

Rev. Rul. 68-489, 1968-2 C.B. 210

An organization will not jeopardize its exemption under section 501(c)(3) of the Code, even though it distributes funds to nonexempt organizations, provided it retains control and discretion over use of the funds for section 501(c)(3) purposes.

An organization exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 distributed part of its funds to organizations not themselves exempt under that provision. The exempt organization ensured use of the funds for section 501(c)(3) purposes by limiting distributions to specific projects that are in furtherance of its own exempt purposes. It retains control and discretion as to the use of the funds and maintains records establishing that the funds were used for section 501(c)(3) purposes. Held, the distributions did not jeopardize the organization's exemption under section 501(c)(3) of the Code.

See also Revenue Ruling 67-149, C.B. 1967-1, 133, holding a charitable organization exempt under section 501(c)(3) where it provides financial assistance to other charitable organizations that are also exempt under section 501(c)(3); and Revenue Ruling 63-252, C.B. 1963-2, 101, and Revenue Ruling 66-79, C.B. 1966-1, 48, for requirements with respect to deductibility under section 170 of the Code of contributions by individuals to a charity organized in the United States that thereafter transmits some or all of its funds to a foreign charitable organization.