

Date: OCT 30 1985

Employer Identification Number: [REDACTED]

Person to Contact: [REDACTED]

Contact Telephone Number: [REDACTED]

Gentlemen:

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

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

Your articles of incorporation state that the specific purpose of your corporation is to provide religious and educational books, literature and materials to the public.

You have stated in your application form 1023 and in response to questions in our letter 1312 that your sole activity is book sales. You have stated that you do not make a profit.

Section 501(c) of the Internal Revenue Code of 1954 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 purpose.

the Income Tax Regulations applicable to section 501(c)(3) of the Code provide that an organization must be both organized and operated exclusively for one or more of the purposes specified in that section. If it fails to meet either the organizational or the operational test, it is not within the purview of the statutes.

The selling of merchandise is not a charitable, educational, religious, scientific or literary activity. Furthermore, an organization is not exempt merely because its operation are not conducted for the purpose of producing a profit. To satisfy the "operational test" the organization's resources must be devoted to purposes that qualify as exclusively charitable, educational or religious within the meaning of 501(c)(3) of the Internal Revenue Code and applicable regulations.

It is our determination that you are not operated exclusively for one or more exempt purposes and, therefore, you are not entitled to exemption from Federal income tax as an organization described in

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
			CHIEF OR REP/EO	CHIEF OR STAFF	D		
Surname		[REDACTED]	[REDACTED]	[REDACTED]			
Date		10-24-85	10/24/85	10/25			

section 501(c)(3) of the Code.

Until such time as you establish your exempt status for Federal income tax purposes, contributions made to you are not deductible by the donors on their individual tax returns.

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

You have the right to protest this determination if you believe it is incorrect. Protest instructions are contained in Publication 892 enclosed.

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

As provided by section 6104(c) of the Internal Revenue Code of 1954 and the applicable regulations, the appropriate State officials are being notified of our determination.

If you agree to the adverse action shown above, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action, within ten days from the date of this letter. You should retain a copy for your records.

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 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 judgement 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,

District Director

Enclosures:

Publication 892

Form 6018