

Internal Revenue Service

Department of the Treasury

District
Director

450 Golden Gate Ave., Box 36020
San Francisco, Calif. 94102

Person to Contact:

Telephone Number:

Refer Reply to:

Date:

APR 25 1985

Dear Applicant:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(7) of the Internal Revenue Code of 1954.

The information submitted discloses that your Constitution was adopted on [REDACTED], with the primary purpose being to promote interest in and support of the [REDACTED] baseball team, a professional baseball team.

Your activities include picnics, a luncheon (farewell), booster night, bus trips to other towns to support the team while on the road. Also, you will buy gifts for the players at the end of the season.

Information submitted indicates that approximately [REDACTED]% of your financial support will be from the general public through fund raising activities such as car washes, yard sales, button sales, and luncheon raffle.

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:

"(7) Clubs organized for pleasure, recreation, and other nonprofitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder".

Public Law 94-568, 1976-2 Cumulative Bulletin, page 596, states that an organization exempt from Federal income tax under section 501(c)(7) is permitted to receive up to 35% of its gross receipts, including investment income from sources outside its membership.

[REDACTED]

Of the 35%, not more than 15% of the gross receipts may be derived from the use of the club's facilities or services by the general public.

Information submitted by you discloses that a substantial portion of your income is derived from nonmember sources. There, it cannot be said that you are operating substantially for pleasure, recreation and other nonprofitable purposes and that no part of your income inures to the benefit of your members.

Accordingly, we hold that you are not entitled to exemption Federal income tax as an organization described in section 501(c)(7) of the Code. You are required to file 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.

Sincerely,

District Director

Enclosure:
Publication 892
Form 6018

Form **6018**
(August 1979)

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare in
Duplicate

Case Number

[REDACTED]

Date of Latest Determination Letter

Employer Identification Number

[REDACTED]

Date of Proposed Adverse Action Letter

APR 25 1985

Name of Organization or Plan and Address

[REDACTED]

I consent to the proposed adverse action relative to the above organization or plan shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc.; or Section 7476, Declaratory Judgments Relating to Qualification of Certain Retirement Plans, applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- Denial of exemption
- Revocation of exemption, effective
- Modification of exempt status, effective
- Classification as a private foundation (section 509(a)), effective
- Classification as a non-operating foundation (section 4942(j)(3)), effective
- Non-qualification under section 401(a)
- Classification as an organization described in section 509(a)(), effective
- Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428 or 7476.

(Signature instructions are on the back of this form.)

Name of Organization or Plan

Signature and Title

Date

Signature and Title

Date