

Internal Revenue Service

Department of the Treasury

Regional
Commissioner

Western Region

Address any reply to Appeals Office

CERTIFIED MAIL

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date: **FEB 23 1981**

Form No.: [REDACTED] Tax Yrs. [REDACTED]

Employer Identification No.: [REDACTED]

Key District: [REDACTED]

Code Section: 501(c)(3)

Dear Mr. Romero:

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

Our adverse determination was made for the following reason:

You have not shown that you are organized and operated exclusively for one or more of the exempt purposes specified in section 501(c)(3) of the Code.

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

[REDACTED]

from the date this determination was mailed to you. Contact the Clerk of the appropriate court for rules for filing petitions for declaratory judgment.

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,

[REDACTED]
Chief, Seattle Appeals Office

cc: Attorney General of [REDACTED]
Director, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
MAR 13 1979 [REDACTED]

Gentlemen:

We have considered your application for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The information submitted discloses that you were incorporated under the nonprofit laws of the State of [REDACTED] on [REDACTED]. Your purposes, as set forth in the Articles, are as follows:

- (1) to provide members of [REDACTED] ancestry...with positive ethnic identity and/or role modeling;
- (2) to sponsor social activities for the purpose of generating revenue;
- (3) to use such revenue for the purpose of providing scholarships for [REDACTED]....
- (4) to use such revenue for the purpose of providing younger members of [REDACTED] background with recreational activities.

In the two years since your incorporation, your activities have included sponsorship of three latin dances, one raffle, and one pot-luch dinner. Although you plan to give scholarships when you reach an operating level of \$[REDACTED] of unreserved funds, no awards have been made. The balance sheet of [REDACTED] [REDACTED], shows unreserved funds of \$[REDACTED].

Section 501(c)(3) of the Code provides, in part, for exemption from Federal income of organizations organized and operated exclusively for charitable or 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 provides that in order to be exempt as an organization described in section 501(c)(3), an organization must be organized and operated exclusively for one or more of the purposes specified in that section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Because you have agreed to amend your Articles of Incorporation to comply with the organizational requirements of section 501(c)(3), we have not made a determination about whether you meet the organizational test.

Section 1.501(c)(3)-1(c)(i) of the Regulations provides that an organization will be regarded as "operating 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 more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Because you only activities for a two year period have been social activities and you will not award scholarships until a future date, we conclude that you do not meet the operational test and, therefore, do not qualify for recognition of exemption from Federal income taxes under section 501(c)(3) of the Code. You are required to file Federal income tax returns and contributions to you are not deductible under section 170 of the Code.

We have also considered your application under section 501(c)(7) as a social club. However, your fundraising activities would appear to produce non-member income that would exceed the limits allowed by this Code section.

If you accept our findings, you do not need to take further action.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional office conference staff. Your request for a conference 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 our Regional office in San Francisco, California, 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 ruling will become final. If you have any questions, please contact the person whose name and telephone number are shown on page -1-.

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

Enclosure:
Publication 892

cc: Attorney General of [REDACTED]
Director, [REDACTED] [REDACTED]