

Internal Revenue Service
Regional Commissioner

Department of the Treasury

Date: MAR 25 1982

Employer Identification Number: [REDACTED]

Form Number: 1120

Tax Years: [REDACTED]

Key District: [REDACTED]

Person to Contact: [REDACTED]

Contact Telephone Number: [REDACTED]

Gentlemen:

This is a final adverse determination as to your exempt status under section 501(c)(3) of the Internal Revenue Code.

Our adverse determination was made for the following reason(s):

You are not, nor have you ever been, operated exclusively for an educational purpose or for any other exempt purpose within the meaning of Section 501(c)(3) of the Internal Revenue Code. As you have been operated to serve a private rather than a public interest, you do not meet the requirements of Section 501(c)(3).

Contributions to your organization are not deductible under Code section 170.

You are required to file Federal income tax returns on the form indicated above. Based on the financial information you furnished, it appears that returns should be filed for the above years. You should file these returns with your Key District Director, EP/EO Division, within 30 days from the date of this letter, unless a request for an extension of time is granted. Processing of income tax returns and assessment of any taxes due will not be delayed because you have filed a petition for declaratory judgment under Code section 7428. You should file returns for later tax years with the appropriate service center shown in the instructions for those returns.

If you decide to contest this determination under the declaratory judgment provisions of Code section 7428, a petition to the United States Tax Court, the United States Court of Claims, or the district court of the United States for the District of Columbia must be filed within 90 days from the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for filing petitions for declaratory judgment.

(over)

Letter 1371(R0) (1-80)

We will notify the appropriate State officials of this action, as required by Code section 6104(c).

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,


Chief, Appeals Office

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
OCT 16 1981

Gentlemen:

We have considered your application for exemption from Federal Income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The information that you submitted discloses that you were incorporated [REDACTED], under the laws of the State of [REDACTED]. Your organization was formed for the purpose of increasing awareness and understanding of the wide spectrum of socio-spiritual-planetary concerns that comprise "New Age" interests. It is your goal to work with the existing socio-political system to bring about harmonious growth and increased awareness in the areas of your concern. You believe that humankind are first and foremost "beings of light" embarked upon a journey of spiritual evolution. Your desire is to help bring balance and knowledge to that evolutionary process through the development of public educational programs and events.

In order to accomplish your purpose you held a two day exhibition at a [REDACTED] hotel. The exhibition ([REDACTED] celebration) included seventy booths representing various individuals, groups and businesses actively involved with New Age concepts. A continuing program of astrology and numerology readings, music, dance, puppetry, juggling, and a series of speakers on New Age topics were featured.

Your source of support has been from exhibitors' fees, ticket sales, promotional items. Your budget indicates that you expect some donations from foundations, but expect to be self-supporting.

Section 501(c)(3) of the code provides for the exemption from Federal Income tax of organizations organized and operated exclusively for charitable or educational purposes.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized or operated exclusively for charitable purposes unless it serves a public rather than a private interest.

[REDACTED]

In construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau v. U. S. 326 U. S. 279 (1945), The Supreme Court of the United States said, "This plainly means that the presence of a single noneducational purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly educational purposes." This statement applies equally to any category of charitable purpose under Section 501(c)(3) of the code.

Section 1.501(c)(3)-1(d)(1) of the regulations provides that in order to be exempt an organization must serve a public rather than a private interest. It must not be operated for the benefit of its creator, members, shareholders, or for any other private interest.

We have concluded that while some of your activities are educational, a substantial amount of your operation directly benefits the individual business person. The provision of exhibition booths for business people to display and demonstrate products, charging fees for readings and promoting future business is serving private interests. Accordingly, it is our determination that your organization does not qualify for exempt status as an organization described in Section 501(c)(3) of the Internal Revenue Code. You are required to file Form 1120, U. S. Corporation Income Tax Returns.

If you do not agree with these conclusions, you may request Appeals Office consideration. To do this, you must submit to the District Director within 30 days from the date of this letter, a statement of facts, law, and arguments, in duplicate, which will clearly set forth your position. You also must state whether you wish an Appeals Office conference. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met.

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."

On final determination, copies of this letter will be forwarded to appropriate State officials in accordance with Section 6104(c) of the Internal Revenue Code.

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

Very truly yours,


District Director

Enclosure: Publication 892