

Person to Contact: [REDACTED]
Telephone Number: [REDACTED]
Refer Reply to: [REDACTED]

Date: NOV 18 1985

CERTIFIED

Dear Applicant:

We have considered your application for recognition of exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code of 1954.

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

The purpose as shown in your Articles of Incorporation is to establish and develop an educational organization for the purpose of instruction and dissemination of education in the public interest relating to the development of human awareness and potential through publications, seminars, and lectures.

Incorporate to your application and supporting documentation, the primary activity of your organization is providing a residential setting in which to train and educate individuals interested in transpersonal psychology.

Your organization's activities will include the following: ten to five [REDACTED] day workshops, group discussions, lectures, and wilderness activities aimed at the incorporation and integration together of traditional western psychological thought and eastern spiritual practices and mysticism.

Your organization's facilities are located on [REDACTED] acres of land bordered on one side by national land. Camping is available to people who want to camp in the late spring, summer, and early fall months. Those who want to camp away from the main facility, generally share meals in the lodge.

All the participants in your activities are charged a fee based on the type of activity, length of stay and accommodations used. The fees range from \$[REDACTED] a day to \$[REDACTED] a day. When any participant registers they must pay a \$[REDACTED] nonrefundable deposit.

The property on which the facilities are located is the personal residence of [REDACTED], one of your board members, who leases the facilities to your organization on a per-event basis.

[REDACTED], director of [REDACTED] loaned [REDACTED] \$ [REDACTED] for improvements to the existing structure and the construction of a meeting room separate from the lot. The loan is payable in one year or may be cancelled at any time should [REDACTED] decide to invest equally in the property with [REDACTED].

In addition, your organization may sublease the facilities to other organizations or individuals for \$ [REDACTED] per day plus food [REDACTED] of their gross income.

Section 1361(b)(3) of the Code provides for the exemption from Federal Income Tax of corporations organized and operated exclusively for religious, charitable, literary, scientific, and educational purposes, no part of the net earnings of which inures to any private shareholder or individual.

Section 1.1361(c)(3)-1 of the Tax Regulations relates to the definition of the organization and operation of organizations described in section 501(c)(3). It is quoted, in part, as follows:

(a) Organizational and operational tests. (1) In order to be exempt as an organization described in Section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt. (2) The term "exempt purpose or purposes" as used in this section, means any purpose or purposes specified in Section 501(c)(3)...."

(b) Organizational test. (1) Primary activities. An organization described in section 501(c)(3) is "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if any substantial part of its activities is not in furtherance of an exempt purpose. (2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals...."

Section 1.1361(c)(3)(i)(1)(i) of the Income Tax Regulations provides that an organization is not organized and operated exclusively for exempt purposes unless it serves a public rather than a private interest.

Thus, it is necessary for an organization seeking exemption under Section 501(c)(3) 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.

Based upon the information submitted, your organization does not qualify for exemption under Section 501(c)(3) because your main activity is operating a trade or business by providing facilities to the general public for camping, and other recreational purposes for a fee.

The operation of your organization will directly benefit [redacted] and potentially benefit [redacted] by improving the property owned by [redacted]. [redacted] may later invest in this property instead of accepting repayment of the loan.

Accordingly, we have concluded that you are not entitled to recognition of exemption from Federal Income Tax under Section 501(c)(3) of the Code, since you are not organized and operated exclusively for charitable, religious, or other exempt purposes within the meaning of Section 501(c)(3).

You are required to file Federal Income Tax Returns.

Contributions made to you are not deductible by the donors as charitable contributions as defined in Section 170(c) of the Code.

If you do not agree with these conclusions, you may within thirty 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 reached 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 authority to practice must be met. We have enclosed Regulation 1.1411-1(a) Taxant Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

[REDACTED]

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 7425(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".

If you agree with this determination, please sign and return the enclosed Form 4012.

Sincerely yours,

[REDACTED]

District Director

Enclosures
Publication 492
Form 4012