



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Release Number: **201123047**  
Release Date: 6/10/2011  
Date: March 18, 2011  
UIL Code: 501.03-00

Contact Person:  
Identification Number:  
Contact Number:  
Employer Identification Number:

Dear

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter that proposed an adverse determination on your request that we modify your exempt status from Code section 501(c)(4) to Code section 501(c)(3). The letter explained the facts, law and rationale, and gave you 30 days in which to file a protest. You requested an additional 30 days in which to submit a protest and we approved the extension. Because you did not file a protest within the extended period, the proposed adverse determination is now final.

Because you do not qualify for exemption as an organization described in Code section 501(c)(3), donors may not deduct contributions to you under Code section 170. Based on our previous determination letter, you remain exempt under Code section 501(c)(4). You should continue to file annual information returns on Form 990.

Under separate cover, we are sending you a final determination that the subordinates in your group ruling also remain exempt under Code section 501(c)(4).

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437.

If you agree with our deletions, you do not need to take any further action. If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter.

If you have any questions about your annual requirements to file Form 990 or about other filing requirements, please contact IRS Customer Service at 1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Lois Lerner  
Director, Exempt Organizations

Enclosures  
Notice 437  
Redacted Proposed Adverse Determination Letter  
Redacted Final Adverse Determination Letter



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: January 26, 2011

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification  
Number:

Legend:

C – State  
D – State  
x – Number of Member Clubs  
y – Number of Members  
F – Name of Foundation

UIL Index:

501.03-00  
501.03-04  
501.03-05  
501.03-08  
501.35-00  
501.04-00

Selected Clubs:

AA - City, State  
AB - City, State  
AC - City, State  
AD - City, State  
AE - City, State  
AF - City, State  
AG - City, State  
AH - City, State  
AI - City, State  
AJ - City, State  
AK - City, State  
AL - City, State  
AM - City, State  
AN - City, State  
AO - City, State  
AP - City, State  
AQ - City, State  
AR - City, State

AS – City, State  
AT – City, State  
AU – City, State  
AV – City, State  
AW – City, State  
AX – City, State  
AY – City, State

Dear

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code of 1986. Based on the information provided, we have concluded that you do not qualify for exemption under section 501(c)(3) of the Code. This proposed denial letter applies only to your Form 1023 application. Your request for a group ruling will be handled separately. The basis for our conclusion with respect to your tax-exempt status is set forth below.

Issues:

Do you individually qualify for exemption under section 501(c)(3) of the Code? No, for the reasons explained below.

Alternative Issues:

If in the future, changes are made to your operations and it is determined you qualify for exemption under section 501(c)(3); should the changes and corrections result in qualification under section 501(c)(3) prior to the effective date of the changes and/or corrections? No, for the reasons explained below.

Facts

Background

You are a national organization with approximately x member clubs and more than y members. You were originally formed as an unincorporated association in the early 1900s. You were incorporated under the laws of the State of C in 19    and later relocated to the State of D. You were granted exemption initially under section 101(9) of the Revenue Act of 1934 in July 1940. Subsequently, you were granted exemption from Federal income tax under section 501(c)(4) of the 1954 Code as an organization “not organized for profit but operated exclusively for the promotion of social welfare” in January 19   . You, as the central organization, and your subordinate clubs were granted a group exemption under section 501(c)(4) of the Code. You created another organization, E, which is tax exempt under section 501(c)(3) of the Code to carry your charitable purposes.

You filed a Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, requesting recognition as an organization described in section 501(c)(3) of the Code. With your Form 1023, you also requested a modification under section 501(c)(3) for a group exemption on behalf of 15 district clubs, that agreed to be bound by your Constitution and Bylaws. You, however, planned to eventually modify all x clubs in your group exemption to section 501(c)(3) of the Code.

In order to ensure a representative sampling of your subordinate clubs, we selected twenty five subordinate clubs from various states and which varied in size. We asked that you submit each subordinate club's organizing documents and income statements for the last three years, and information regarding operations.

### Purposes

Your Form 1023 application indicates your primary purpose is to serve the charitable and educational needs of communities throughout the world with an emphasis on children's and young adults' needs through service projects of your subordinate clubs. You indicated your service projects address local needs, contributing to the improvement of life, especially for children. In 19 , you initiated a service initiative focusing on the health, education, and social development of children prenatal to age five. You indicate that you are also committed to preparing youth for adulthood, equipping them to become volunteers, leaders, and good citizens. Your activities include building playgrounds, conducting health fairs and vaccination clinics, delivering meals to senior citizens, teaching life skills to persons with disabilities, supplying schools with books and teaching supplies, establishing pediatric trauma centers, and cleaning litter from highways and beaches. You support clubs in various ways such as providing leadership training and teaching members how to effectively and successfully run club activities, including how to raise funds and how to conduct membership drives. You provide a magazine to members with information about charitable and educational activities. Further, you conduct an annual convention of members. You represented that nearly 100 percent of your activities involve planning and implementing service, fundraising, and leadership education events.

Clause (a), Section 2.02, Article 2 of your Articles of Incorporation states:

The Corporation is formed for the purpose of assisting and engaging in all activities which serve social welfare purposes, which are permitted by the Act, and which are permitted to be carried on by an organization exempt from federal taxation under the provisions of section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations issued pursuant thereto, as amended (the "Regulations"), or the corresponding provisions of any subsequent federal tax laws.

Section 2.2 of Article 2 of your Articles of Amendment states:

The Corporation is organized and operated exclusively to conduct, support, encourage, and assist such charitable, educational, scientific, religious, and other programs and projects as are described in Section 170(c)(2)(B), 501(c)(3), 2055(a)(2), and 2522(a)(2) of the Internal Revenue Code of 1986 as amended (the "Code"), or the corresponding provisions of any subsequent Federal tax laws.

Section 1, Article II of your Bylaws states that the objects for which you are organized shall be:

You state that the six objectives in the Bylaws have not changed since 1924.

The purposes and activities of the subordinate clubs are to perform charitable and educational projects serving the needs of communities and children throughout the world. The purposes and activities of the subordinate clubs are also listed in the representative governing instruments which are the same or similar to your purposes and objectives. Sample copies of the Articles of Incorporation and Bylaws adopted and used by the subordinate clubs were provided by you. You indicated there are two versions of the Bylaws, one for districts and one for clubs. The Bylaws of AD and AE are exactly the same as yours. AE's Articles of Incorporation states its purposes as those listed in section 1, Article II of your Bylaws.

### Operations

You provided the following information about your activities, which you conduct both

directly and through your subordinate clubs.

You undertake leadership development, website development, charitable programs, training conferences, member and club development, and communications and administrative services.

You represented that since your formation, your magazine has been the primary communication medium between you and your club members. Through this medium, you educate members about the needs of children and communities as well as sharing successful ideas, based on actual subordinate club activities, for service projects and/or charitable fundraisers so that clubs have the knowledge and means to help satisfy the needs of children and communities. Your magazine is published six times per year.

You represented that you have proactively contacted all of your subordinate clubs and districts through the mailing of educational materials that outlined their responsibilities as a 501(c)(3) organization, the differences between 501(c)(3) and 501(c)(4), and any changes that may need to be made to their existing governing documents to comply with 501(c)(3) standards. However, you tell your clubs: "We will communicate to you the exact changes you will need to make to the clubs' own governing documents. DO NOTHING NOW."

Your educational materials provide the description of 501(c)(3) and 501(c)(4) as provided by the Code and why 501(c)(3) status is preferable to 501(c)(4) status: "Contributions to a 501(c)(3) organization are tax-deductible as charitable contributions, whereas contributions to a 501(c)(4) organization are not tax-deductible. Most, if not all, of the dues paid by members of the organization will be tax deductible as charitable contributions if clubs were 501(c)(3) organizations. The portion of dues attributable to the receipt of X magazine and liability insurance is deductible. However, the portion of dues attributable to the member's receipt of goods and services will be nondeductible."

In your description of activities, you indicated that your members receive the benefits of changing children's lives, improving the community and the world, building friendships, enhancing leadership skills, developing business contacts, receiving your magazine and club communications, enjoying discounts and promotions, and insurance coverage for club projects.

Regarding charitable programs, you indicated you provide training, resources and funding to subordinate clubs to carry out your stated charitable and educational purposes. You developed planning guides for eliminating a specific disorder through a worldwide service project in partnership with a 501(c)(3) organization; service leadership programs for school-age children; a program to educate your members as well as the general public about health risks associated with influenza. You also developed vaccination clinics; a project which encourages adults to read to children; a program designed to improve kids' grades; swimming programs; and participated in events conducted by 501(c)(3) organizations. These programs are carried out by your subordinate clubs to which you provide administrative and educational support.

You also sponsor several youth clubs, college-age clubs, and clubs for adults living with disabilities.

You also conduct an annual convention which you indicate is the highlight of your year, combining education, inspiration, fellowship, and your related business. You represent that the convention's primary purpose is two-fold:

- Conducting business such as the election of officers, review of and action on proposed changes to your Bylaws, and passage of proposed resolutions designed to recognize your related achievements or inspire a servant's heart.
- Conducting a variety of educational and informational forums on topics such as your service, leadership skills, ideas for club growth, member retention, re-energizing a club, new-member orientation, successful club meetings, youth services, and related topics.

You communicate with your member clubs through your magazine which is published every two months informing the member clubs of what happened around the world. Your website maintains a Chat Room corner for members to log on and share their thoughts and experiences among themselves.

You divide your activities into departments:

- Charitable and Educational Efforts Department: This department is responsible for Service Leadership Programs, Marketing and Public Relations, Meetings and Conventions, and Publications.
- Administrative Department: This department is responsible for providing administrative support and communication to staff, clubs, and members on Board and Executive Services, Finance, Information Technology, Member Services, and Risk Management.
- Membership and Club Development Department: This department is responsible for Leadership Education and Development, Growth, and Club Development.

The annual convention is a part of your marketing and club/membership development. You stated you spend a substantial amount of time planning and preparing for the annual convention. You represented that it is the highlight of your year combining education, inspiration, fellowship, and related business. Series of forums and workshops make up the bulk of the convention schedule. Special presentations are built into each delegate session underscoring how you serve the world, one person, one club, one district, and one organization at a time. You indicated there are no forums or workshops dealing with subjects from the business world, nor are there opportunities for business networking



provided. At the convention, you offer mandatory training sessions for members who are club officers. The training is intended to enhance the members' knowledge and skills to carry out their duties as a club officer. In addition to the training sessions for club officers, the convention provides a great deal of social activities that include a ticketed fellowship breakfast, two entertainment events, and a first-timer's round up session for first timers to commingle. These social activities are built into the itinerary. The history bulletin on your website provides that "music and other forms of entertainment always have been key elements of your convention."

The total revenue for the 2006-2007 fiscal year was more than \$20 million and the total expenditures were almost as much as revenue. More than 50 percent of the revenue is from membership dues. The detailed expenditures did not show expenditures related to social activities; however, the itinerary showed that you organized the social events for your members.

The total revenue for the 2006-2007 convention was \$ \_\_\_\_\_ and total expenses were \$ \_\_\_\_\_. Some of the largest expenses during the convention were \$ \_\_\_\_\_ for the salaries and benefits of employees and staff; \$ \_\_\_\_\_ for entertainment and speakers; \$ \_\_\_\_\_ for convention planning; \$ \_\_\_\_\_ for convention magazine story; and \$ \_\_\_\_\_ for volunteers' travel. These expenses accounted for approximately 28 percent of your overall expenses for the 20\_\_ -20\_\_ convention.

We requested copies of any training materials, curriculum, and/or other handouts used in any of the workshops that you represented were conducted at your annual convention; however, you did not provide them to us. You provided a copy of the proposed minutes of April 11-13, 20\_\_ which would become official when approved by the Board of Trustees at your next scheduled meeting on July 2, 20\_\_ and a copy of the proposed minutes of the July 2, 20\_\_ which would become official when approved by the Board of Trustees at your next scheduled meeting on October 3-6, 20\_\_. However, you did not provide the official minutes to us.

### Marketing and other Public Information

Your Internet site includes information for your subordinate organizations, their members, and for the general public. For example, your individual members can access your website to download forms; your member clubs can access your website for leadership training information and documents; the general public can access your website to learn about you and how to contact the nearest club.

### Subordinate Organizations

To determine whether you, as the parent, qualify for exemption under section 501(c)(3) of

the Code, you were asked to provide more detailed information on the activities of a representative sample of subordinate clubs. You stated that you rely heavily on your member clubs to conduct your charitable and educational outreach programs and that such activities would never occur but for the organizational, promotional and coordination efforts you provide.

You provided detailed information on the activities for a representative sample of subordinate clubs.

A summary of the information submitted, including websites, narrative information, and meeting minutes is set forth below. Some of your representative clubs do not meet the organizational test. For example, AA's Articles of Incorporation states the purpose for which it is organized is "Evaluating children's issues and community needs, conducting service projects to respond to these needs, and maintaining an active membership roster of business professionals who desire to help the community in this respect."

You provided the subordinate clubs' primary sources of receipts are membership dues, contributions from the general public, and receipts from fundraising activities. The nature of the expenditures includes dues to you, the cost of holding members' meetings, the cost of conducting service projects and administrative costs.

Information was provided for each of the following twenty five representative subordinate clubs:

- AA
- AB
- AC
- AD
- AE
- AF
- AG
- AH
- AI
- AJ
- AK
- AL
- AM
- AN
- AO
- AP
- AQ
- AR
- AS

- AT
- AU
- AV
- AW
- AX
- AY

AA:

Organization – AA's Articles of Incorporation states the purposes are evaluating children's issues and community needs, conducting service projects to respond to these needs, and maintaining an active membership roster of business professionals who desire to help the community in this respect." There is no dissolution provision in the Articles of Incorporation.

Operation - AA conducts periodic charitable and educational activities such as donating candy and service hours to help facilitate the trick or treat event in a safe location for children; promoting awareness of farming; providing a BBQ for students at a local high school; sponsoring a Grad Night for the local high school graduating seniors; providing a Christmas party, small gifts, and food for children who are in an incarceration facility; and conducting a food drive. The club holds fundraisers such as Santa in the Park, taking photos for minimal fee to cover costs; an Easter pancake breakfast; and a radio auction.

In addition, the club holds weekly luncheon meetings. The meetings are very informal, and the itinerary consists of opening the meeting with the pledge of allegiance, singing, introduction of guests, committee or other announcements (if any); a guest speaker; and adjournment. You stated speakers speak on topics of general interest to the community. AA did not keep records of weekly guest speakers. AA's description of activities also included a benefit held for a member. Internet research (which was shared with you) revealed the member had cancer and the benefit was to raise money for the individual. Minutes of meetings also indicated savings bonds are purchased for members' new babies and further that AA "should recognize great events in members' lives."

The club's sources of revenue are dues, fines, a banquet, and fundraisers. The club expends funds on dues to you, luncheons, the installation banquet, monies to speakers, fundraising, educational projects, and donations to charities.

AB:

Organization – AB is a corporation. AB's Articles of Incorporation state the purposes of the organization are to

There is no dissolution

provision in the Articles of Incorporation.

Operation – AB conducts periodic charitable and educational activities such as taking photographs of homeless individuals and assisting them with making frames for the photos; providing manpower on the fourth Sunday of each month for an organization's canteen to deliver meals to homeless people; volunteering for an organization, collecting donations for two hours for two consecutive days; helping local citizens unload boxes of confidential papers to be professionally shredded; setting up displays of 150+ colleges for local high schools for college fair events; holding a program which aims to prevent teenage suicides; holding an entrepreneurial forum to expose high school students to entrepreneurial concepts using real life examples and hands on exercises; sponsoring a shaken baby syndrome bib project; distributing children's books; working booths at the annual international festival; and joining an organization's annual parade.

The club holds weekly luncheon meetings. The meeting itinerary consists of a meal served, invocation, the national anthem, the pledge of the allegiance, president's welcome message, guest introduction and announcements, a speaker, and adjournment. The speakers are selected from business leaders, political leaders, social service leaders, sport authorities and other people of community interest. Club business is conducted by the trustees and committee chairs and motions are made to allocate funds to various community organizations. AB's brochure provides the meetings offer an atmosphere of "fun, learning, and fellowship." AB's website states AB is "the club of choice for busy professionals which provides social and business networking." The club holds monthly trustee meetings followed by fellowship and dinner. The club also maintains a chat-room for its members' e-club.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraising, and charitable and educational projects.

#### AC:

Organization - AC is an unincorporated association. AC provided a copy of its Standard Form for Club Bylaws which listed among its objectives "to promote the adoption of higher social, business and professional standards; to provide through this club, a practical means to form enduring friendships...to cooperate in creating and maintaining that sound public opinion and high idealism which make possible the increase in righteousness, justice, patriotism and goodwill." The Bylaws does not include a dissolution provision.

The club has a related section 501(c)(3) foundation undertaking its charitable and educational projects.

Operation – AC periodically provides volunteers for local charitable organizations.

The club holds weekly member meetings. The meeting itinerary consists of the pledge of allegiance, singing My Country 'tis of Thee, a prayer, president's welcome message, guest introduction, announcements, reports, business, a speaker, and adjournment. The speakers are from all sectors of business such as a mayor, a police chief, and non-profit representatives. The topics are selected by the speakers. Some topics are purely entertaining or just informative. Per AC's website, the club has no meeting on most Monday holidays, but holds a round table lunch for fellowship purposes.

The club holds a pancake fundraiser for the benefit of local charities and runs a concession stand at the local university's football games.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraising, and charitable and educational projects.

AD:

Organization – AD is an unincorporated association. AD provided a copy of its Standard Form for Club Bylaws which listed among its objectives

The Bylaws includes a dissolution provision that remaining assets would be distributed to E. The dissolution provision does not specify where the assets go if E is no longer in existence or a qualified recipient.

Operation – AD conducted periodic charitable activities that included providing volunteers for an organization every year for one whole day; providing awards for games held by an organization; providing a banquet for graduating honor society members; providing volunteers one evening at a local food bank; caroling at area nursing homes; visiting the local camp that houses a building donated by the club. Fundraisers include an annual pancake carnival fundraiser; a fundraising breakfast for the benefit of the local rape and abuse crisis center; and support for the local high school summer musical.

In addition, the club holds weekly member meetings. The meeting agenda included eating, the pledge, a patriotic song, announcements, introduction of guests, greetings, introduction of program, and a program. The program consists of a guest speaker. AD indicated the speakers are "typically business owners and directors of non-profits." The program

schedules revealed a variety of speakers presenting information on state tourism, a sales tax initiative, a radio station, a neighborhood association, and active aging.

AD's newsletters revealed member events such as attending a local play and a sporting event. One newsletter stated a study was conducted to determine what attracts people [to you] is service and what keeps your members in a club is fellowship. The newsletter further described your top ten priorities. These included to improve the members' experience; grow existing clubs; open new clubs; develop leaders at all levels; create the next generation of programs; increase non-dues revenues; improve operations, support and alignment (work smarter); maximize communications, branding and PR; leverage technology in all cases; and create unexpected value for clubs and members.

Minutes of meetings indicated AD's weekly meetings include recordation of lunches and fellowship. AD's promise to members includes "fun, fellowship, and evidence of true friendship..."

AD's club rules indicate members pay for dues and lunches quarterly and further that at special events, such as the spouses' night parties, a charge to cover the cost is made for each member as well as guest.

AD's member orientation materials listed membership benefits as including building friendships; enhancing leadership skills, developing business contacts, receiving...magazine and club communications, enjoying discounts and promotions, and insurance coverage for club projects.

Per AD's website, the club has different committees including a special events committee which is responsible for planning outings for the club such as attending football games or local theatrical plays.

The club's sources of revenue are dues, a banquet, luncheons, and fundraisers. The club expends money on dues to you, contributions to charitable and educational organizations, a banquet, weekly luncheons, fundraising, and charitable and educational projects.

AE:

Organization - AE is a corporation. AE's Articles of Incorporation state the nature of its business shall be, primarily, for community service and the objects shall be

The Articles restricts the distribution of assets upon dissolution to qualified section 501(c)(3) organizations.

Operation – AE conducts periodic charitable and educational activities such as organizing a night at the library where volunteers read to children and provide crafts and snacks; organizing a trash pickup day; and distributing dictionaries to schools. The club holds fundraisers such as a peanut day; a Christmas tree sale; and a basketball shoot. AE indicates a related party of a club member may be considered for a scholarship. AE did not indicate whether members' relatives were evaluated independently, selected in an unbiased manner or given preference.

The club holds weekly luncheon meetings. The club's brochure advertises its meeting as "...traditionally are held once a week and offer an atmosphere of fun, learning, and fellowship." The meetings consist of gathering, meals served, committees and other announcements, a guest speaker, and adjournment. The guest speakers have included a school superintendent, a non-profit organization official, and a local business person. The topics presented included student club activities, information on a shelter for battered women, and the history of a local business. The club's committees are community services, youth services, membership, public relations, human and spiritual values, and fundraising.

The club's sources of revenue are dues and fundraisers. The club expends funds on dues to you, fundraising, and charitable and educational projects.

AF:

Organization - AF is a corporation. AF's Articles of Incorporation state its objects shall be

Membership "shall be limited to male residents within a five mile radius..." The Articles of Incorporation contains no dissolution provision.

Operation – AF conducts periodic charitable and educational activities such as repairing playgrounds for the community; providing volunteers to assist charities; reading to children; providing Christmas caroling to nursing homes and seniors' residential centers; and holding a special Thanksgiving program. The club also operates a day care center as well as sponsors a graduation day for the children attending its day care. The club holds many

fundraising events such as spaghetti dinners.

The club holds weekly meetings. The speakers at the meetings have included individuals from non-profit organizations, a historian, a veterinarian, and a manager of a local motorcycle business. The topics have included information about planned giving, a university alumni center, and a youth football league.

AF publishes a weekly newsletter. The club also holds an installation banquet for new officers and leaders.

The club's sources of revenue are dues, childcare fees, luncheons, fundraisers, and donations. The club expends funds on dues to you and district, childcare expenses, weekly luncheons, fundraisers, and charitable and educational projects.

AG:

Organization – AG is a corporation. AG's Articles of Incorporation states the objects shall

The Articles of Incorporation contains no  
dissolution provision.

Operation – AG conducts periodic educational and charitable activities such as organizing an art and talent show, a Halloween contest, a rodeo, an Easter egg hunt, and a reading project. The club also organizes a road race for the benefit of the community, a project benefiting children, a Christmas party for mentally handicapped persons; prepares troop packages for soldiers; and participates in an event with another organization.

The club holds weekly meetings. The meeting itinerary consists of a welcome, prayer, pledge to the flag, introduction of guests, announcements, meet and greet, the speaker of the day, and adjournment. The club indicated that it does not maintain records of the names of the speakers, but that the speakers are from government agencies, non-profit agencies, business persons, and have included a local stock broker, a banker, and a singing group. Some topics discussed have included the stock market, highway construction, railroad operations, security, and economics.

AG holds a weekly card game for members after the weekly meetings.

The club's sources of revenue are dues and fundraisers. The club expends funds on dues



to you, weekly luncheons, fundraisers, and charitable and educational projects.

AH:

Organization - AH is a corporation. AH's Articles of Incorporation states its objects shall be

The Articles of Incorporation contains no dissolution provision.

Operation – AH periodically organizes projects for children such as a leadership project for high school students; sponsors a student project; and provides volunteer assistance to local charities.

The club holds monthly meetings and publishes newsletters and bulletins for members.

The club's sources of revenue are dues, luncheons, fundraisers, and donations. The club expends funds on dues to you and the district, weekly luncheons, fundraisers, and charitable and educational projects.

AI:

Organization – AI is a corporation. AI's Articles of Incorporation states its purposes shall be "social, charitable and educational. This corporation shall promote educational instruction among its members and other persons and will have the purpose of establishing and maintaining a club and places for reading rooms, libraries, and social meetings." The Articles of Incorporation contains no dissolution provision.

Operation – AI periodically supports charitable events by providing volunteer services at a blood donation drive, bed nights for the homeless, a food and clothing drive, and music in the park. The club collects glasses; provides pop for a teen center; provides lunch buddies for at-risk children; provides youth services; assists with park cleanup; provides dolls for hospital patients; and provides volunteers to assist charities in the community.

In addition, the club holds weekly meetings. The meeting itinerary consists of ring bell, sing, the pledge of allegiance, singing "America", invocation, welcome; guest introductions; mystery dollar, greeting, announcements and business, speaker introduction, gift presentation to the speaker, drawing of lottery ticket, and adjournment. The speakers are from different business sectors and the topics presented have included politics; foreign

policy; a “delightful presentation on metal detectors”; election results; accounting software such as QuickBooks; financial; and business. For example, one speaker was a political columnist who spoke on election results. AI also encourages members to take a “call to action” on legislation.

Per AI's website, the club invites people to join them for a fun and informative meeting any Wednesday at noon.

Per AI's weekly newsletter, the club holds a Valentine's Day social, a holiday party, a tour of a zoo, a golfing/hiking event, wine tasting, social/fundraising events and a dinner train social event.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, luncheons, fundraisers, and charitable and educational projects. The club also expends funds to support a local amateur hockey club which is a civic group.

AJ:

Organization - AJ is an unincorporated association. AJ provided a copy of its Standard Form for Club Bylaws which listed as its objectives:

The Bylaws contains no dissolution provision.

Operation - AJ periodically organizes a special Santa for an area nursing home; reads and distributes books for a childhood educational program; sponsors disadvantaged children to camp; organizes a senior zoo project; volunteers at nursing homes; and provides Thanksgiving dinner for families of soldiers serving in Iraq. The club also contributes funds to local charities.

The club holds weekly meetings for members. The meeting itinerary consists of a call to order, singing a patriotic song, the pledge to the flag, invocation, dinner, announcements and committee reports, a program with a speaker, and a closing prayer. The topics discussed are of interest to members.

The club's sources of revenue are dues, dinners, fundraisers, and donations. The club expends funds on dues to you, weekly dinners, fundraisers, and charitable and educational projects. The club engages a professional fundraiser to raise funds on its behalf.

AK:

Organization - AK is a corporation. AK's Articles of Incorporation states the objects of the club shall be:

The Articles of Incorporation contains no dissolution provision.

Operation – AK conducts periodic charitable and educational activities such as organizing a baby food drive; collection of shoes for the poor, a park cleanup, kids and cops bike rodeo, a political forum for children debating on political issues, and providing volunteers to assist with local charities.

The club holds weekly meetings. The meeting itinerary consists of welcoming guests, anthems, prayer, announcements and committee reports; happy bucks (members pay one dollar to share what they are doing or important events such as anniversaries), administrative raffles, a speaker's program; and adjournment. The speakers are from different professional sectors such as a mayor, a nurse, a non-profit manager, a curator, a county executive, an engineer, and a watershed project manager. AK indicates that the club belongs to the local Chamber of Commerce and one or more of AK's members are generally present at the Chamber of Commerce's meeting to discuss AK. Membership in AK is by invitation only. The club recruits new members from friends, business colleagues, and individuals who inquire about the club at its activities such as bingo, theatre nights, park cleanups, bike rodeos, and food drives. AK's brochure describes the benefits of membership are "friendship, becoming aware of community needs and an opportunity to develop and participate in projects." AK also holds political forums and leadership retreats.

The club holds several fundraising events such as a plant sale, a silent auction, a theater night, weekly Bingo, and a meal project (where members skip a meal and donate to the club for the children's fund). Social events include an annual installation banquet and an annual barbeque at a member's home.

The club's sources of revenue are dues, luncheons, fundraisers, and donations. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AL:

Organization – AL is a corporation. AL's Articles of Incorporation states the objects of the clubs shall be

The Articles of Incorporation contains no dissolution provision.

Operation – AL conducts periodic charitable and educational activities such as holding achievement presentations and clergy appreciation day; providing volunteers at a clinic; and participating in a supply drive for an organization. The club also organizes a cleanup and beautification program at a local school; assists children's clubs; volunteers at the science fair; presents the awards at the science fair; and provides volunteers to assist local charities.

The club holds weekly meetings for members. Per the itinerary, the meetings consist of lunch, an opening statement, singing God Bless America, the pledge of allegiance, welcoming guests, celebrating birthdays and anniversaries, singing club's song, announcements, a speaker, and adjournment. The speakers are from different sectors of business. The general requirements are simply that the speaker must speak on topics which serve to enlighten those in attendance. The topics generally include those of a historical or local character, as well as those topics associated with children, children's services, and volunteer opportunities. The examples of speakers included a philanthropist a beekeeper, and a clown/magician. Topics have included government updates, road widening, sub-prime lending, and crime scene investigations.

Al's weekly meetings also include a segment where members shared personal happy or sad thoughts or events. This segment of the meeting accounts for 25% of the total meeting time. Al included comments in its weekly newsletter. Examples included one member telling a joke, another member being thankful for a new laptop computer, another thankful for a new granddaughter, another thankful that his son finished boot camp.

AL provides that members enjoy the following benefits: fellowship, networking, and an opportunity to give back to the community. On AL's website, the club states that it builds "lasting friendships and fellowship" often lacking in today's busy world and offers an opportunity to expand business and professional networking.

AL holds social events for members such as attending a baseball game and a 5-day cruise.

The club's sources of revenue are dues, luncheons, fundraisers, and donations. The club expends funds on dues to you, weekly luncheons, fundraisers, birthday and anniversary expenses, and charitable and educational projects.

AM:

Organization – AM is a corporation. AM's Articles of Incorporation states the purpose for which this corporation is formed is for benevolent and charitable purposes (as authorized by its state corporation act) and the objects for which this corporation was formed and under which this corporation is to be conducted are

The Articles contains no dissolution provision.

Operation – AM conducts periodic charitable and educational activities such as providing volunteer assistance at the Halloween kids' night out and a science fair; sponsoring a monthly bingo night for residents of an area nursing home; supporting adopt-a-highway; holding an Easter egg hunt; and holding a breakfast to honor an outstanding record of community service of a member. The club participates in two parades.

The club holds weekly meetings. The meeting itinerary consists of a greeting, club business, a speaker, and adjournment. The speakers come from different professional sectors such as a teacher, a historian, an author, a policeman, a retired US army colonel, a tax advisor, a distributor manager, a financial advisor, FEMA personnel, a food pantry chairman, a motivational speaker and a minister. The topics discussed have included identity theft, war on terrorism, alternative minimum tax, products, current financial market situation, non-profit work and how individuals may assist, motivation, and civil war history.

On AM's website, the club states its membership consists of men and women of all ages who lead active lives, have a strong desire for community service and enjoy social fellowship.

The club's sources of revenue are dues, luncheons, bingo, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AN:

Organization – AN is an unincorporated association. AN provided a copy of its Standard Form for Club Bylaws which listed its objectives are to promote the adoption of higher social, business and professional standards; to provide through this club, a practical means to form enduring friendships...

The Bylaws provides assets will be distributed upon dissolution to E. The Bylaws do no specify where assets go if E is no longer in existence or a qualified

recipient.

Operation – AN periodically organizes and sponsors charitable and educational activities such as holding a senior high school students luncheon; sponsoring a boy scout troop; sponsoring a bus for after-prom for graduating seniors; organizing a pay-it-forward program; holding a national day of prayer breakfast; partnering in a library program; sponsoring the village tree lighting; and volunteering at local non-profit organizations' fundraising events.

AN holds weekly meetings. The meeting itinerary generally consists of the pledge, business and announcements, a speaker, and adjournment. Speakers are invited from different sectors of business and topics presented vary.

The club describes fundraising events as a benefit dinner, a pancake breakfast, and a golf outing. The club also holds social events for members including a club Christmas party, a mayor's ball with 50/50 raffles, a casino night, an anniversary dinner, and a national day of prayer breakfast.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AO:

Organization – AO is a corporation. AO's Articles of Incorporation states purposes as "creating and maintaining the widest interest in, and action on, community, national and international problems of a diverse character through personal services and cooperative effort. This corporation is formed for the purpose of encouraging the voluntary association of members, and to encourage fellowship and service in a club committed to the highest principles of conduct in business and social life." The Articles of Incorporation does not contain a dissolution provision.

Operation – AO has a separate section 501(c)(3) foundation that conducts their service projects. AO holds Thanksgiving dinner and raises fund to support the related foundation.

The club holds monthly board meetings and weekly members' meetings. The meetings' itinerary generally consists of call to order, patriotic song, pledge of allegiance, invocation, introduction of special guests, announcements and presentations, meal and social time, fun dollars (used for administrative expenses), speakers, split the pot, and adjournment. On national holidays such as the Fourth of July, the meetings will only consist of a round table luncheon. Speaker topics were "selected based on interests of members, responsiveness to current events and challenges facing our community and understanding our service providers." The speakers come from a broad spectrum of business. Speakers have included an individual discussing lawn bowling, a realtor, a mortgage broker, a winemaker,

a business owner, a radio personality, a political commentator, and a photographer. The topics discussed have included zoning, campaign reform ideas, photography, real estate, wealth creation strategies, venture capital, emergency water supply project improvements, educational and charitable programs, and nuclear power.

The club's brochure states members are offered opportunities for friendships, civic and community contacts, informative and entertaining gatherings, development of personal leadership skills, and a sense of accomplishment. AO describes reasons to join the club include "a fun way to socialize" and "offers informative and entertaining gatherings, development of personal leadership skills, and a sense of accomplishment within your community."

The club lists fundraising events including bowling for a better community with silent auction, sale of beverages, sale of entertainment books, and sale of yearbooks.

AO also holds social events such as an annual installation banquet, jeopardy, a family picnic, and a party at a poolside grill.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AP:

Organization – AP is a corporation. AP's Articles of Incorporation states the objects of the clubs shall be

The Articles of Incorporation does not contain a dissolution provision.

Operation – AP periodically organizes camp holiday events for children and contributes to a children's fund and local charities and provides volunteers hours to other organizations.

The club holds weekly meetings. The club's brochure states that the meetings commonly occur once a week and offer an atmosphere of fun, learning, and fellowship. The meeting itinerary consists of pledge of allegiance, patriotic song, a moment of silence, introduction of guests, dinner, announcements, a speaker, and adjournment. The speakers are from different professional sectors. The topics discussed are selected based on interests of the members, responsiveness to current events, challenges facing the community and understanding of other service providers. The topics have included winery, conservation, a

research project, a joint venture, civil rights and liberties, service dogs, special advocates programs, area community correction, health benefits of acupuncture, politics, and presentations by a museum and the chamber of commerce.

The club's sources of revenue are dues, dinners, and fundraisers. The club expends funds on dues to you, weekly dinners, fundraisers, and charitable and educational projects.

AQ:

Organization – AQ is a corporation. AQ's Articles of Incorporation states the purposes are

The Articles of Incorporation contains no dissolution provision.

Operation – AQ periodically conducts charitable and educational activities such as sponsoring children to attend camp, a snowman contest, and a flag service project.

The club holds weekly meetings. The meeting itinerary consists of the pledge of allegiance, first verse of America, invocation, lunch, guest introductions, welcome song for the guests, announcements and other updates, introduction of new members, happy bucks, speaker, and adjournment. Meetings have included a Travel and Adventure Film series which included films on travel to areas such as Hawaii and Alaska.

The club conducts several fundraising events such as racing for dollars, 50/50 raffles, silent auctions, and donations from the speedway where members volunteer.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AR:

Organization – AR is an unincorporated association. AR provided a copy of its Standard Form for Club Bylaws which listed among its

The Bylaws provides that upon the dissolution the assets will be



distributed to E. The Bylaws do not specify where assets go if E is not in existence or no longer a qualified recipient.

Operation – AR conducts periodic charitable and educational activities such as providing a guidance counselor at a high school; holding a shop and rock event for middle school students; and organizing an Easter egg hunt for children.

The club holds weekly meetings. The meeting itinerary consists of call to order, the pledge of allegiance, introductions, happy/sad dollars, president's message, a speaker, events update, last minute items, and adjournment.

The club conducts several fundraising events such as a steak dinner and a Santa breakfast.

The club's sources of revenue are dues, dinners, and fundraisers. The club expends funds on dues to you, weekly dinners, fundraisers, and charitable and educational projects.

AS:

Organization – AS is a corporation. AS's Articles of Incorporation states the object, business and pursuit shall be the advancement of the interest of the club and to conduct the activities in accordance with your Constitution and Bylaws. Your Constitution and Bylaws state the purposes are

AS's Articles of

Incorporation contains no dissolution provision.

Operation – AS sponsors related youth clubs; organizes meals on wheels; contributes funds and volunteer services in support of a camp for children and adults with disabilities; supports the children's cancer center at the local hospital; supports local schools and day care centers; feeds the homeless; organizes a community cleanup day; and volunteers for local charities.

AS holds weekly meetings for members. The meeting itinerary consists of call to order, the pledge of allegiance, guest introductions, business and reports, member recognition, a speaker, and adjournment. The speakers have included an attorney and a hypnotist. The topics discussed included how to quit smoking, meth and how it affects the family, and the city slogan. The club's brochure states the meetings offer fun, learning, and fellowship. Member's benefits include fun; fellowship; enjoyment of true friendship; interesting

programs; and social events.

The club conducts several fundraising events such as a tree sale, a fundraising dinner, and concession stands.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AT:

Organization – AT is an unincorporated association. AT provided a copy of its Standard Form for Club Bylaws which listed among its objectives

The Bylaws provides that upon dissolution assets will be distributed to F. The Bylaws do not specify where assets go if F is no longer in existence or a qualified recipient.

Operation – AT hosts academic achievement awards for students at local schools and volunteers for a local charity.

The club holds member meetings every other week. Per AT's website, the club advertises one of its member benefits is "camaraderie" and its monthly meetings offer an opportunity to get to know other business and volunteer leaders in the community. The meeting itinerary consists of invocation, the pledge of allegiance, singing, speaker/program, lunch, announcements, and closing. Speakers have included a coroner candidate, a physician, a massage therapist, and a forensic student.

As fundraisers, the club holds radio auctions and pancake breakfasts. The club also holds social events such as a hayride, a wagon ride, and a member picnic.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, luncheons, fundraisers, and charitable and educational projects.

AU:

Organization – AU is a corporation. The Articles of Incorporation was not submitted, however, a non-conformed copy of the Articles of Revival were submitted. There is no indication of AU's purpose or dissolution provisions. AU provided a copy of its Standard Form for Club Bylaws which listed among its objectives

Bylaws included a dissolution clause that provided for the disposition of assets to E. The Bylaws do not specify where assets go if E is no longer in existence or a qualified recipient.

Operation – AU conducts periodic charitable and educational activities such as sponsoring a special needs and disadvantaged children’s project, a prenatal care project, a therapeutic riding program, a most improved student awards program, service leadership programs, and the county safety kid’s coalition.

AU holds weekly meetings. The speakers are from the local charitable and educational organizations, businesses, and local agencies. The club does not maintain records of speakers and topics discussed.

The club wraps Christmas gifts at a mall as a fundraiser. The club also holds social events such as a picnic. The club’s newsletter described the picnic as “great food, yard games, and drinks for all” and indicated that it was being held at a member’s home.

The club’s sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AV:

Organization – AV is a corporation. AV’s Articles of Incorporation states the purposes are

The Articles of Incorporation contains no dissolution provision.

Operation – AV conducts periodic charitable and educational activities such as supporting and sponsoring children’s projects, a youth leader project, and a student project. The club also provides volunteer assistance at a hospital, a church, a head start, and local charities. The club raises funds to provide a scholarship to specifically named individuals.

The club holds weekly meetings. Twice a month a program is included as part of the meeting. The meeting itinerary consists of call to order, the pledge of allegiance, invocation, reports and announcements, committee assignments, business, program (if any), and adjournment. The speakers are from a broad spectrum of businesses. The

topics have included holistic business; a personal experience from an individual's 2 ½ year trip around the world trip, and a presentation by the US Forest Service.

AV holds several social events for members such as a golf outing, Christmas party, a summer social, and fly-fishing.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AW:

Organization – AW is an unincorporated association. AW did not submit any organizing document, but provided that the club adopted your standard Bylaws which stated the club objectives shall be among its objectives

The Bylaws does not contain a dissolution clause.

Operation – AW sponsors an annual strawberry festival. Events include a pageant, parade, horseshoe tournament, strawberry judging, strawberry auction, carnival, 5K run, arts and crafts, and live entertainment. The club conducts the 4<sup>th</sup> of July fireworks show with assistance from the city. The club sang Christmas carols at a local nursing home; hosted a kid's day football event; and contributed funds to local charities.

The club holds weekly meetings. The meeting itinerary consists of the pledge of allegiance, prayer, a speaker, business, and adjournment. The speakers are from a wide array of expertise such as local law enforcement, city hall, fire departments, and the local conservation district. The topics have included the environment, child care, sports, and school activities.

The sources of revenue are dues, weekly luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, and charitable and educational projects.

AX:

Organization – AX is an unincorporated association. AX provided a copy of its Bylaws which listed among its

The Bylaws does not contain a dissolution clause.

Operation – AX conducts many educational and charitable activities such as organizing a clothesline project; sponsoring a Christmas party for disabled children; providing books for children; providing Christmas craft activities for children and senior citizens at the nursing

homes; holding an Easter egg hunt for children; and participating in an adopt-a-highway program. The club also provides volunteer assistance for local charities.

The club holds weekly meetings for members and monthly Board meetings. The meeting itinerary consists of call to order, minutes, reports, business and announcements, a speaker, and adjournment. The speakers are from a variety of businesses such as a local charity, talk show radio host, and magazine owner. The topics have included school expansion, a new sports arena, relationships, and the housing market.

The club also organizes social events for members such as a Christmas party.

The club holds several fundraising events such as coloring book sales and a chili dinner.

The club's sources of revenue are dues, luncheons, and fundraisers. The club expends funds on dues to you, weekly luncheons, fundraisers, a club party, and charitable and educational projects.

#### AY:

Organization – AY is a corporation. AY's Articles of Incorporation states the purposes are to "engage in civic, recreational, educational, and charitable activities designed to provide that upon dissolution assets will be distributed to a worthy non-profit corporation or association...which is organized or created and carried on for similar purposes. The Articles

Operation – AY provides periodic funds to support charitable and educational activities.

The club holds weekly meetings for members. The meeting itinerary consists of call to order, prayer, pledge, singing, announcements, a speaker, and adjournment. The speaker is usually someone who is involved with a charity or an area of members' interest such as a hobby, a trip or an experience.

AY holds several fundraising events such as pancake breakfasts and a quilt raffle.

The club's sources of revenue are dues, breakfasts, and pancake fundraisers. The club expends funds on dues to you, weekly breakfasts, fundraisers, and charitable and educational projects.

#### LAW

Section 501(c)(3) of the Code exempts from Federal income tax corporations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international sports competition (but only if

no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of its net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 501(c)(4) of the Code provides that civic organizations not organized for profit but operated exclusively for the promotion of social welfare are exempt from Federal income tax.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that, in order for an organization to be exempt under section 501(c)(3) of the Code, it 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 or operational test, it is not exempt.

Sections 1.501(c)(3)-1(b)(1)(i) and 1.501(c)(3)-1(b)(4) of the Regulations provide that an organization is organized exclusively for one or more 501(c)(3) exempt purposes only if its articles of organization:

- Limits the purposes of such organizations to one or more exempt purposes,
- Does not expressly empower the organization to engage, other than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes, and
- Permanently dedicates the organization's assets to 501(c)(3) purposes on dissolution.

Section 1.501(c)(3)-1(b)(1)(iv) of the Regulations provides that in no case shall an organization be considered to be organized exclusively for one, or more exempt purposes, if, by the terms of its articles, the purposes for which such organization is created are broader than the purposes specified in section 501(c)(3).

Section 1.501(c)(3)-1(c)(1) of the Regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more 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.

Section 1.501(c)(4)-1 of the Regulations states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community.

Section 1.501(c)(4)-1(a)(2)(ii) of the Regulations provides that an organization will not qualify for exemption as a civic organization described in section 501(c)(4) of the Code if its primary activity is the operation of a social club.

Rev. Rul. 65-195, 1965-2 C.B. 164 held that a junior chamber of commerce operated exclusively for the purpose of rendering civic services for the promotion of the welfare of the community and its citizens is exempt under section 501(c)(4) of the Code. The facts showed that the organization was primarily engaged in bringing about civic betterments and social improvements by its activities on behalf of youth, community benefit programs, and community leadership training. These youth activities consisted, in part, of free instruction in sports and the organization of contests, and conducted other projects for the youth of the community. In addition to its youth programs, the organization conducted numerous other programs for the benefit of the community at large, including improvement of health and safety, conservation, city beautification, promotion of patriotism, and entertainment at hospitals and veterans homes. The organization also conducted training designed to teach techniques of effective public speaking, and in the rules of parliamentary procedure.

Rev. Rul. 66-179, 1966-1 C.B. 139 described situations under which garden clubs may qualify for exemption under section 501 of the Code. Situation 1 describes an organization that is incorporated as a nonprofit organization to instruct the public on horticultural subjects and stimulating interest in the beautification of the geographic area. In furtherance of these purposes, the organization (1) maintains and operates a free library of materials on horticulture and allied subjects; (2) instructs the public on correct gardening procedures and conservation of trees and plants by means of radio, television, and lecture programs; (3) holds public flower shows of a noncommercial nature at which new varieties of plants and flowers are exhibited; (4) makes awards to children for achievements in gardening; (5) encourages roadside beautification and civic planting; and (6) makes awards for civic achievement in conservation and horticulture. Situation 2 described an organization with the same facts as described in Situation 1 except that a substantial part of the organization's activities, but not its primary activity, consists of social functions for the benefit, pleasure, and recreation of its members. The organization in Situation 1 is organized and operated exclusively for charitable and educational purposes and qualifies for exemption under section 501(c)(3) of the Code. The facts in Situation 2 are distinguishable from those in Situation 1 in that the organization in Situation 2 conducts substantial social functions not in furtherance of any of the purposes specified in section 501(c)(3). Accordingly, the organization does not qualify for exemption under section 501(c)(3). However, because the organization is operated primarily to bring about civic betterment and social improvements and the social functions for the benefit, pleasure and recreation of the members do not constitute its primary activity, the organization qualifies for exemption under section 501(c)(4).

Rev. Rul. 68-72, 1968-1 C.B. 250 described an organization formed by a group of churches to operate a coffee house for the purposes of holding discussions on religion, current events, and social problems, and to provide young adults personal counseling on social

and vocational problems. Refreshments and entertainment were made available, and a nominal admission fee was charged. The revenue ruling concluded that the social aspects of the organization's activities were merely incidental to and in furtherance of its purposes. Accordingly, the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

Rev. Rul. 68-118, 1968-1 C.B. 261 provided a nonprofit organization that stimulates the interest of youth in the community in organization sports qualifies for exemption under section 501(c)(4) of the Code. The primary activity of the organization was to furnish free admission to professional sporting events to boys and girls in the community 16 years of age or younger. The organization also awarded prizes such as trips to sporting events for various essay contests. The Service ruled that the organization was providing wholesome entertainment for the social improvement and welfare of the youths of the community that promotes the common good and general welfare of the people of the community.

Rev. Rul. 69-384, 1969-2 C.B. 122 provided that a nonprofit organization created for the primary purpose of maintaining an amateur baseball association and conducting amateur baseball games among its members' teams is exempt under section 501(c)(4) of the Code. The Service ruled that, by helping to develop good sportsmanship, high character, and the physical well-being of young adults through the operation of an amateur baseball league, the organization was promoting the common good and general welfare of the people of the community.

Rev. Rul. 70-4, 1970 1-C.B. 126 provided exemption under section 501(c)(4) of the Code to an organization engaged in promoting and regulating a sport for amateurs. The organization's primary activities are directed toward reviving and promoting a sport by circulating printed material about the sport, by conducting exhibitions to introduce the sport to the public, by conducting tournaments, and by giving occasional instructive clinics. The organization also sets the standards for the equipment to be used, establishes the official rules of the games, and prescribes the official size of the playing area. By promoting and regulating a sport for amateurs, the Service ruled that the organization is providing wholesome activity and entertainment for the social improvement and welfare of the community which promotes the common good and general welfare of the people of the community.

Rev. Rul. 73-439, 1973-2 C.B. 176 held as non-exempt under section 501(c)(3) a discussion group that held closed meetings at which personally oriented speeches were given followed by the serving of food and other refreshments. Each meeting was conducted as to encourage personal contact and fellowship among members. The topic discussed by the faculty guest speakers did not necessarily reflect their particular areas of academic expertise. It was concluded that there was no evidence that the topics discussed fell within any particular field of inquiry nor did the discussions communicate any organized body of knowledge or information that would develop or improve the individual capabilities of the



participants to a significant extent or result in any public benefit. The meetings were more akin to the socializing that takes place at meetings of fraternal and professional clubs.

Rev. Rul. 75-386, 1975-2, C.B. 211 provided that a nonprofit organization formed for the purpose of promoting the common good and general welfare of the residents of a community and which carries on activities in the general areas of public safety and crime prevention, housing and community development, recreation, and community services, qualifies for exemption under section 501(c)(4) of the Code. With regard to its recreational activities, the organization held various holiday programs for local residents and sponsored a community basketball league.

Rev. Rul. 77-366, 1977-2, C.B. 192 provided that a nonprofit organization that arranges and conducts winter-time ocean cruises during which activities to further religious and educational purposes are provided in addition to extensive social and recreational activities is not operated exclusively for exempt purposes and does not qualify for exemption under section 501(c)(3). The organization accomplished both charitable and non-charitable purposes through its cruises.

Rev. Proc. 80-27, 1980-1 C.B. 677 sets forth procedures under which recognition of exemption from Federal income tax under section 501(c) of the Internal Revenue Code may be obtained on a group basis for subordinate organizations affiliated with and under the general supervision or control of a central organization. This procedure relieves each of the subordinate organizations covered by a group exemption letter from filing its own application for recognition of exemption. The central organization applying for a group exemption letter must obtain recognition of its own exempt status.

Rev. Proc. 2010-9, 2010-2 I.R.B. 258 (updated annually) explains that the determination letter is based solely upon the facts and representations contained in the administrative record. Proposed activities must be described in sufficient detail to permit a conclusion that the organization will clearly meet the particular requirements for exemption pursuant to the section of the Internal Revenue Code under which exemption is claimed.

In Better Business Bureau v. United States, 326 U.S. 278 (1945), the court held that an organization is not operated exclusively for charitable purposes, and thus will not qualify for exemption under section 501(c)(3), if it has a single non-charitable purpose that is substantial in nature. This is true regardless of the number or importance of the organization's charitable purposes.

In Phinney v. Dougherty, 307 F.2d 357 (5th Cir. 1962), the Court of Appeals held that a gift to a fund to acquire and maintain a chapter house for a fraternity did not qualify for exemption as a charitable and educational organization within the meaning of section 501(c)(3) of the Code. The court reasoned that, while this activity furthered educational purposes, it also furthered social purposes; and thus, the organization did not operate

exclusively for section 501(c)(3) purposes, and did not qualify for exemption under section 501(c)(3).

In First Libertarian Church v. Commissioner of Internal Revenue, 74 T.C. 396 (1980), the court stated that the church failed to show that it successfully segregated the clearly social and political aspects of its supper club meetings and its publication from its purpose to further the doctrine of ethical egoism. As the church operated for social and political purposes to more than an insubstantial degree, it fails to qualify for exemption under section 501(c)(3) of the Code. The court stated that an organization will not qualify for exemption if a non-exempt activity is more than an insubstantial part of its overall activities or if an activity has more than an insubstantial non-exempt purpose. The court explained that "clearly the regulations and cases contemplate that a single activity may be carried on for more than one purpose. If a substantial secondary purpose is not an exempt one, qualification under section 501(c)(3) will be denied."

In The Schoger Foundation v. Commissioner of Internal Revenue, 76 T.C. 380 (1981), the court stated that the Foundation is a not-for-profit corporation that owns and operates a mountain lodge that it characterizes as a religious retreat facility. The Lodge makes available to its guests numerous activities, religious, recreational, and social, none of which are regularly scheduled or required. The religious activities revolve around individual prayer and contemplation, with optional daily devotions and occasional Sunday services available to the guests. The recreational and social activities are those of the usual vacation resort. The record does not show the extent to which the guests participated in any of the activities, religious or otherwise. The court held that the Foundation has not met its burden to establish that it was operated exclusively for religious or other exempt purposes within the meaning of section 501(c)(3) of the Code.

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, the Tax Court held that a science fiction society failed to qualify for tax-exempt status under section 501(c)(3) of the Code. Although many of the organization's functions at its annual conventions (the organization's principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature.

In Manning Association v. Commissioner of Internal Revenue, 93 T.C. 596 (1989) the court found that an association that was operated for exempt educational activities, based largely upon a historic Manning homestead and historic artifacts, was not exempt under section 501(c)(3) of the Code because the Association's operations were also conducted for the benefit of members of the Manning family, a nonexempt purpose that was found to be substantial in nature. The court stated that "even in the presence of some activities that were truly motivated by exempt purposes, the concomitant presence of substantial non-exempt purposes destroy[ed] the exemption."

### Analysis

Based on the information you submitted, and for the reasons explained below, we have concluded that you are not operated exclusively for one or more tax-exempt purposes within the meaning of section 501(c)(3) of the Code. We have also concluded that more than an insubstantial part of your activities is not in furtherance of an exempt purpose under section 1.501(c)(3)-1(c)(1) of the Regulations.

You are currently classified as an organization exempt under section 501(c)(4) of the Code, but have submitted a Form 1023 application seeking recognition under section 501(c)(3) of the Code. Under 501(c)(3), an organization must show that it is organized and operated exclusively for tax-exempt purposes. Under section 1.501(c)(4)-1(a)(2)(i) of the Regulations, a section 501(c)(4) organization must only demonstrate that its activities primarily benefit the community as a whole. Thus, the 501(c)(4) organization may have more than an incidental amount of social, or other non-exempt activities, and still qualify for exemption, as long as those activities are not primary. However, those same activities, if more than insubstantial, will disqualify the organization from tax exemption under section 501(c)(3).

#### Organizational Test

Although you do meet the organizational test as required under section 501(c)(3) of the Code, some of your member clubs do not. You, as a central organization, failed to monitor and ensure your subordinate clubs meet the organizational test as required by the Code and Rev. Proc. 80-27, 1980-1 CB 677.

#### Operational Test

Although you do conduct charitable and educational activities, you have failed to show that you are operated exclusively for one or more tax-exempt purposes as required by section 501(c)(3) of the Code. Although you have revised your governing documents to include 501(c)(3) language, you have not shown that you have actually changed operations such that you would qualify as an organization described in section 501(c)(3).

#### More than Insubstantial Non-Exempt Purpose

Although an organization may carry on activities that further one or more tax-exempt purposes, it will not be treated as operated exclusively for an exempt purpose if it has a single non-charitable purpose that is substantial in nature. See Better Business Bureau of Washington, D.C., Inc., supra. Furthermore, a more than insubstantial social purpose will defeat exemption under section 501(c)(3) of the Code. See First Libertarian Church v. Commissioner of Internal Revenue, supra (church that operated for social and political

purposes to more than an insubstantial degree failed to qualify for exemption under 501(c)(3)); see Rev. Rul. 73-439, *supra* (non-exempt discussion group held meetings that were more akin to socializing that takes place at meetings of fraternal and professional clubs); see Rev. Rul. 77-366, *supra* (winter cruise with religious and educational purposes, as well as social and recreational activities, not exempt under (c)(3)); and see Rev. Rul. 66-179, *supra* (garden club that conducts substantial social functions not exempt under (c)(3)).

To determine whether you further an exclusively tax-exempt purpose within the meaning of 501(c)(3), we looked at your internal structure, marketing and annual convention, and the purpose and manner in which your subordinates operate.

#### a. Internal Structure

Your internal structure evidences intent to make social networking and club building more than an insubstantial feature of your operations. You communicate with your member clubs through the E magazine which is published every two months informing the member clubs of what happened around the world. Your website maintains a Chat Room corner for members to log on and share their thoughts and experiences among themselves. You divide your activities into departments:

- Organization's Charitable and Educational Efforts Department: This department is responsible for Service Leadership Programs, Marketing and Public Relations, Meetings and Conventions, and Publications.
- Administrative Department: This department is responsible for providing administrative support and communication to staff, clubs, and members on Board and Executive Services, Finance, Information Technology, Member Services, and Risk Management.
- Membership and Club Development Department: This department is responsible for Leadership Educational and Development, Growth, and Club Development.

#### b. Marketing and Convention

You failed to show that your social and recreational purposes are merely incidental to your exempt charitable purpose. Through your marketing and outreach efforts, you signal that social and networking activities are keys to your operations. See also, First Libertarian Church v. Commissioner of Internal Revenue, *supra* in which the church operated for social and political purposes to more than an insubstantial degree, and therefore, failed to qualify for exemption under section 501(c)(3) of the Code.

As part of your marketing and club/membership development, you also hold an annual convention. In doing so, you spend a substantial amount of time planning and preparing for it. You represented that the annual convention is the highlight of your year combining education, inspiration, fellowship, and related business. Some entertainment is built into

the itinerary. Special presentations are built into each delegate session underscoring how you serve the world one person, one club, one district, and one organization at a time. At the convention, you offer mandatory training sessions for members who are club officers. The convention provides a great deal of social activities that includes a ticketed fellowship breakfast, two entertainment events, and a First-Timer's Round Up session for first timers to commingle. Furthermore, the History Bulletin on your website provides that "Music and other forms of entertainment always have been key elements of your convention." See Schoger Foundation v. Commissioner, supra, in which the court found that a religious retreat facility had not met its burden to establish that it was operated exclusively for religious or other exempt purposes within the meaning of section 501(c)(3) of the Code.

You are like the organization described St. Louis Science Fiction Limited v. Commissioner, supra, because your overall convention agenda is not exclusively educational, and in fact, a substantial portion of the convention affairs are social and recreational in nature. You are unlike the organization described in Rev. Rul. 68-72, supra, in which it was concluded that the social aspects were merely incidental to its overall tax-exempt purposes. Although you may be motivated to provide some training and education at the convention as you represented, you are also motivated by a non-exempt purpose to enhance the social relationships of your members by providing fellowship and social activities. See Manning Association v. Commissioner of Internal Revenue, supra ("even in the presence of some activities that were truly motivated by exempt purposes, the concomitant presence of substantial non-exempt purposes destroy[ed] exemption.")

### c. Subordinate Clubs

A central organization applying for a group exemption letter must obtain recognition of its own exempt status. It must also establish that the subordinates to be included in the group exemption letter are affiliated with it and subject to its general supervision or control. See Rev. Proc. 80-27, supra.

As the central/parent organization, you are required to provide general supervision or control over your subordinates. You further your purposes through them. In fact, you state that you rely heavily on your member clubs to conduct your charitable and educational outreach programs and admit that you do not conduct service projects yourself, but that the subordinate clubs do carry out the service projects you develop. You develop and distribute program and other materials designed to educate members on how to conduct fundraising events and how to conduct successful service projects. You further represent that social and recreational activities are paid for personally by those who choose to participate in such activities and that none or very little of your or club's financial resources are spent on such activities. You intend to communicate to clubs that they need to ensure that this remains the case. Where it is necessary and appropriate, websites will be revised. However, your subordinates operate for more than an insubstantial non-exempt social purpose. Because you further your purposes through them, you also operate for more than an insubstantial non-exempt purpose within the meaning of section 501(c)(3) of the Code.

Your subordinates' social activities are conducted at meetings, parties, trips and

recreational events, as well as fundraisers. They conduct weekly meetings at which members eat a meal and listen to various speakers in the community. Although these meetings may be characterized to serve your charitable purposes, they are primarily social events for your members, carried out to further your non-exempt social purposes. See Rev. Rul. 73-439, *supra*, in which a discussion group was held to be non-exempt where its meetings were more akin to the socializing that takes place at meetings of fraternal and professional clubs.

An activity may serve more than one purpose, such as fundraising, which is a method for your clubs to raise money. However, the fundraisers conducted by your subordinates are also events designed to foster member interaction and serve more than an incidental non-exempt social networking purpose. You are similar to the organization described in Phinney v. Dougherty, *supra*, in which the court found that, although a tax-exempt purpose existed, the organization also furthered social purposes, and therefore, did not qualify for exemption under section 501(c)(3) of the Code. See First Libertarian Church v. Commissioner, *supra*, in which the court explained that “clearly the regulations and cases contemplate that a single activity may be carried on for more than one purpose. If a substantial secondary purpose is not an exempt one, qualification under section 501(c)(3) is denied.”

When asked to explain the social activities of your subordinates, you described some of these outings and other activities as member recruitment events and argued that “recreation, fellowship, and networking are natural byproducts of your charitable and educational activities, just as it is with any nonprofit organization that involves volunteers joining together to conduct charitable and educational activities. Recreation, fellowship, and networking are natural occurrences when a group of people with a common cause get together.” While it is true that there will be some degree of member interaction and recruitment activities within an organization, those non-exempt activities must remain incidental to the organizations overall charitable purposes. In your case, the enhancement of social networking and other member recruitment and retention activities are not merely incidental to accomplishing your exempt charitable purposes. As the court held in Better Business Bureau v. United States, *supra*, the presence of a single non-exempt purpose that is substantial in nature will destroy any exemption under section 501(c)(3).

### Social Welfare Purpose

Section 501(c)(4) of the Code provides that a civic organization not organized for profit but operated exclusively for the promotion of social welfare is exempt from Federal income tax. In Rev. Rul. 65-195, *supra*, the organization was primarily engaged in bringing about civic betterments and social improvements by its activities on behalf of youth, community benefit programs, and community leadership training. Under section 1.501(c)(4)-1(a)(2)(ii) of the Regulations, an organization will not qualify for exemption as a civic organization described in section 501(c)(4) if its primary activity is the operation of a social club.

You are similar to the organization described in Rev. Rul. 65-195, *supra*, in that you provide training at your annual convention for members who hold positions as club officers to teach them how to operate a club and recruit members and you have also developed training modules to be used by member clubs for leadership development. These officers' leadership training activities and the development of youth through the service projects, which are conducted by your related youth organization, are all programs conducted for the purpose of bringing about civic betterment and social improvement; and therefore, promote the common good and general welfare of the people in the community. See also Rev. Rul. 75-386, *supra*, which provides that an organization that carries on activities in the general areas of public safety and crime prevention, housing and community development, recreation, and community services qualifies for exemption under section 501(c)(4).

You sponsor related youth organizations which carry out youth leadership programs and good sportsmanship programs. The Service has ruled that an organization that stimulates the interest of youth in the community in sports qualifies for exemption under section 501(c)(4) by promoting the common good and general welfare of the people of the community. See Rev. Rul. 68-118, *supra* which provides that an organization that furnished free admission for youth to professional sporting events was considered to provide wholesome entertainment for social improvement and welfare of the community under 501(c)(4); see also, Rev. Rul. 69-384, *supra* which provides that the development of good sportsmanship, high character, and the physical well-being of young adults through the operation of an amateur baseball league promotes the common good and welfare of the people of the community; and see Rev. Rul. 70-4, *supra*, which provides that the promotion and regulation of a sport for amateurs promotes the common good and general welfare of the people of the community.

Furthermore, you are similar to the organization described in Situation 2 of Rev. Rul. 66-179, *supra*, which was found to be exempt under section 501(c)(4) of the Code and unlike the organization described in Situation 1 which was found to be exempt under section 501(c)(3). Situation 2 described a garden club that was organized for purposes of instructing the public on horticultural subjects and stimulating interest in the beautification of the geographic area but that also conducted substantial social functions for the benefit, pleasure, and recreation of its members. You are more like the organization described in Situation 2 because, although you are operated for the purpose of providing youth development programs, you are also operated to further the social purposes of your members, more than insubstantially, and are therefore more appropriately exempt under section 501(c)(4) rather than section 501(c)(3).

As the central/parent organization, you are required to provide general supervision or control over your subordinate clubs. You indicated that you further your purposes through them. In fact, you state that you rely heavily on your subordinate clubs to conduct your charitable and educational outreach programs and admit that you do not conduct service projects yourself, but the subordinate clubs do carry out the service projects you develop. You develop and distribute program and other materials designed to educate members on

how to conduct fundraising events, how to conduct membership drives, and how to conduct successful service projects. You further represent that social and recreational activities are paid for personally by those who choose to participate in such activities, that none or very little of your or club's financial resources are spent on such activities. You intend to communicate to clubs that they need to ensure that this remains the case. You indicated that where it is necessary and appropriate, websites will be revised. Based on the information submitted, your subordinate clubs operate for more than an insubstantial non-exempt social purpose.

### Applicant's Position

#### Organizational Test

You state you will tell your subordinate clubs to amend their organizing documents when they are granted the modification of the group exemption to 501(c)(3). You also direct your subordinate clubs to "DO NOTHING NOW" and to wait for your guidance.

#### Operational Test

You stated your service projects address local needs, contributing to the improvement of life, especially for children. You indicate that young children long have received your special attention, but in 19 , you initiated a project focusing on the health, education, and social development of children, prenatal to age five. These service projects have been conducted by your subordinate clubs with your guidance. The clubs hold fundraisers to support these service projects.

You also stated you are committed to preparing youth for adulthood; equipping them to become volunteers, leaders, and good citizens. You have sponsored two youth organizations to carry out these purposes. You also created E, a section 501(c)(3) organization, to carry out charitable and educational purposes.

You asserted that recreation, fellowship, and networking are incidental and natural byproducts of your charitable and educational activities, emphasizing they are natural occurrences when a group of people with a common cause get together. You further state that none of your or your member clubs' financial resources are spent on such activities and you intend to communicate to clubs that they need to ensure this remains the case. You state that as it is necessary and appropriate, your and your clubs' websites will be revised.

You stated your six objectives have not changed since they were adopted; only activities have been shifted through the years to meet the changing needs of your communities and the world. You support clubs in various ways, providing leadership training and teaching members how to effectively and successfully run club activities, including how to raise funds and conduct membership drives. You provide a magazine to members with information about charitable and educational activities.



### Service's Response to Applicant's Position

You and your subordinate organizations do not meet the operational test required under section 501(c)(3) of the Code. You failed to demonstrate that you and your subordinate clubs are operated exclusively for charitable or educational purposes. You and your subordinate clubs are engaging in social and recreational activities as more than an insubstantial part of your operations. Your annual convention and your subordinate organizations' meetings and activities include a substantial degree of social networking and fellowship components such as a fellowship breakfast, two live on-stage entertainment events, and a comingling round table for first time participants. In addition, a portion of dues from subordinate clubs is expended on the convention which has more than insubstantial amount of social activities.

Despite your claim that recreation, fellowship, and networking are natural byproducts of your charitable and educational activities, we have concluded that the enhancement of social networking and other member recruitment and retention activities that you and your subordinate clubs engage in are not merely incidental to accomplishing charitable purposes, but they are more than an insubstantial part of the activities conducted by your clubs. For example, AT's website advertises one of member's benefits is "camaraderie." You failed to demonstrate that you are operated for exclusively 501(c)(3) purposes and therefore, you do not qualify for exemption under section 501(c)(3) of the Code.

You have also failed to demonstrate that your subordinate clubs are operated for exclusively 501(c)(3) purposes. For example, AD's website states that the club has different committees including a special events committee which is responsible for planning outings for members. In addition, the parent or central organization overseeing subordinate clubs that conduct substantial non-(c)(3) activities will not be recognized as organized and operated exclusively for charitable or educational purposes.

### Conclusion

Based on our analysis of the facts and circumstances, and in light of applicable law, we have determined that you do not qualify for exemption under section 501(c)(3) of the Code. You are not operated exclusively for one or more tax-exempt purposes within the meaning of section 501(c)(3) of the Code. We have also concluded that more than an insubstantial part of your activities is not in furtherance of an exempt purpose under section 1.501(c)(3)-1(c)(1) of the Regulations.

#### Alternative Issue Conclusion:

You do not qualify for exemption under section 501(c)(3) either retroactively or prospectively as your operations and those of your subordinates, who as you represent carry out your purposes, include more than an insubstantial part non 501(c)(3) purposes.

Contributions to you are not deductible under section 170 of the Code. You remain to be exempt from Federal income tax as an organization described in section 501(c)(4) of the Code.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter.

The proposed denial only applies to your Form 1023 application because the request for a group ruling will be handled separately.

We will consider your statement and decide if that information affects our determination. If your statement does not provide a basis to reconsider our determination, we will forward your case to our Appeals Office. You can find more information about the role of the Appeals Office in Publication 892; Exempt Organization Appeal Procedures for Unagreed Issues.

Types of information that should be included in your appeal can be found on page 2 of Publication 892. These items include:

1. The organization's name, address, and employer identification number;
2. A statement that the organization wants to appeal the determination;
3. The date and symbols on the determination letter;
4. A statement of facts supporting the organization's position in any contested factual issue;
5. A statement outlining the law or other authority the organization is relying on; and
6. A statement as to whether a hearing is desired.

The statement of facts (item 4) must be declared true under penalties of perjury. This may be done by adding to the appeal the following signed declaration:

"Under penalties of perjury, I declare that I have examined the statement of facts presented in this appeal and in any accompanying schedules and statements and, to the best of my knowledge and belief, they are true, correct, and complete."

Your appeal will be considered incomplete without this statement.

If an organization's representative submits the appeal, a substitute declaration must be included stating that the representative prepared the appeal and accompanying documents; and whether the representative knows personally that the statements of facts contained in the appeal and accompanying documents are true and correct.

An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you during the appeal process. To be represented during the appeal process, you must file a proper power of attorney, Form 2848, Power of Attorney and Declaration of Representative, if you have not already done so. For more information about representation, see Publication 947, Practice Before the IRS and Power of Attorney. All forms and publications mentioned in this letter can be found at [www.irs.gov](http://www.irs.gov), Forms and Publications.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter to you. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to the applicable address:

Mail to:

Internal Revenue Service  
Exempt Organizations  
P.O. Box 2508  
Cincinnati, OH 45201

Deliver to:

Internal Revenue Service  
EO Determinations Quality Assurance  
550 Main Street  
Cincinnati, OH 45202

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm receipt of your fax.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

Lois Lerner  
Director, Exempt Organizations