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[REDACTED]

JUN 12 1987

Dear Applicant:

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

The evidence submitted discloses that you were incorporated [REDACTED], under the laws of [REDACTED]. Your stated purposes are to preserve and improve the existing character of your neighborhood; to bring to the attention of elected officials, government agencies and private investors opportunities to provide services and facilities not available or inadequately present in [REDACTED]; and to provide communications to the residents of the [REDACTED] area concerning community projects, zoning plans, legislation, and status of [REDACTED] programs.

Your activities have consisted of providing a central podium for public officials to address and educate citizens on issues that are of importance to people living in your area, opposing and/or supporting zoning variances, pressing courts to have an apartment complex that abuts homes owned by your members razed, acting as a moral support organization and conducting political debates.

Membership is open to any adult residing in [REDACTED].

Your sources of support have been dues from members. Your expenses have been for postage, printing, meeting expenses and remembrances.

Section 501(c)(3) of the Internal Revenue Code provides exemption for corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational 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, and which does not participate in, or intervene in,

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[REDACTED]	[REDACTED]	[REDACTED]				
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	6/10/87		6/11/87				

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides 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.

Income Tax Regulation 1.501(c)(3)-1(a)(2) provides the term "exempt purpose or purposes" as used in this section, means any purpose or purposes specified in section 501(c)(3).

Income Tax Regulation 1.501(c)(3)-1(b)(1)(i) provides, in part, that an organization is organized exclusively for one or more purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes; and 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.

Income Tax Regulation 1.501(c)(3)-1(b)(4) provides, in part, an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization's assets will be considered dedicated to an exempt purpose, if, upon dissolution, such assets would, by reason of a provision in the organization's articles, be distributed for one or more exempt purpose, or to the Federal government, or to a State or local government.

Section 1.501(c)(3)-1(c)(1) of the Regulations provides 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).

Income Tax Regulation 1.501(c)(3)-1(d)(ii) provides that an organization is not organized and operated exclusively for charitable purposes unless it serves a public rather than a private interest. To meet this requirement that it serve a public purpose, an organization must establish that it is not organized or operated for the benefit of private interests.

A "social welfare" organization may qualify for exemption as a charitable organization under section 501(c)(3) of the Code if it falls within the definition of "charitable" set forth in section 1.501(c)(3)-1(d)(2) of the regulations and is not an "action" organization as defined in section 1.501(c)(3)-1(c)(3) of the regulations. Failure to satisfy either of these requirements will disqualify an organization from exemption under section 501(c)(3) of the Code.

Section 1.501(c)(3)-1(d)(2) of the regulations defines the term "charitable" to include the advancement of education and the promotion of social welfare by organizations designed to combat community deterioration. Section 1.501(c)(3)-1(c)(3) of the regulations defines an organization as an "action" organization if a substantial part of its activities is attempting to influence legislation. The term legislation is defined

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Revenue Ruling 75-286, 1975-2 C.B. 210, provides that an organization formed to preserve and beautify the public areas in a city block, thereby benefiting the community as a whole as well as enhancing the members' property rights, will not qualify for exemption under section 501(c)(3) of the Code but may qualify under section 501(c)(4). It was determined that by enhancing the value of the roadway sections abutted by property of its members, the organization was enhancing the value of its members' property rights. As such, the organization was organized and operated to serve the private interests of its members within the meaning of section 1.501(c)(3)-1(d)(1)(ii) of the regulations.

Revenue Ruling 67-6, 1967-1 C.B. 135, as modified by Revenue Ruling 76-147, 1976-1 C.B. 151, provides that an association whose activities are primarily devoted to preserving the traditions, architecture, and appearance of a community by means of individual and group action before the local legislature and administrative agencies with respect to zoning, traffic, and parking regulations may be exempt from Federal income tax under section 501(c)(4) of the Code.

It was determined that preserving the traditions, architecture and appearance of a community for the benefit solely of residents of the community (as distinguished from the general public both within and without the community involved) is not charitable. While such activities promote the common good and general welfare of the people of the community under section 501(c)(4) of the Code, they are not the promotion of social welfare within the scope of charitable under section 501(c)(3) as defined in the regulations.

Revenue Ruling 74-574, 1974-2 C.B. 161, states that a broadcasting station which provides air time to all bona fide legally qualified candidates for the same public office to present their views is operated as an educational organization within the meaning of section 1.501(c)(3)-1(d)(3) of the regulations. Also, Revenue Ruling 78-248, 1978-1 C.B. 154, provides, in part, an organization which sends a questionnaire to all candidates for a public office soliciting each candidate's position on a variety of issues was engaged in voter education within the meaning of section 501(c)(3) of the Code. The basis for exemption as educational in the above citations was that all legal candidates for the office were given equal opportunity.

Since your organizing document does not contain language which limits your purposes to one or more exempt purposes or does not dedicate your assets to an exempt purpose, we have determined that you do not meet the organizational test of the Code and Regulations thereunder.

Based on the evidence submitted, we have determined that your activities to have an apartment complex that abuts homes owned by your members razed constitutes serving the private interests of your members as discussed in Revenue Ruling 75-286. Also, your zoning activities are similar to those described in Revenue Ruling 67-6 and, therefore, do not promote social welfare within the scope of "charitable" under section 501(c)(3)

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Further, by limiting your debates to those representing the two major parties, you are engaged in political activities prohibited by section 501(c)(3) of the Code. As such, you are not operated exclusively for charitable purposes within the meaning of section 501(c)(3) of the Code and regulations thereunder.

Our letter dated [redacted], recognizing you as exempt from Federal income tax under section 501(c)(4) of the Code remains in effect. Contributions to you are not deductible under section 170 of the Code.

You have the right to appeal this determination if you believe that it is incorrect. To appeal, please refer to the enclosed Publication 892.

If we do not hear from you within thirty days from the date of this letter, this determination will have become final.

Copies of this letter are being forwarded to the appropriate State officials as required by section 6104(c) of the Internal Revenue Code.

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, "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]
Acting District Director

Enclosure

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
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Date							