code.

They are not exclusively charitable, educational, etc., as defined in that section. Social and cultural purposes are not 501(c)(3) purposes. Therefore, you do not meet the organizational test of section 501(c)(3).

Based on the information you submitted we have concluded that you do not qualify as an organization described in section 501(c)(3) of the Internal Revenue Code because you are not organized and operated exclusively for one or more purposes specified in such section.

You are required to file Federal income tax returns on Form 1120.

Contributions to you are not deductible under section 170 of the Code.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District Office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

A copy of this letter will be sent to the appropriate state officials in accordance with Section 6104(c) of the Internal Revenue Code.

[REDACTED]

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.

Sincerely yours,

[REDACTED]

District Director

Enclosure: Publication 892
cc: State Attorney General - [REDACTED]