

Internal Revenue Service

Department of the Treasury

~~1350 Broadway, New York, NY 10004~~

P.O. Box 1680 Brooklyn, NY 11202

Director
Director

Date: JUN 01 1983



Person to Contact:



Contact Telephone Number:



Refer Reply to:



CERTIFIED MAIL

Gentlemen:

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

The evidence presented disclosed that you were orgnized as an unincorporated association on [REDACTED]. The purposes stated in your Constitution are: "The [REDACTED] winning the ([REDACTED]) road race from [REDACTED] shall be commemorated across the Continental United States, then the American autos and or entrants will join the [REDACTED] auto challenge in [REDACTED]. The [REDACTED] is a synonymous event. The participation of the United States as a country will then be limited to the individual American entrants."

Your membership consists of full time active persons, donating associates and honorary persons of automotive note. Election of members shall be from a two-thirds majority of active members. Your activities consist of the restoration and testing of a [REDACTED] automobile, owned by [REDACTED], president of the organization. Extensive 3D slide photography and regular pictures are being obtained concerning the above activities for presentation to public institutions and corporations; Overseas travel and promotion of the [REDACTED] including trips to [REDACTED], and [REDACTED]; purchase and solicitation of original artifacts on a donation basis. Future activities will include driving the antique car by [REDACTED] from [REDACTED] to [REDACTED], the sale of souvenir radiator eagles at \$ [REDACTED] each, and lectures at \$ [REDACTED] to \$ [REDACTED] per showing on a cost recovery basis. Your income will be derived from contributions, gifts, grants and gross receipts from sales. Your disbursements are for fund raising expenses, salaries and wages, and travel and display expenses. Salaries of active members shall be paid according the time each active member spends on this project and not to exceed \$ [REDACTED] for any one individual per year. To date, the disbursements have been for the restoration and expenses connected with the privately owned car of the organization's president. Substantial amounts are budgeted for salaries of the active participants who are the officers of the organization.

Section 501(c)(3) of the Code provides exemption to organizations organized and operated exclusively for charitable, religious, educational, scientific or literary purposes.

Section 1.501(c)(3)-i(a)(1) of the Income Tax Regulations states in part, that in order to be exempt as an organization described in section 501(c)(3) an organization must be both organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children or animals.

Section 1.501(c)(3)-1(d)(ii) of the Income Tax Regulations states that an organization is not organized or operated exclusively for one or more of the purposes specified ... unless it serves a public rather than a private interest. Thus it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

On the basis of the evidence presented, we hold that you are organized and operated primarily for the benefit of private individuals by paying the expenses connected with a road race of a privately owned automobile and payment of substantial compensation to officers of the organization, and that you do not qualify for exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Nor do you qualify for exemption under any other section of the 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 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."

If you do not agree with this determination you may protest in accordance with the enclosed instructions within 30 days.

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If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Sincerely yours,

A black rectangular redaction box covers the signature of the District Director.

District Director

Enclosure: Pub. 892