

REC'D NOV 24 1966

	Inspector	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code							
Surname							

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Section 1.501(c)(7) of the Code applies only to clubs which are organized and operated exclusively for pleasure, recreation and other unprofitable purposes, but does not apply to any club if any part of its net earnings inures to the benefit of any private shareholder. In general, this exemption extends to social and recreation clubs which are supported solely by membership fees, dues and assessments.

Upon examination of your application under Section 501(c)(2) of the Code and the related correspondence dated [REDACTED], it was evident that your organization would not be exclusively holding title to property as required by the Code.

Management of the building is the primary activity of your organization. In order to receive exempt status under Section 501(c)(2) of the Code, holding title to property must be your exclusive purpose and activity. Therefore, exemption under Section 501(c)(2) is denied.

In addition we considered your previous application for recognition of exemption under Section 501(c)(7) of the Code.

We have determined based on the information furnished by your organization that you do not qualify for tax exempt status under Section 501(c)(7) of the Internal Revenue Code as your primary purpose is not recreational or social in nature. Therefore, exemption under Section 501(c)(7) of the Code is also denied.

You are required, therefore, to file Federal Income Tax Return on Form 1120.

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 Filing Requirements regarding the filing of a power of attorney and evidence of enrollment to practice must be met. We have enclosed Publication 27, "The Taxpayer's Appeal Procedures for Adverse Determinations," which explains in detail your rights and procedures.

If you agree with this determination, please sign and return the enclosed Form 6013.

Sincerely yours,

District Director

Enclosures:

Form 6013
Pub. 601