Internal Revenue Service

District Director

Department of the Treasury

[redacted]

Employer Identification Number:
[redacted]

Person to Contact: [redacted]
Telephone Number: [redacted]
Refer Reply to:
Internal Revenue Service
[redacted]

Date: JAN 31 1994

[redacted]

CERTIFIED
[redacted]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986.

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

The following purpose appears in the Amendment to your Articles of Incorporation:

> The corporation is organized exclusively for charitable, educational and religious purposes within the meaning of section 501(c)(3) of the Internal Revenue Code.

According to your bylaws the following are the purposes for which this organization has been organized:

> To provide an instrument for continuing research in family genealogy, and the accumulation and distribution of family history information. To provide continuing leadership for research into and accumulation of family genealogy data. To provide a central authority for the dissemination of information related to the Association and its activities and finances. To assist upon request any member of the Association in research into family history, family gathering, or reunion. To obtain funding through membership dues, donations, or other endeavors as determined by the directors and approved by the

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members. To be a temporary or permanent repository for family photographs and artifacts and other data accessible to Association members and family members related to the original owner or donors thereof.

The primary activity of the Association since its inception in [redacted] has been the research and publication of the family history of the [redacted] family. The Association has printed five lineal family booklets and issued eight lineal family group reports. The Association has also researched non-lineal lines of spouse families, published 2 non-lineal family group reports. The Association customized the reports and booklets using the following format:

Family Group Reports in a merged, narrative format beginning at the grandparents of the recipient and continuing thru all the succeeding generations.

Family Booklets which contain a family group report of the family with separate standard formats for each family, a descendant report for the family head and spouse, an ancestor chart and report for the family head and spouse, an ancestor family group report for the family head and spouse, and a descendant chart for the family head and spouse. These booklets use tabular dividers and multiple indexes to provide easy access to the information; as such they are generally preferred by those doing research in that family or are the designated family historian.

Family Group Reports with separate standard format including blanks for missing information primarily used by the serious researcher as well [illegible].

Future research plans are to continue researching the family lines and spouses of family lines as the primary activity. Other future activities include establishing a library of family photographs, repository for safekeeping records and the formal publication of family history.

Membership is open to all descendants of [redacted] and to all spouses of these descendants. Membership is also open to those with an interest in the family tree and wish to know the process required to establish a family tree. Membership is solicited through letters directed to [redacted] descendants, articles in newsletters, issues of individual family reports and displays at family reunions. The solicitation letter (see attached Exhibit) was addressed

[redacted]

"Greetings to all cousins," and stated that "The resources of the Association will be used to retrieve and record the legacy of [redacted]." Individual membership dues are $[redacted] annually. Family membership is also $[redacted] annually and lifetime membership is $[redacted]. Members receive the quarterly association newsletter, computer [illegible] data, access to recorded family histories, and non-monetary assistance with research of family history.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of corporations organized and operated exclusively for religious, charitable, literary, scientific, and educational purposes, no part of the net earnings of which inures to any private shareholder or individual.

Section 1.501(c)(3)-1 of the Income Tax Regulations relates to the definition of the organization and operation of organizations described in Section 501(c)(3). It is quoted, in part, as follows:

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

(c) Operational test. (1) Primary activities. 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 of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. (2) Distribution of earnings. An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that an organization is not organized and operated exclusively for exempt purposes unless it serves a public rather than a private interest and that it is necessary for an organization seeking exemption under Section 501(c)(3) to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Revenue Ruling 80-301, 1980-2 C.B. 180, provides that an organization that (1) limits its membership to descendants of a particular family, (2) compiles family genealogical research data for use by its members for [illegible]

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reasons other than to conform to the religious precepts of the family's denomination, (3) presents the data to designated libraries, (4) publishes volumes of family members does not qualify for exemption under Section 501(c)(3) of the Code.

In construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau v. U.S....326 U.S. 279 (1945) the Supreme Court of the United States said, "This plainly means that the presence of a single non educational purpose, if substantial in nature will destroy the exemption regardless of the number or importance of truly educational purposes." This statement applies equally to any category of charitable purposes under Section 501(c)(3) of the Code.

The Callaway Family Association, Inc. v. Commissioner, 71 T.C. 340 (1978) the tax court held that a family association formed as a nonprofit organization to study immigration to and migration within the United States by focusing on its own family history and genealogy does not qualify for exemption under Section 501(c)(3) of the Code.

Benjamin Price Genealogical Association v. United States, Civil No 78 -2117 (D.D.C., [illegible] 1979). The tax court concluded that a genealogical association comprised almost exclusively of the descendants of an early American, the lineage of whom was the society's primary concern, did not constitute a tax exempt organization under Section 501(c)(3) of the Code.

Similar to the above cited court cases, your organization conducts genealogical [illegible] to members that are descendants of a particular [illegible] focus on the [redacted] family history and the publication [illegible] records for individual members. [illegible] but the private interests of members. Even though [illegible] open, the research of the Jensen family [illegible] descendants of [redacted]. All [illegible] [redacted] family and all [redacted] members are [redacted] [illegible] you also research non-lineal family [illegible] related family members.

In the court [illegible] single non-educational purpose [illegible] exemption. The researching and publishing [illegible] more than insubstantial, but your [illegible] not exclusively educational, but further [illegible] descendants. The court cases, Callaway and [illegible] organizations conducting research and publication of [illegible] genealogical information primarily limited to a

[redacted]

particular family do not qualify for exemption under Section 501(c)(3) of Code because it serves the private benefit of the family members.

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

You are required to file Federal Income Tax Returns.

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

If you do not agree with these conclusions, you may within 30 days from the date of this letter, file a brief of the facts, law and arguments (in duplicate) which clearly sets forth your position. In the event you desire an oral discussion of the issues, you should so indicate in your submission. A conference will be arranged in the Regional Office after we have had an opportunity to consider the brief and it appears that the conclusions reached are still unfavorable to you. Any submission must be signed by one of your principal officers. If the matter is to be handled by a representative, the Conference and Practice Requirements regarding the filing a power of attorney and evidence if enrollment to pratice must be met. We have enclosed Publication 892, Exempt Organization Appeal Rights and procedures.

If you do not protest this determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

[redacted]

Please keep this determination letter in your permanent records.

If you agree with this determination, please sign and return the enclosed Form 6018.

If we do not hear from you within 30 days from the date of this letter, this determination will become final. In accordance with Code Section 6104(c), we will notify the appropriate State officials of this action.

[redacted]

District Director

Enclosures:
Publication 892
Form 6018