

[REDACTED]

CERTIFIED

SEP 24 1984

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under section 501(c)(7) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED] under the nonprofit corporation laws of the State of [REDACTED].

The purposes for which you were formed are to establish and effect an association not for profit, interested in the promotion of youth and adult recreational programs, by the conducting of junior, amateur or professional rodeos, horse shows, or any program using stock or arena to meet that objective; to develop within, youth or any program using stock or arena to meet that objective; to develop within; youth or adult contestants, a spirit of fair competition and appreciation of good sportsmanship to safeguard the interest of sponsors and protect the health and welfare of contestants in competition to help further local recreational activities whether youth, adult or senior citizens; to operate on donations or direct funds from the functions themselves; and to do any and all lawful thing for which a nonprofit corporation may be organized under the laws of the state of [REDACTED].

Your activities presently carried on include:

- 1) Conducting rodeos where tickets and advertising are sold and entrance fee charged with prizes awarded.
- 2) Bingo is currently carried on only until the Rodeo construction debts have been paid.

All of your activities are advertized and are opened to the general public. In [REDACTED] you received over [REDACTED]% of your gross receipts from non-member sources. The projected budgets you submitted for [REDACTED] and [REDACTED] indicates that you still expect to receive over [REDACTED]% of your gross receipts from non-member sources.

| | Initiator | Reviewer | Reviewer | Reviewer | Reviewer | Reviewer | Reviewer |
|---------|------------|------------|------------|------------|------------|------------|------------|
| Code | [REDACTED] |
| Surname | [REDACTED] |
| Date | 8/16/84 | 8/17/84 | 9/19/84 | 9-19-84 | 9/20/84 | | |

[REDACTED]

Section 501(c)(7) of the Code provides for exemption from Federal Income Tax of clubs organized and operated exclusively for pleasure, recreation, and other non-profitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder.

Section 1.501(c)(7)-1(a) of the Income Tax Regulations provides that section 501(c)(7) of the Code applies only to clubs which are organized and operated exclusively for pleasure, recreation and other non-profitable purposes, but does not apply to any club if any part of its net earnings inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues and assessments.

Since the general public is invited to your social and recreational events and your receipts therefrom are a substantial part of your total income, it is evident that you are not operating as a social club within the intent of Section 501(c)(7) of the Code.

Accordingly, we hold that you are not entitled to exemption from Federal Income Tax as an organization described in section 501(c)(7) of the Code. Accordingly, you are required to file Federal income tax returns on Form 1120.

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after you have submitted your brief to the Chicago District Office and we have had an opportunity to consider the brief and it appears that the conclusions are still unfavorable to you. 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. We have enclosed Publication 892, Exempt Organization Procedures for Adverse Determinations, which explains in detail your rights and procedures.

If you agree with this determination please sign and return the enclosed Form 5018.

Sincerely yours,

[REDACTED]
District Director