

[REDACTED]

[REDACTED]

[REDACTED]

RF/EO

MAY 26 1981

CIN: EO: 811357

Dear Sir or Madam:

This is a final adverse determination letter. Your application for tax exempt status under section 501(c)(3) of the Internal Revenue Code of 1954 is hereby denied. That statute provides for exemption from Federal income tax for labor, agricultural, or horticultural organizations.

As your organization is not of the type described in section 501(c)(5) of the Code, your application for recognition of exemption is denied.

By our letter dated April 23, 1981, we proposed to deny your application for tax exempt status under section 501(c)(3) of the Code.

You have agreed to this determination by signing Form 6018, Consent to Proposed Adverse Action. Accordingly, this letter becomes our final determination.

Since you are not exempt, you must file all Federal tax returns required of you by the Internal Revenue Code.

This is a denial letter.

Sincerely yours,

[REDACTED]

[REDACTED]
District Director

[REDACTED]

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
	[REDACTED]						
SUR. NAME	[REDACTED]						
DATE	5-22-81						

[REDACTED]

[REDACTED]

[REDACTED]

EP/EO
APR 23 1981

Dear Sir or Madam:

CIN· EO: 811144

We have reviewed your application for exemption from Federal income tax under the provisions of section 501(c) (5) of the Internal Revenue Code of 1954.

The evidence discloses that the [REDACTED] (hereafter referred to as the "Organization") was formed as an unincorporated association in the State of [REDACTED] in [REDACTED].

The Constitution states that the objectives of the Organization are to provide members a vehicle for purchasing both food and non-food items at reduced prices, to involve the members in the operation and management of the co-op, to promote nutritional practices and provide nutritional education and to provide co-op services to senior citizens.

Membership in your Organization is open to anyone, however, the number of members is limited by the number of blocks. Each block will have a minimum of six and a maximum of twelve members. Blocks are identified by the letters of the alphabet.

The classes of membership in your Organization include approximately [REDACTED] working members and about [REDACTED] senior citizen members (persons sixty years and older). Membership fees for these classes of members are \$ [REDACTED] and \$ [REDACTED] respectively.

The application for exemption indicates that working members are required to work at least two hours a month either purchasing food and other items, making pick-ups and deliveries to your building, re-packaging bulk items for individual orders, bookkeeping, compiling orders, maintenance, distributing orders to senior citizen members, or printing the newsletter which contains nutritional information, recipes, and other items of interest.

In addition, you hold semi-annual general membership meetings and an annual election meeting. Monthly block meetings are held at the discretion of the block.

CODE	INITIATOR	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER	REVIEWER
	EP/EO	EP/EO	EO/T				
SUR-NAME	[REDACTED]	[REDACTED]	[REDACTED]				
DATE	4-21-81	4-22-81	4-22-81				

Food and other items are sold to members at [redacted] per cent above cost. This is your primary source of income. [redacted] also receive interest income. Expenses include compensation of members for certain activities they perform, co-op related expenses and rent expense. Upon dissolution, all assets will be divided equally among the present members.

Section 501(c)(5) of the Code provides exemption from Federal income tax for labor, agricultural, or horticultural organizations.

Section 1.501(c)(5)-1(a) of the Income Tax Regulations provides that the organizations contemplated by section 501(c)(5) as entitled to exemption from income taxation are those which:

- 1) Have no net earnings inuring to the benefit of any member, and
- 2) Have as their objects the betterment of the conditions of those engaged in such pursuits, the improvement of the grade of their products, and the development of a higher degree of efficiency in their respective occupations.

As your Organization is not of the type described in section 501(c)(5) of the Code, we propose to deny your application for recognition of exemption under section 501(c)(5) of the Code.

We have also considered your application under other subsections of 501(c) of the Code and find that you do not qualify.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1120.

If you are in agreement with our proposed denial, please sign and return the enclosed Form 6018, Consent to Proposed Adverse Action.

You have a right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892 (Rev. 8-78), "Exempt Organization Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If

[REDACTED]

you are to be represented by someone who is not one of your principal officers, he must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in section 601.402 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this determination will become final.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosures 2

[REDACTED]