

Denial

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

JUN 16 1982

Ladies:

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 1954.

The information submitted indicates that you were organized approximately in [REDACTED].

The purposes for which you were formed are to improve and develop training through representing [REDACTED], the town of [REDACTED], [REDACTED] and [REDACTED] County in competitions, fairs, and other such activities; and to promote friendship and the spirit of good will within the community.

Your primary activity is to raise funds through such activities as candy drives and bake sales.

Your expected sources of income are from fund raising sales, dues and donations.

Anticipated expenditures are for entry fees, other costs of competitions and fund raising costs.

Your By-Laws and constitution provide that only parents of the dancettes shall be eligible to be officers of the organization. It also states that, "[REDACTED] will raise money to be used for their participation in these various dance competitions throughout the country. This money would be used for hotel accommodations, entry fees, transportation, and any other such fees for dance competitions as necessary."

In response to our inquiry as to who would pay these expenses if your organization did not exist, you state that the parents have paid for these expenses.

Section 501(c)(3) of the Internal Revenue Code provides for exemption from

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
		[REDACTED]					

[REDACTED]

Federal income tax for organizations which are organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals. No part of the net earnings of the organization may inure to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term "charitable" is used in section 501(c)(3) in its generally accepted legal sense. It includes purposes and activities directed toward relief of the poor and distressed; advancement of religion, education or science; lessening the burdens of government; and combatting community deterioration and juvenile delinquency.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations provides that an organization is not organized and operated for a 501(c)(3) purpose unless it serves a public rather than a private interest. An organization must establish that it is not organized or operated for the benefit of private interests such as the creator or his family, or shareholders of the organization, (shareholder refers to anyone having a personal and private interest in the activities of the organization.)

Based on the information submitted, it has been determined that you were formed primarily to benefit not only the parents of the children but also [REDACTED], who is president of your organization. The earnings of the organization would be used to pay expenses that the parents themselves are personally liable for. In addition, you would be indirectly promoting the [REDACTED] which is a taxable business organization.

You are neither organized nor operated exclusively for the purposes specified in section 501(c)(3) of the Internal Revenue Code. Your net earnings will inure to the benefit of individuals having a private interest in the activities of the organization. Therefore, you do not qualify for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

Based on the information submitted, exempt status will not be recognized under any related paragraph of IRC 501(c).

Until you have established an exempt status, you are not relieved of the requirements for filing Federal income tax returns.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference

[REDACTED]

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 from the date 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 Internal Revenue 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."

Sincerely yours,

[REDACTED]
District Director

[REDACTED]