

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

EIN: [REDACTED]

Date: MAY 20 1993

[REDACTED]

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986.

The information submitted discloses that you were incorporated under the nonprofit corporation laws of the State of [REDACTED] on [REDACTED].

The purpose of the organization, pursuant to Section 3.0 of the Articles of Incorporation, is as follows:

"The corporation is organized exclusively for charitable educational purposes, including, without limitation as to the foregoing, providing educational assistance to the [REDACTED] and 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 (or the corresponding provision of any future United States Internal Revenue Code)."

Your activities consist of fund raising events such as:

a) The annual auction, which is the primary source of funding through solicitation of area merchants and/or general parent membership for items to be auctioned by written and oral bidding. All past auctions have been planned, coordinated and achieved with parent volunteers beginning in [REDACTED] through the most recently held auction in [REDACTED]. The purpose of the auction is to raise funds to be used for educational, emotional, social and environmental enrichment of the students of [REDACTED], and to provide operational funding for the non-profit parent group to continue its support of the school.

- [REDACTED]
- b) Yearly fundraiser: Pizza Night - parents and students purchase pizza at a local pizza parlor and receive a percentage of the day's sales. This fundraiser pays for an all school roller skating party.
  - c) Annual Carnival: every spring; money raised goes towards playground equipment that the children choose.
  - d) Recycling: ongoing yearly fundraiser for the music program. Paper and aluminum are recycled.
  - e) Sale of entertainment books which are available in October of each year. The money raised goes towards the expenses of the gym program.
  - f) Advertising in the [REDACTED] Newsletter: ongoing yearly. Ads are purchased for \$1 an issue. The newsletter comes out on each Friday of the school year. The money received from the ads pays for the paper and materials to run the newsletter.
  - g) Ongoing yearly magazine and wrapping paper sales: all proceeds go toward the expense of field trips.

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

"(3) Corporations, and any community chest, fund, or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, 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, (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 (or in opposition to) any candidate for public office."



(name) ✓

Regulation section 1.501(c)(3)-1(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

"(a) limit the purposes of such organization to one or more exempt purposes; and

(b) do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

In order to satisfy the operational test, an organization must be operated exclusively for one or more of the following purposes:

- (a) religious,
- (b) charitable,
- (c) scientific,
- (d) testing for public safety,
- (e) literary,
- (f) educational,
- (g) fostering national or international sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or
- (h) prevention of cruelty to children or animals.

Organizations described in <sup>Code section</sup> ~~IRC~~ 501(c)(3) that meet the requirements of <sup>Code section</sup> ~~IRC~~ 509(a)(3) are commonly referred to as "supporting organizations". <sup>Code section</sup> ~~IRC~~ 509(a) defines a private foundation as any domestic or foreign organization described in <sup>Code section</sup> ~~IRC~~ 501(c)(3), other than one able to qualify under one of the four exclusion categories listed in <sup>Code section</sup> ~~IRC~~ 509(a)(1) through (4). Secondly, the organization itself must establish that it is not a private foundation. <sup>Code section</sup> ~~IRC~~ 508(b) provides that, with certain exceptions such as churches, any organization described in ~~IRC~~ 501(c)(3) is presumed to be a private foundation. The presumption of private foundation status, however, may be rebutted by an organization's filing a timely notice and establishing its status as a non-private foundation.



✓

[REDACTED]

The "organizational test" requires that an organization, in its governing instrument, limit its purposes to supporting one or more organizations described in Code section 509(a)(1) or (2) and identify such Code section 509(a)(1) or (2) organization.

The supporting organization's organizing document does not meet the organizational test since the supported organization has not established that it is an organization described in Code section 509(a)(1) or (2).

[REDACTED] was organized pursuant to the Washington Business Corporation Act, Title 23A. It has not applied for recognition of exempt status or amended its Articles of Incorporation to at least meet the organizational test for organizations described in section 501(c)(3) of the Code.

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code.


You are required to file Federal income tax returns annually with your district director.

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

As provided by section 6104(c) of the Code and the applicable regulations, the appropriate State officials are being notified of our determination.

If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018, Consent to Proposed Adverse Action. Please note the instructions for signing on the reverse side of this form.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing 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 hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.



If we do not hear from you within 30 days from the date of this letter, and 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 and will then become our final determination. 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 Claims Court, 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,

District Director

Enclosures:

Publication 892

Form 6018

Self-addressed envelope