

Internal Revenue Service
Appeals Division
55 N. Robinson St. Suite 939
Oklahoma City, OK 73102-9231

Department of the Treasury

Date: [REDACTED]

Employer Identification Number:
[REDACTED]

Tax Years :
[REDACTED]

Area Manager: Cincinnati, OH

Person to Contact: [REDACTED]

Contact Telephone Number:
[REDACTED]

Contact Person ID#: [REDACTED]

This is a final adverse determination as to your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Our adverse determination was made for the following reason(s):

You did not establish that you will be operated exclusively for one or more purposes specified in section 501(c)(3). Your application and supporting documents show that you are an "action" organization within the meaning of Treas. Reg. § 1.501(c)(3)-1(c)(3)(ii) because a substantial part of your activities is attempting to influence legislation. In addition, you are an "action" organization within the meaning of Treas. Reg. § 1.501(c)(3)-1(c)(3)(iv) because your main or primary objective may be attained only by legislation or defeat of proposed legislation and you advocate for the attainment of such main or primary objective without engaging in non-partisan analysis, study or research. In addition, you have not established that you will be operated exclusively for exempt purposes in that your activity of facilitating the administration of standardized tests exclusively to home schooled children serves the private interests of parents or legal guardians of such children in contravention of the requirement of Treas. Reg. § 1.501(c)(3)-1(d)(ii), which requires organizations exempt under section 501(c)(3) to serve public interests exclusively.

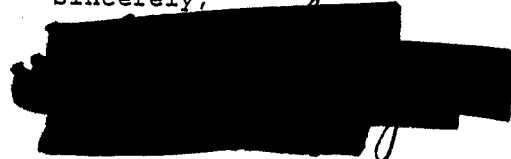
Contributions to your organization are not deductible under Code § 170. You are required to file federal income tax returns on Form 1120 for the years shown above.

If you decide to contest this determination under the declaratory judgment provisions of Code § 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

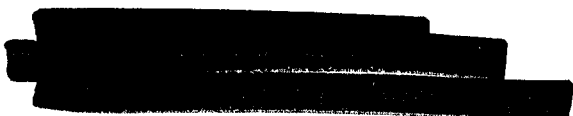
We will notify the appropriate State officials of this action, as required under Code § 6104(c).

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

Sincerely,

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Appeals Team Manager

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Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508 - EP/EO
Cincinnati, OH 45201

Date: [REDACTED]

Employer Identification Number:
[REDACTED]

Person to Contact:
[REDACTED]

Contact Telephone Numbers:
[REDACTED] Phone
[REDACTED] FAX

Dear Sir:

We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code of 1986 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code. However, we have concluded that you do not qualify under another subsection.

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 1041 if you are a Trust, or Form 1120 if you are a corporation or an unincorporated association. Contributions to you are not deductible under section 170 of the Code.

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

You have the right to protest this proposed determination if you believe it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, "Exempt Organizations 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 you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

[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 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.

If we do not hear from you within the time specified, this will become our final determination. In that event, appropriate State officials will be notified of this action in accordance with the provisions of section 6104(c) of the Code.

Sincerely,

[REDACTED]

Director, Exempt Organizations
Rulings and Agreements

Enclosures: 3

Enclosure I
Publication 892
Form 6018

Enclosure I

Facts:

You were incorporated on [REDACTED], in the state of [REDACTED] as a non-profit entity. Your purpose is "to strengthen the statewide base of home educators to protect the right to educate one's children at home in [REDACTED] and to make standardized achievement testing available to home educated students in [REDACTED]."

Your Bylaws do not state any specific purposes.

You filed Form 1023 which stated your activities to be:

- 1) Administration of educational achievement tests for approximately [REDACTED] member children each year.

You use the [REDACTED] Tests of Basic Skills and [REDACTED] Tests of Educational Development. In most years, testing occurs in [REDACTED] locations statewide, under the direction of your state director of testing and your regional coordinators. All services are provided by volunteer labor. The Form 1023 indicated that this activity takes [REDACTED]% of your total time.

Approximately [REDACTED]% of your support is from testing fees. Fees range from \$[REDACTED] to \$[REDACTED]. This covers the cost of the tests and the grading of the tests. You pay [REDACTED] for grading services, which constitutes approximately [REDACTED]% of your total expenses. Tests are available to children of members and non-members; however, testing services are only available to home-educated students.

While the Articles of Incorporation state that you shall not have members and the Bylaws make no mention of members or have any membership provisions, Form 1023 indicated that you were a membership organization. Members are families who home educate or anyone else interested in home education. Member benefits consist of state test results, statistics, and questions and answers on home education in [REDACTED]. Membership fees constitute [REDACTED]% of total financial support. A membership packet was included as supplementary information outlining your activities.

- 2) Review, produce and disseminate research materials demonstrating the academic and social effectiveness of home education.

This portion of the activities accounts for [REDACTED]% of your total time.

- 3) Monitor state and federal legislative matters that will have an impact on the freedom to home educate.

[REDACTED]

As needed, you testify and organize support or opposition to specific legislation. This portion of the activities accounts for [REDACTED] % of your total time per page 2 of Form 1023. However, you indicated [REDACTED] % on page 4 of the Form 1023 and subsequently indicated in correspondence that this might be less than [REDACTED] %. You filed Form 5768 with your application. The Form 5768 would have allowed you to elect the specific legislative expenditure guidelines of section 501(h) if you otherwise met the requirements for exempt status under section 501(c) (3).

You make use of a Web site, [REDACTED]. The site contains general information, a calendar of events, accolades, home schooling information, a list of regional testing coordinators, how to join as a member, legislative alerts, information on Legislative Day, e-mail addresses of legislators, newsbites, outside links, and [REDACTED] updates.

Examination of the Web site displays detailed legislative activity. This lists House Bills [REDACTED] and [REDACTED] and the issues these bills address. You also provide legislative action alerts on these bills, which involves notifying your members on actions that should be taken in reference to these bills. These updates originate from your legal advisor and the [REDACTED].

The Web site also contains a description of Legislative Day, the same provided as supplementary attachments to Form 1023. Legislative Day is one day each year when you construct displays at the Statehouse enabling legislators to view the results produced from test scores in comparison to public education.

Law:

Section 501(c) (3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c) (3)-1(a) (1) of the Regulations states that in order to qualify under section 501(c) (3) of the Code, an organization must be both organized and operated exclusively for one or more exempt purposes. If an organization fails to meet either the organizational or operational test, it is not exempt.

Section 1.501(c) (3)-1(c) (1) of the Regulations states that 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) of the Code. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c) (3)-1(c) (3) of the regulations provides that an organization is not operated exclusively for one or more exempt

purposes if it is an "action" organization as described therein. One of the three types of "action" organizations described in that section is an organization which has the following two characteristics: (a) its main or primary objective or objectives (as distinguished from its incidental or secondary objectives) may be attained only by legislation or a defeat of proposed legislation; and (b) it advocates, or campaigns for, the attainment of such main or primary objective or objectives as distinguished from engaging in nonpartisan analysis, study, or research and making the results thereof available to the public. In determining whether an organization has such characteristics, all the surrounding facts and circumstances, including the articles and all activities of the organization, are to be considered.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations defines educational as:

- a. The instruction or training of the individual for the purpose of improving or developing his capabilities; or
- b. The instruction of the public on a subject useful to the individual and beneficial to the community.

Section 1.501(c)(3)-1(d)(3) also states that an organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of pertinent facts to permit the public to form its own opinion, or conclusion, independent of that presented.

In *Better Business Bureau of Washington, D.C., Inc. v. United States*, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes.

In *Forest Press, Inc., Petitioner, v. Commissioner of Internal Revenue, Respondent*, 22 T.C. 265; (1954), the organization was devoted to developing and propagating the use of the Dewey Decimal Classification System and Related Index. The system is a method for indexing any collection of books. It was developed originally by Melvil Dewey in 1873 and has now been adopted by more than 90 per cent of the libraries in the United States to classify and index their collections. The system is in use in 42 foreign countries and it is the method of indexing taught in schools devoted to library science.

Forest Press argued that the Dewey Decimal Classification System was an important tool for educational purposes, that it had no commercial adaptation, and that the preparation, editing, and publication of this

[REDACTED]

work was its sole activity. The court held for Forest Press, noting that the organization was created and operated for charitable purposes and therefore was exempt.

In Squire v. Students Book Corp, 191 F.2d 1018; (1951), the question was whether a business corporation, wholly owned by an exempt educational institution, was exempt because it was organized and operated exclusively for an educational purpose.

The court held that the store, operated by Students Book on the campus of the college in coordination with the administration and faculty, was operated as an accommodation for the students and faculty. The court also held that the case did not depend wholly on the ultimate destination of Students Book's profits but that the business enterprise obviously held a close and intimate relationship to the functioning of the college itself. Therefore, the court held that Students Book was entitled to the exemption.

In National Association for the Legal Support of Alternative Schools, Petitioner v. Commissioner of Internal Revenue, Respondent 71 T.C. 118; (1978) the organization was founded to promote better education for children through expanded private educational opportunities, and to provide the public information on alternatives to public education at little or no cost. The Commissioner contended that National Association failed the operational test for exemption on two grounds: (1) National was operated for private rather than public interests, and (2) National was not operated for an exempt purpose because it was not an educational organization. The court found that National's information and services were available to the public as a whole. The court also rejected the Commissioner's contention that National advocated the advantages of alternative schools over public schools without presenting a sufficiently full and fair exposition of pertinent facts.

The court held in favor of National that it operated as an "educational" organization within the meaning of the regulations. An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion.

Rev. Rul. 69-175, 1969-1 CB 149, held that a nonprofit organization, formed by parents of pupils attending a private school, that provided school bus transportation for its members' children served a private rather than a public interest and did not qualify for exemption under section 501(c)(3) of the Code.

When a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest. By providing bus transportation for school children, under the circumstances described, the organization enabled the participating parents to fulfill their individual responsibility of transporting their children to school.

[REDACTED]

Thus, the organization served a private rather than public interest. Accordingly, it was not exempt from Federal income tax under section 501(c)(3) of the Code.

In Rev. Rul. 64-195, 1964-2 CB 138, the organization did not expend funds or participate in any way in the presentation of any proposed bills to the State legislature or advocate either approval or disapproval of the proposed constitutional amendment by the electorate. Its primary activity in connection with court reform was the study, research, and assembling of materials on a nonpartisan basis and the dissemination of such materials to the public. Accordingly, it was concluded the organization was not an "action" organization as that term is defined in section 1.501(c)(3)-1(c)(3) of the regulations.

Applicant's Position:

In a letter dated [REDACTED] you stated that your purpose is the direct pursuit of the enhancement of educational rights in the promotion of home education. In protecting educational rights, your basic purpose falls within the realm of an educational organization. You also stated that legislative activities constitute [REDACTED] % or less of total activities, and as such, are insubstantial.

In a letter dated [REDACTED] you further described the legislative activities in response to the concern that legislative activities might be more substantial. Activities listed include analysis of pending legislation, drafting E-mail alerts on legislative sessions and posting these to the Web site. Legislative Day was also described. Since the activities are not directed at specific legislation but are a demonstration for legislators on academic and social excellence resulting from home education, you believe that the activities should not be considered legislative activities. You stated that the amount of time devoted to legislative activities is probably far less than [REDACTED] % of total activities. You reiterated that your activities are for the promotion of home education and administering of tests.

In a letter dated [REDACTED], you responded to the request for a specifically detailed account of annual hours devoted to listed activities. You estimated that [REDACTED] man hours are devoted annually for the preparation and administering of the [REDACTED] tests at the statewide sites. This is further broken down by position, with the majority of hours being devoted by test proctors at [REDACTED] hours. Approximately [REDACTED] hours are spent by members in disseminating research materials. An evaluation of your time spent on legislative activities revealed approximately [REDACTED] hours annually.

Your letter dated [REDACTED] provided a further description of your legislative activities. Your members attend an annual leadership summit. The purpose is to gather information and data regarding the effectiveness of home education, possible means by which home

[REDACTED]

education may be enhanced within [REDACTED] and impediments to home education and solutions addressing such impediments.

You stated that you will not intervene or advocate the election of partisan political candidates, but you will support legislation which enhances the right and ability of parents to home educate or oppose legislation having a direct impact on home education which will interfere with that right. You also stated that legislators need to be aware of the academic and social excellence of home education, as this is critical for promotion and protection. The prior meetings with the congressional delegates were one of the ways you were to keep them informed.

You mailed invitations to [REDACTED] state legislature candidates for a response to three questions posted on your Web site. Responses of the candidates were posted, regardless of position.

Your final analysis determined that approximately [REDACTED] of the [REDACTED] hours spent on legislative activities were spent leading up to and calling in support or opposition to various legislative bills, and [REDACTED] hours were spent writing letters in support or opposition to bills.

Your modified position is that less than [REDACTED] % of activities are devoted to affecting the outcome of legislation, and all legislative activities are insubstantial in nature. You stated that you have no official association with the [REDACTED], but due to common interests, you do communicate with it.

Your letter dated [REDACTED] responded to questions regarding testing activities and their educational purpose. Your position is that testing is an integral part of the educational process and, without your activities, the educational process would be incomplete. You believe that the fact that individuals may be benefited and parents are relieved from having to secure testing does not remove this from the educational realm. Furthermore, you assert that the testing services offered are not cooperative services to the parents, as services are available to any parents who home educate their children.

You stated that you provide factual data and graphics comparing the results of home education in comparison to [REDACTED] public schools. You obtain the data from the [REDACTED] State Department of Education and [REDACTED]. You compile the data and make it available to the general public at no charge.

In your letter of February 25, 2003, you compare your operation to exempt organizations that are deemed educational but which do not directly conduct instruction, training, teaching, presentations or any like activities. You claim that knowledge of the relationship between testing and measurements and curriculum design in meeting individuals' educational process is well established among professionals and that

[REDACTED]

the importance of this component in the educational process cannot be ignored.

You contend that an exempt educational organization is not required to provide direct instruction, training, teaching, or presentations to students. Providing aids or tools for the educational process is sufficient, as well as providing services that bear a close and intimate relationship to the educational process. You feel that the testing services bear a close and intimate relationship to the educational process. In addition, you believe that providing information to parents and the general public on alternative means of education constitutes providing information on a subject useful to the individual and beneficial to the community.

In response to the concern that you serve only a private interest, the you state that services are available to all home educating families in [REDACTED], and information is available to the general public. Substantial efforts are made to disseminate this information to legislators and members of the media as well as the public. You argue that you are not carrying on a trade or business in that fees are charged only to cover cost and grading of the tests.

Addressing concerns that services offered merely permit parents to fulfill their individual responsibility to test their children, you cite the [REDACTED] Educational Code in that there is no general duty to test one's children in the state of [REDACTED] only the duty to educate. Testing services are part of the broader educational process, and this reinforces the fact that services and information provided demonstrate that you are an educational organization. You state that your services and information are of assistance to parents as they educate their children and this should qualify for exemption.

You believe that your services and information, though providing a direct benefit to members, benefits the public interest as well, and as such, you serve the requisite public interest.

Response to Applicant's Position/Application of Law:

You maintained throughout the application process that you are an educational organization as defined under applicable Tax Regulations. The basis for this assertion is the [REDACTED] Skills Test that you purchase and administer for your members and as well as non-members who seek to test through them. Your contention is that the process of purchasing the tests, administering them to the students, sending them to the publishing company for grading, then evaluating those results for public use, qualifies you as an exempt educational organization.

By your analysis, the testing activity takes [REDACTED]% of your total time, and is your primary activity. This activity is not educational in nature, as it provides no instruction or training of the individual for the purpose of improving or developing his capabilities; or instruction of the public on a subject useful to the individual and

[REDACTED]

beneficial to the community, as outlined in Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations. The administration of tests does not educate students in any way, but rather tests them on subjects for which they have already received instruction. You do not create or develop the content of these tests or have any involvement in the grading or evaluation of the tests. You provide no pre-test tutoring or preparation for the tests. Your role may be characterized as that of a helpful facilitator between the publishing company and the parents who have chosen to home school their children. This leads to the conclusion that your primary activity is a private benefit to home-schooling parents. Providing testing services for home-schooled children, under the circumstances described, enables the participating parents to fulfill their individual desire of obtaining testing services. This service cannot be viewed as charitable, since parents who have chosen to home school their children do not constitute a charitable class of individuals.

An organization that provided a similar type of service was denied in the above referenced Rev. Rul. 69-175. Even though the sole purpose of that organization was to transport children to school, the purpose was held not to be educational because it relieved the parents of a personal obligation.

You referenced [REDACTED] Code [REDACTED] in stating that testing is not required in the state of [REDACTED]. This presents the question as to why the tests are really needed. The information packet in the application contains instructions for parents on testing and describes the importance of testing. This states that in addition to being a helpful tool in the development of an individual, establishing a large database of scores lends credibility to the excellence of home education. This issue was fundamental to the passage of [REDACTED] and to the defeat of [REDACTED]. Parents are urged to participate not only for their own information but also to help safeguard freedoms. Your stated purpose throughout the application is the direct pursuit of the enhancement of educational rights in the promotion of home education. Testing, and the resulting scores, as outlined in the application forms, is used to further promote home education.

You cite two cases in support of your position for exemption under section 501(c)(3) of the Code, the Forest Press and Students Book cases. The issue in both of these cases was much the same in that the educational purposes were debated. You asserted, based upon these cases, that you are educational in nature, because 1) you provide aids or tools for the educational process and, (2) you provide services that bear a close and intimate relationship to the educational process. In other words, the testing services bear a close relationship to and are tools in the educational process.

Upon closer examination of the two cited cases, however, the facts of each case are distinguishable from those present here. In Students Book the applicant was wholly owned by another educational institution, Washington State College. There was no dispute to their

[REDACTED]

educational purpose. The court held that the applicant, who operated a bookstore, had earnings devoted entirely to the college. Further, a bookstore bears a close and intimate relationship to the functioning of the college whose students it serves. You argued that testing bears a closer relationship to the educational process than a bookstore; however, exemption in that case was granted based upon the actual relationship that was in place between the college and the bookstore as well as the value the store added to the college. You do not support or conduct activities on behalf of another exempt educational institution. Therefore, you are distinguishable from the organization in Students Book.

The Forest Press case involved an organization that developed and propagated the Dewey Decimal System. At the time of the ruling, this system was used by 90% of American libraries and by libraries in 42 foreign countries. It was also used in institutions that teach library science. The court found this system to be an important aid to education and research and not a commercial enterprise. You stated that you are similar to Forest Press in that the tests are an aid to education. While it can be argued that skills tests are an aid to education, exemption was granted in Forest Press based upon other facts. Beyond being an aid, the organization prepared, edited, and published its work on the system. The Dewey Decimal system serves the general public, not a private interest. It is available at no charge to anyone in a library worldwide, not just to a specific class of individuals who pay for a service. The organization in Forest Press participated in activities directly related to furthering an educational purpose.

The court in National Association held that an organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. Ten percent of your time is spent reviewing, producing and disseminating research materials, compiled from test scores in the state of Idaho. This activity is insubstantial and does not, standing alone, qualify you for exemption.

Also, National states that advocating a position is allowable so long as a full and fair view is presented. You contend that your view is impartial, as data is compiled from scores derived throughout the state. However, your stated purpose is to protect the right to home educate. Your charts and graphs are focused on test scores and offer no other means of comparison to public education. The participation in [REDACTED] is for the purpose of promoting home education only. Presentations demonstrate the effectiveness of home education; no displays are mentioned to allow for a comparison, as the intent of the day is to "put our best foot forward".

Other pertinent facts in the case indicate that National's services were available to the public as a whole, whereas, your services are

available only to home schooled students in the state of [REDACTED]. National put interested parties in contact with accredited alternative schools, and provided advice on establishing home study programs. You offer a link to another organization that offers advice on how to begin home schooling, but you provide no direct services or advice of the kind that National provided. National presented the public with opposing viewpoints, and encouraged individuals with differing opinions to submit their viewpoints. While you did allow the congressional candidates to present their views regardless of the position, you also encouraged your members to dispute anti-home school legislation bills.

You engage in activity intended to influence the passage or defeat of legislation. You stated that protection of the right to home educate is your primary purpose. The following are examples your activities in this area:

1. Present e-mail alerts on the Web site, alerting members in case of a 'call to action' on legislative bills.
2. Urging members, by specific instruction, to contact members of the Senate Education Committee and also a local newspaper.
3. Consultations with state Representatives, in requesting legislation to be added to various bills.
4. Analysis of pending legislation.
5. Gather information and data regarding the effectiveness of home education, possible means by which home education may be enhanced within [REDACTED], and impediments to home education and solutions addressing such impediments.
6. Support legislation which enhances the right and ability of parents to home educate or oppose legislation having a direct impact on home education which will interfere with that right.
7. Confer with [REDACTED] to oppose intrusions.

On the initial Form 1023, page 2, you stated that you spend [REDACTED]% of your time on administration of the achievement tests, [REDACTED]% on legislative activities and [REDACTED]% on research activities. Subsequent statements in the Form 1023 and in correspondence indicated that legislative activities might actually be [REDACTED]%, or less. You provided an analysis of volunteer hours to support the revised position.

Based on an overall review of your application and subsequent correspondence, the support of, or opposition to legislative pertaining to home schooling appears to be a significant purpose. The direct legislative activities constitute a supporting reason as to why you do not qualify for exemption under section 501(c)(3).

The second reason for the denial of exemption is that the activities listed above demonstrate advocacy towards a particular position in a manner prohibited by Section 1.501(c)(3)-1(c)(3) of the Regulations.

[REDACTED]

The third reason for the denial is that the testing constitutes a private benefit to the parents who are home-schooling their children in a manner similar to the organization denied in Rev. Rul. 69-175.

The precise percentage breakdown of time spent on advocacy, legislation, and testing is important, but not crucial in this determination. None of these individual activities qualify for exemption under section 501(c)(3) and together they constitute almost all of your total operation.