

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

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District Director Of Internal Revenue  
CHIEF, TECHNICAL STAFF  
BALTIMORE

DO: Baltimore  
EIN: [REDACTED]

Dear Applicant:

This is in reply to your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

We have reviewed the information you have submitted and are unable to conclude that you are organized and operated exclusively for charitable, religious, or educational purposes. Accordingly, we have concluded that you do not qualify for recognition of exemption under section 501(c)(3) of the Code.

The information you have submitted establishes that you were incorporated to promote the general welfare, community spirit, and civic participation of the local citizens with particular emphasis upon interaction with law enforcement and police personnel within the Township of [REDACTED]. In addition you are to promote friendship in the community, to provide aid, assistance, equipment, supplies, and necessary items to your members and to do any and all acts necessary for the promotion of community development and civic progress in the community. You are a membership organization. Your active members are required to attend five meetings throughout the year and participate in all fund raising affairs. Your annual dues are \$[REDACTED] per year and it appears that you have [REDACTED] members. Your articles of incorporation do not limit your purposes to exclusively charitable purposes nor do they ensure that your assets will be distributed to charitable organizations as described in section 501(c)(3) of the Code in the event of your dissolution.

The financial information you have submitted indicates that your major expenses are to purchase uniforms for your members and to have retirement dinners. It also appears that you carry on social outings such as the Casino Trip of [REDACTED].

Section 501(a) of the Code provides, in part, for the exemption from federal income tax of organizations described in section 501(c)(3) of the Code.

Re: [REDACTED]

Section 501(c)(3) of the Code describes organizations organized and operated exclusively for religious, charitable and educational 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 to be exempt as an organization described in section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more purposes specified in that section. If an organization does not meet either the organizational or the operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(i) of the regulations provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization limit its purposes to one or more exempt purposes and do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities in activities which in themselves are not in furtherance of one or more exempt purposes.

Section 1.501(c)(3)-1(b)(4) of the regulations provides that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. This requires that either state law or the organization's governing instrument ensure that upon its dissolution an organization's assets will be distributed for one or more exempt purposes, or to the Federal government, or to a State or local government for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the exempt purposes of the dissolved organization.

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

Section 1.501(c)(3)-1(d)(2) of the regulations provides that the term "charitable" is used in section 501(c)(3) in its generally accepted legal sense. It includes relief of the poor and distressed, the advancement of religion, the advancement of education and lessening the burdens of government.

Re: [REDACTED]

Better Business Bureau v. United States, 326 U.S. 279 (1945) Ct. D. 1650, 1945 C.B. 375 holds that the presence of a single nonexempt purpose if substantial in nature, will preclude exemption under section 501(c)(3) of the Code, regardless of the number or importance of exempt purposes.

Your articles of incorporation do not have any language setting forth an exempt purpose nor is there any language controlling the distribution of your assets upon your dissolution. Your general purposes of promoting the general welfare, community spirit and civic participation are not charitable purposes within the meaning of section 501(c)(3) of the Code. There is a reference to interaction with law enforcement and police personnel. However, it is not clear from your governing instrument that you were established to help support the police. Accordingly, we have concluded that you do not satisfy the requirements of the organizational test for section 501(c)(3) of the Code.

In addition, even if we could conclude that you were organized for charitable purposes, you have not submitted any information which establishes that you are operated for charitable purposes. The only information you have submitted indicates that your members carry on a certain amount of social activities. This is not a charitable activity within the meaning of section 501(c)(3) of the Code. In one year approximately one-third of your net income was expended on retirement dinners. The only other information we have regarding your activities relates to the casino trip that your members appear to have gone on or sponsored as a fund raiser. There is no information in the file indicating for whom funds might be raised. On the other hand, it is clear that the only continuing major expense you have is purchasing uniforms for your members. This is likewise not a charitable activity within the meaning of section 501(c)(3) of the Code. Accordingly, we are unable to conclude that you are carrying on any section 501(c)(3) activities. In addition, it is clear that more than an insubstantial part of your activities are social activities.

Therefore, as previously stated we have concluded that you do not qualify for recognition of exemption under section 501(c)(3) of the Code. You are required to file federal income tax returns on Form 1120 and contributions to you are not deductible under section 170.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted within 30 days from the date of this letter. You also

Re: [REDACTED]

have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practice Procedures.

If you do not protest this proposed ruling 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 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 30 days, this ruling will become final and copies of it will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. Also, the appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

[REDACTED]  
Chief, Exempt Organizations  
Rulings Branch 1