

21 SEP 1983

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 1954.

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

Your purposes as stated in your Articles of Incorporation are to loan, rent, or sell infant safety seats and restraints for use in motor vehicles. Provide instruction and educational material for use of said infant safety seats and restraints.

Your activities are to seek out the parents of children who are required to use safety seats and restraints and inform them of your program.

The rental agreements as explained in the copy of a manual you submitted indicate the fees charged could range from \$[REDACTED] to \$[REDACTED] for a nine to twelve month period or it will depend on your source of funding, expenses, and whether or not you want to make a profit.

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 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)..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname						
Date						
	9/3/83	9/4/83	9-7-83	9-8-83	9/9/83	

[REDACTED]

(b) 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(e)(1) of the Income Tax 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 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."

Section 1.501(c)(3)-1(b)(2) of the Income Tax Regulations provides that the term "articles of organization" or "articles" include trust instrument, the corporate charter, the articles of association, or other written instrument by which an organization is created.

Section 1.501(c)(3)-1(b)(4) of the Income Tax Regulations provides that an organization is not organized exclusively for one or more purposes, unless its assets, upon dissolution, are dedicated to 501(c)(3) purposes.

Since your Articles of Incorporation do not provide for the distribution of assets to a 501(c)(3) organization upon dissolution, you are not organized exclusively for 501(c)(3) purposes.

In order to comply with the requirements of the organizational test, the organization's purposes as set forth in its creating document cannot be broader than the purposes set forth in Section 501(c)(3) of the Code. Since your purposes are "not exclusively" limited to one or more exempt purposes described in Section 501(c)(3) of the Code, you fail to meet the organizational test. Moreover, it is clearly demonstrated that your activities are not in furtherance of your stated purposes which would preclude your meeting the operational requirements.

Regulation 1.501(c)(3)-1(d)(2) provides the term charitable as the relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or sciences; erection or maintenance of public buildings, monuments or works; lessening of the burdens of Government; promotion of social welfare by organizations designed to accomplish any of the above purposes.

Your organization has not established that the leasing, rental or sale of infant safety seats or restraints is a charitable or educational activity as described in 501(c)(3) of the Code.

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 thirty 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 you have submitted your brief to the Chicago District Office and 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 of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 892, Exempt Organization Appeal Procedures for Adverse Determinations, which explains in detail your rights and procedures.

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

[REDACTED]

Please keep this determination letter in your permanent records.

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

Sincerely yours,

[REDACTED]
District Director

Enclosures: Publication 8
Form 6018