

Internal Revenue Service

Department of the Treasury

District
Director

[Redacted]

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Telephone Number

Refer Reply to

Date

JUL 31 1984

Dear Applicant:

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 of 1954.

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

Your stated purpose is to provide low interest loans to individuals to help those qualified individuals live healthier lives while covering the start up costs involved in creating profit-making businesses with [Redacted]. Loan recipients must be distributors of [Redacted] and meet criteria established by the Foundation. Loan proceeds must be used to purchase [Redacted]. The organizers of this organization are District Managers for [Redacted].

Section 501(c) of the Internal Revenue Code of 1954 describes certain organizations exempt from income tax under section 501(a) and reads, in part, as follows:

"(3) Corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes."

Moreover, an organization is not organized or operated exclusively for one or more of the purposes specified in section 501(c)(3) unless it serves a public rather than a private interest. To meet this requirement, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests.

Most of your activities are designed with the interest of your incorporators and/or membership in mind rather than the general public.

Treasury Regulations 1.501(c)(3)-1(c)(2) states:

"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."

[Redacted]

[Redacted]

[Redacted]

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As the activities of this organization are inherently tied to a "for-profit" enterprise, and the benefits, either direct or indirect, are for members or organizers of this organization, we have concluded that you are not entitled to exemption from income tax as an organization described in section 501(c)(3) of the Code, inasmuch as you are not organized and operated exclusively for one or more of the exempt purposes specified in that section.

You are required to file Federal income tax returns annually, with your District Director.

Until such time as you establish your exempt status for Federal income tax purposes, contributions made to you are not deductible by the donors on their individual tax returns.

As provided by section 6104(c) of the Internal Revenue Code of 1954 and the applicable regulations, the appropriate State officials are being notified of our determination.

If you are in agreement with this proposed determination, you need take no further action.

If you are not in agreement with this proposed determination, we recommend that you request a hearing with our office of Regional Director of Appeals. Your request for a hearing 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 hearing. The hearing may be held at the office of Regional Director of Appeals or, if you request, at a mutually convenient District Office. A self-addressed envelope is enclosed.

[REDACTED]

If we do not hear from you within 30 days from the date of this letter, and 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 and will then become our final determination. Section 7422(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

ENCLOSURES
COMMUNICATIONS