

OCT 24 1989

Certified Mail

Dear Sir or Madam:

We have considered your application for recognition of exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, and the information submitted in support thereof.

The evidence submitted shows that you were incorporated on [redacted] in the state of [redacted]. Your purposes as stated in Form 1023 Application for Recognition of Exemption show that you are organized and operated to raise funds for the benefit of [redacted] to help pay for medical, hospital and other expenses not covered by medical insurance. Funds will also pay for ongoing medical treatment and expenses incurred by the patient [redacted], born [redacted] with a diseased liver.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax for an organization organized and operated exclusively for charitable, educational, religious, and scientific purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations states that in order for an organization to be exempt under section 501(c)(3) of the Code it must be organized and operated exclusively for one or more purposes specified in such section.

Section 1.501(c)(3)-1(a)(1) of the Regulations states that an organization is operated exclusively for the purposes set out in section 501(c)(3) of the Code only if substantially all of its activities are in furtherance of these purposes.

Section 1.501(c)(3)-1(d)(ii) of the Regulations state that an organization is not organized or operated for any purpose under section 501(c)(3) unless it serves a public rather than private interest.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
	[redacted]	[redacted]	[redacted]				
Surname	[redacted]	[redacted]	[redacted]				
Date	7-26-89	7-31-89	10/24/89				

Thus to meet the requirements of Section 501(c)(3), 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, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests. Moreover, even though an organization may have exempt purposes, it will not be considered as operating exclusively for such purposes if more than an insubstantial part of its activities serve a private interest.

It is therefore concluded that the primary purpose of your organization is to serve the interests of [redacted], and since you are serving the private interest of one individual, you do not meet the requirements of being organized and operated exclusively for the purposes as listed in section 501(c)(3) of the Code.

Although your activities may be charitable in nature, it is concluded that you are not organized and operated exclusively for 501(c)(3) purposes. Therefore, you do not qualify for tax-exempt status as an organization described in section 501(c)(3) of the Code. In addition, based on the information submitted, your organization will not qualify under any subsection of 501(c) of the Internal Revenue Code.

Since you have not been granted tax-exempt status, you are required to file Federal income tax returns on Form 1120.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional office conference staff. Your request for a conference should include a written appeal giving the 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 conference. The conference may be held at the Regional office, or if you request, at any mutually convenient District office. If we do not hear from you within 30 days of this letter, this determination will become final and a copy of this letter will be sent to the appropriate state officials in accordance with section 6104(c) of the Code.


If you do not appeal this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date							

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."



District Director

Enclosure: Publication 892
cc: State Attorney General 

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Sumame							
Date							