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

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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Uniform Issue List
501.03-08
501.03-30
512.01-00
512.01-01
513.02-00

Date:

Contact Person:

Identification Number:

Telephone Number:

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Employer Identification Number:

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Dear Sir or Madam:

We have considered a ruling request dated October 10, 2001, submitted on M's behalf by its attorney relating to the tax consequences flowing from the formation by M of a wholly-owned for-profit subsidiary, N.

FACTS

M was incorporated in the State of O under that State's nonprofit statute. M operates as an educational organization and is exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code. M's stated purposes pertain to a certain subject matter and include the following: fostering scientific study and research; developing sound thinking and more exact knowledge and definition of principles; improving the methods and techniques of research; contributing to the improvement of teaching; developing better public understanding and appreciation of problems; studying and discussing legislative and judicial decisions; and, publishing a journal.

M is an international organization comprised of individual members located in many countries and with hundreds of chapters in North America. M is the only organization that provides benefits to professionals in both business and education, and serves all levels of practitioners, educators, and students.

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Members pay annual dues of $125 per year plus local chapter membership dues ranging from $10 to $65 per year. M members receive a biweekly magazine called P, which has articles and news. Members may participate in workshops, seminars, and conferences with leading experts in business, research, and academics, and members may purchase M periodicals and books. Members may also participate in Shared Interest Groups that focus on particular topics in which members can share ideas and network with colleagues worldwide.

In order to create a structure whereby M will be able to (1) insulate itself from liability as a result of entering into affiliate agreements with third parties with respect to its website; (2) carry on its future activities in a manner that will not affect its tax-exempt status under section 501(c)(3) of the Code; and (3) minimize its possible liability for tax on unrelated business income under section 511, M has incorporated N as a for-profit corporation. N's mailing address is the same as M's.

N was incorporated in August, 2000, as a for-profit corporation under the laws of the State of Q. M transferred almost $500x in cash and certain intangible assets, in exchange for 500x shares of common stock of N, at which time N became a wholly-owned taxable subsidiary of M.

M will also enter into licensing agreements with N, under which M will license the following to N: (1) M's trademark, logos, and domain name; (2) M's membership database; (3) certain content from M periodicals, books, journals, literature, guides and other publications; and (4) the M directory of service providers.

N will deliver products and services to business professionals through an Internet vertical portal: "N.com". As a vertical portal, N.com will contain a comprehensive source of information, products and services targeted at such professionals.

N will derive its revenue primarily from four sources: (1) commissions on product and service transactions resulting from links to merchant affiliates pursuant to third-party affiliate agreements; (2) online recruiting and career resources; (3) industry directories, i.e., "Online Yellow Pages;" and (4) advertising.

The Board of Directors of N will be the sole governing and policy-making body of the company. The Board of Directors will hold regular meetings throughout the year and will maintain complete and accurate minutes of its meetings. The Board of Directors will consist of five members. The majority of the Board will consist of individuals who are not officers or directors of M. The initial members of N's Board of Directors will be: (1) the President and CEO of N; (2) the CEO of M; (3) a member of the M Board or a member of the Executive Committee of the M Board; and (4) two individuals who are not currently directors, officers, or employees of M.

N's officers and other employees will be in charge of all day-to-day activities of N. N will initially have two employees: A, President/CEO, and B, Director - Website Architecture. A is not currently an employee of M. Although B was an employee of M, he has transferred to N and is no longer an employee of M. N will hire additional employees as needed. During its start-up

phase, however, N may obtain administrative services from M. N will pay M for such services on a cost basis. Your submission includes a copy of the Administrative Services Contract between M and N.

N will adopt a stock grant plan in order to provide its officers and other employees with a proprietary interest in the company and to help attract and retain qualified employees. N will also issue stock grants to its directors as a form of reasonable compensation. A compensation consultant has been retained to determine the reasonable compensation in the form of cash compensation and stock grants to be paid an officer, director, or employee of N for services rendered.

Initially, N will rent office space from M, which will be in a separate area in M's office. N will pay M its cost as rent for any space used. You have attached a copy of the lease between M and N.

N will maintain its own separate telephone number(s), separate telephone listing(s), separate bank accounts, and separate stationery. N will also obtain a benefits package for its employees and liability and other insurance to cover its operations. Funds and assets of N will not be combined or commingled with funds or assets of M. N will enter into third party affiliate agreements and other contracts directly with customers of its website, which will specify the services to be provided to such customers.

In order to raise capital to facilitate its expansion, N will likely seek additional investors. Aside from the purchase of N's capital stock, such investments may include the formation of a joint venture between N and an appropriate joint venture partner. The decision to seek additional investments and the form thereof will be made by N's Board of Directors.

Although N's officers and employees will be in charge of the day-to-day activities of N, so long as M owns more than 50% of the outstanding voting stock of N, no action with respect to the following will be effective unless authorized by M:

(1) any amendments to N's Bylaws or Articles of Incorporation;
(2) the merger, consolidation, reorganization or dissolution of N;
(3) the removal of any director appointed by M;
(4) the creation of any subsidiary;
(5) the issuance of any shares of capital stock;
(6) the sale, transfer, encumbrance or other disposition of any material asset of N, except in the ordinary course of business for fair market value consideration;
(7) the voluntary filing of any action for bankruptcy or bankruptcy court protection;
(8) any voluntary change to N's taxable status; or
(9) any action by N which could reasonably be expected to have a material adverse effect on M's tax-exempt status.

N will enter into a ten-year licensing agreement ("Licensing Agreement") with M. The Licensing Agreement will automatically renew for an additional ten-year term, unless M gives written notice of non-renewal. Under the terms of the Licensing Agreement, M will license to N:

(1) M's trademarks, logos, and trade dress, including its domain name, (a) for use on N's global marketing portal (the "GMP"), and (b) for marketing and promotional materials and articles related to the GMP;

(2) M's membership database; and

(3) certain content from M's periodicals, books, journals, literature, research, guides, videos, and other publications (the "M Content"), if and to the extent M, in its discretion, provides N with content for use in the GMP.

The license granted to N will be non-exclusive, non-transferable, and non-sublicensable, except that N will have an exclusive North American license to use the M trademarks, logos, trade dress, and domain name for the purpose of hosting or sponsoring a website on the Internet. M will establish standards and guidelines relating to permitted use, depiction, and display of licensed marks and content and quality control procedures.

The M membership database (the "Database") contains information regarding the name, address, phone number, and e-mail address of M's members, former members, and potential members. The Database also contains information regarding previous financial transactions with a member, e.g., book and seminar purchases, and demographic information. M will continue to own the Database and all additions to it whether developed by N or M. M will also own any membership database developed by N from the GMP. M does not currently license or rent its Database to any other entity or organization.

The GMP will be the host website for M. N will establish an M "members only" portion of the GMP and will be required to provide links to M Chapter websites. N will also provide priority positioning on the GMP for M's products and services and use its best efforts to negotiate discounts for M members for products and services provided through affiliate programs with third parties offered on the GMP.

Under the terms of the Licensing Agreement, N will agree not to provide comparable website hosting services to any for-profit or nonprofit entity selling products and services targeting those with an interest in M subject matter on the Internet. M will agree not to license M Content to any other website, which is directed toward the North American community. If N seeks to enter a foreign jurisdiction for the purpose of establishing a portal, M will have the opportunity to extend the terms of the Licensing Agreement to such foreign jurisdictions.

N will pay M a royalty of 10% of "Gross Revenues" (as defined in Section 1 of the Licensing Agreement). During the two fiscal years ending June 30, 2002 and 2003, N will be obligated to pay a minimum royalty of $230x in each of these fiscal years. Royalties will begin to accrue on the date the GMP commences operations online for full-time commercial purposes. Royalties will be payable quarterly and will be subject to a 1% per month late fee.

Upon termination of the Licensing Agreement, M will be granted a royalty-free perpetual license to the software development to operate the GMP and the trade dress created for the

GMP, and N will assign to M all of the third party affiliate agreements for the affiliate programs offered on the GMP. M will also have an option to purchase the hardware used for the GMP at such hardware's fair market value.

To the extent N advertises in M publications, M will be compensated for such advertising pursuant to the terms of the Advertising Agreement between M and N. M will report such compensation as unrelated business taxable income.

M and N will also enter into a ten-year licensing agreement for the directory of service providers (the "Directory") currently maintained by M (the "Directory Agreement"). The Directory Agreement will automatically renew for an additional ten-year term unless N gives written notice of non-renewal.

Under the terms of the Directory Agreement, M will license to N a non-exclusive, non-transferable, non-sublicensable license to display and use the Directory in connection with the GMP in North America. M will establish standards and guidelines relating to the permitted use, depiction, and graphic display of the Directory.

In exchange for the license to use the Directory, N will market and promote the Directory and make it available via the Internet. N will issue invoices for all listings in the Directory and collect all payments from such invoices. For each fiscal year, N agrees to pay M not less than $85x for the licensing of the Directory. To the extent the gross revenues from the sale of listings in the Directory in a single year exceeds the Guaranteed Directory Revenues (as defined in Sec. 5.2 of the Directory Agreement), N shall be entitled to a commission equal to 50% of such excess.

M and N will enter into an advertising agreement (the "Advertising Agreement") governing advertising by M on the GMP and advertising by N in M periodicals. Under the terms thereof, N shall make available to M banner advertising space of the GMP (the "M Ad Space").

In consideration for the M Ad Space, M will provide N advertising in M periodicals and publications. The amount of advertising N receives will be proportionate to the amount of M Ad Space received by M. M will report such advertising revenue as unrelated business taxable income.

M and N will enter into a product sales affiliate agreement (the "Affiliate Agreement") setting forth the terms for the sale of M products and services on the GMP. Under the terms of the Affiliate Agreement, N will offer the following M products and services: magazines and journals, books, and conference registration.

Pricing for the above products and services will be determined by M. N will receive a commission for any M products or services sold on the GMP. N will not have the right to sell any M products or services on any other website.

M may offer shares that it owns in N common stock to M key employees as incentive compensation. Shares will be either granted directly to key employees or granted pursuant to

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the issuance of stock options. Any shares of N common stock paid as compensation to M employees will be limited to reasonable compensation of the employee based on the fair market value of such stock or option.

RULINGS REQUESTED

1. M's formation and ownership of N and its continuing relationship with N will have no adverse impact on M's tax-exempt status under section 501(c)(3) of the Code.

2. M's initial contributions to the capital of N in exchange for N stock will not adversely affect its tax-exempt status under section 501(c)(3) of the Code or result in unrelated business taxable income to M under section 512(a)(1).

3. N's taxable income will not be treated as unrelated business taxable income to M under section 512(a)(1) of the Code.

4. Dividends that M may receive from N will be excluded under section 512(b)(1) of the Code from the computation of unrelated business taxable income under section 512(a)(1).

5. Any sale of stock by N (subsequent to the initial capitalization) will not result in unrelated business taxable income to M.

6. N's issuance of options for the purchase of stock in N to certain officers and employees of N under its stock option plan and the issuance of stock options to N's directors in payment of directors' fees, where the value of such options and stock, based on their fair market value, constitutes reasonable compensation, will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code or result in unrelated business taxable income under section 512(a)(1).

7. The issuance by M of options for stock in N to employees of M, where the value of such options and stock, based on their fair market value, constitutes reasonable compensation, will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code.

8. Payments received by M from N under the Licensing Agreement or the Directory Agreement will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code or result in unrelated business taxable income to M under section 512(a)(1), except to the extent the provisions of section 512(b)(13) apply.

LAW

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated "exclusively" for religious, charitable, educational, or other specified exempt purposes, "no part of the net earnings of which inures to the benefit of

any private shareholder or individual," and which does not engage in substantial lobbying activities and proscribed political activities.

Section 1.501(c)(3)-1(c)(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 such purposes. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. Thus, in construing the meaning of the phrase "exclusively for educational purposes" in Better Business Bureau v. United States, 236 U.S. 279 (1945), 1945 C.B. 375, the Supreme Court of the United States stated, "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."

Section 1.501(c)(3)-1(c)(2) of the regulations provides that 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 regulations provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirements of this subdivision, it is necessary for an organization 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.

Section 511 of the Code imposes a tax on the unrelated business taxable income (defined in section 513) of organizations exempt from tax under section 501(c).

Section 512(a)(1) of the Code defines the term "unrelated business taxable income" to mean the gross income derived by any organization from any unrelated trade or business (defined in section 513) regularly carried on by it, less the allowable deductions which are directly connected with the carrying on of such trade or business, both computed with the modifications provided in subsection (b).

Section 513(a) of the Code provides that the term "unrelated trade or business" means, in the case of any organization subject to the tax imposed by section 511, any trade or business the conduct of which is not substantially related to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption.

Section 513(c) of the Code provides that the term "trade or business" includes any activity that is carried on for the production of income from the sale of goods or the performance of services.

Section 512(b)(1) of the Code provides, in part, that all dividend and interest income shall be excluded from the computation of unrelated business taxable income.

Section 512(b)(2) of the Code excludes from the computation of unrelated business taxable income all royalties (including overriding royalties) whether measured by production or by gross or taxable income from the property, and all deductions directly connected with such income.

Section 512(b)(13) of the Code provides, in part, that if a controlling organization receives a specified payment from a controlled entity, notwithstanding sections 512(b)(1), (2), and (3), the controlling organization shall include such payment as an item of gross income derived from an unrelated trade or business to the extent such payment reduces the net unrelated income of the controlled entity (or increases any net unrelated loss of the controlled entity). Under section 512(b)(13)(C), "specified payment" means interest, annuities, royalties, or rent. Section 512(b)(13)(D) generally defines "control" as ownership (by vote or value) of more than 50 percent of the stock in a corporation.

Section 1.512(b)-1 of the regulations provides that whether a particular item of income falls within any of the modifications provided in section 512(b) of the Code shall be determined by all the facts and circumstances of each case. For example, if a payment termed "rent" by the parties is in fact a return of profits by a person operating the property for the benefit of the exempt organization or is a share of the profits retained by such organization as a partner or joint venturer, such payment is not within the modification for rents.

Section 1.513-1(a) of the regulations provides, in part, that unless one of the specific exceptions of section 512 or 513 of the Code applies, the gross income of an exempt organization subject to the section 511 tax is includible in the computation of unrelated business taxable income if, (1) it is income from a trade or business, (2) such trade or business is regularly carried on by the organization, and (3) the conduct of such trade or business is not substantially related (other than through the production of funds) to the organization's performance of its exempt functions.

Section 1.513-1(d)(2) of the regulations provides that a trade or business is "related" to exempt purposes only where the conduct of the business activities has a causal relationship to the achievement of exempt purposes (other than through the production of income). Further, it is "substantially related," for purposes of section 513 of the Code, only if the causal relationship is a substantial one. For this relationship to exist, the production or the performance of the service from which the gross income is derived must contribute importantly to the accomplishment of exempt purposes. Whether the activities productive of gross income contribute importantly to such purposes depends, in each case, upon the facts and circumstances involved.

Rev. Rul. 81-178, 1981-2 C.B. 135, considers the application of section 512(b)(2) of the Code to two situations in which payments are received by an exempt organization. The holding in *Situation 1* is that payments which an exempt labor organization receives from various business enterprises, specifically, the organization's efforts to license its member professional athletes' names, are classified as royalties for federal tax purposes. The holding in *Situation 2* of Rev. Rul. 81-178 is that payments for personal appearances and interviews are not royalties, but are compensation for personal services

In Sierra Club, Inc. v. Commissioner, 86 F.3d 1526 (9th Cir. 1996), aff'g T.C. Memo. 1993-199 and rev'g on another issue 103 T.C. 307 (1994), the court stated that royalties under section 512(b)(2) of the Code are defined as payments received for the right to use intangible property rights, and that such definition does not include payments for services. With respect to income derived from the Sierra Club's rental of its mailing list, the court held that such income was royalty income under section 512(b)(2) and not payment for services.

In Common Cause v. Commissioner, 112 T.C. 332 (1999), the court found that, with the exception of the list brokerage activities, all the list rental transaction activities were royalty-related, and therefore, each rental payment constituted a royalty excluded from unrelated business taxable income under section 512(b)(2) of the Code. The court found that the parties involved in the transaction engaged in activities to exploit and protect the mailing list, and thus, the activities were royalty-related. The parties included the list manager, the list owner (petitioner), the company that stored the rental list, and the list brokers. Moreover, the court found that the list brokers' activities were provided solely to the mailers and solely for their convenience, and that the list broker was not an agent of Common Cause. See also Planned Parenthood Federation of America, Inc. v. Commissioner, T.C. Memo. 1999-206.

Rev. Rul. 69-430, 1969-2 C.B. 129, holds that where a tax exempt organization transfers publication rights to a commercial publisher in return for royalties, the royalty payments are excluded from the computation of unrelated business taxable income pursuant to section 512(b)(2) of the Code.

For federal income tax purposes, a parent corporation and its subsidiaries are considered separate entities so long as the subsidiary is incorporated for purposes which are the equivalent of business activities or the subsidiary subsequently carries on business activities. See Moline Properties, Inc. v. Commissioner, 319 U.S. 436, 438 (1943) and Britt v. United States, 431 F. 2d 227, 234 (5th Cir. 1970). Thus, where a corporation is organized with a bona fide intention that it, will have some real and substantial business function, its existence may not generally be disregarded for tax purposes. Britt, supra at 234. However, if the parent corporation so controls the affairs of the subsidiary that it is merely an instrumentality of the parent, the corporate entity of the subsidiary may be disregarded. See Krivo Industrial Supply Co. v. National Distillers and Chemical Corp., 483 F.2d 1098, 1106 (5th Cir. 1973).

ANALYSIS

M represents that it has formed N for a bona fide business purpose. N will create a GMP that will benefit not only the members of M, but also other professionals. It will have a real and substantial business function. Therefore, its existence should not be disregarded for federal tax purposes.

N will not be a mere instrumentality of M. A majority of N's Board of Directors will not be Board members or officers of M. Instead, the officers of N will be independent of M and will

manage the day-to-day affairs of N. M represents that it will not directly or actively participate in the day-to-day management of N. It will exercise only normal rights of a shareholder. N will maintain separate books and records, financial reports, and benefits and insurance for its employees. To the extent that N leases office space from M, detailed records will be maintained reflecting actual usage, and N will reimburse M for such usage. Similarly, to the extent M provides administrative services to N, it will be reimbursed for such services.

Based on the above facts and representations, M and N should be treated as separate entities for tax purposes. Therefore, the activities and income of N should not be attributed to M. Accordingly, neither the formation or initial capitalization of N by M should adversely affect M's tax-exempt status under section 501(c)(3) of the Code, nor should it result in unrelated business taxable income to M under section 512(a)(1). Furthermore, N's taxable income should not be treated as unrelated business taxable income to M, nor should the sale of stock by N (subsequent to the initial capitalization) result in unrelated business taxable income to M.

Inasmuch as M and N are separate entities, any dividends received by M from N should fall within the modification of section 512(b)(1) of the Code.

The payment of reasonable compensation, including the issuance of stock options to N's officers, employees, and directors, will not result in the inurement of M's net earnings within the meaning of section 1.501(c)(3)-1(c)(2) of the regulations. Similarly, such payment will not result in the serving of private interests under section 1.501(c)(3)-1(d)(1)(ii). N's use of stock-based compensation plans is not incompatible or inconsistent with M's carrying out of its exempt purposes, in view of the fact that M and N are separate legal entities, and the benefits derived by N's officers, employees, and directors constitute reasonable compensation for the services they have rendered. The compensation to be paid N's officers, directors, and employees will be determined by a compensation consultant to help ensure that it is reasonable

In addition, M's use of N stock to compensate its own employees will not result in the inurement of M's net earnings within the meaning of section 1.501(c)(3)-1(c)(2) of the regulations or serve private interests under section 1.501(c)(3)-1(d)(1)(ii). An exempt organization may cause shares of its taxable subsidiary to be issued as compensation without contravening the prohibition against inurement and private benefit, so long as the total compensation to be paid by M to an employee is reasonable in amount. In accordance with the facts presented, the use of N's stock or an option to acquire such stock will not adversely affect M's tax-exempt status as an organization described in section 501(c)(3) of the Code.

M has entered into the Licensing Agreement in order to capitalize on the value of its name and other intangible property rights, such as its trademark, logos, membership database, and M content. Under the circumstances described, the payments received by M from N pursuant to the terms of such agreement fall within *Situation 1* of Rev. Rul. 81-178, supra, and constitute royalties under section 512(b)(2) of the Code. Accordingly, such payments do not constitute unrelated business taxable income under section 512(a)(1), except to the extent they would be subject to tax by reason of section 512(b)(13). This conclusion is consistent with Sierra Club, Inc., Common Cause, and Planned Parenthood of America, Inc., supra.

In addition, any payments received by M pursuant to the Directory Agreement also fall within *Situation 1* of Rev. Rul. 81-178, supra, and constitute royalties under section 512(b)(2) of the Code. Accordingly, such payments do not constitute unrelated business taxable income under section 512(a)(1), except to the extent they would be subject to tax by reason of section 512(b)(13). This conclusion is also consistent with the court cases cited above.

We further note that to the extent N advertises in M publications, M will be compensated for the ads pursuant to the Advertising Agreement and will report such compensation as unrelated business taxable income

RULINGS

1. M's formation and ownership of N and its continuing relationship with N will have no adverse impact on M's tax-exempt status under section 501(c)(3) of the Code.

2. M's initial contributions to the capital of N in exchange for N stock will not adversely affect its tax-exempt status under section 501(c)(3) of the Code, nor will it result in unrelated business taxable income to M under section 512(a)(1).

3. N's taxable income will not be treated as unrelated business taxable income to M under section 512(a)(1) of the Code.

4. Dividends that M may receive from N will be excluded under section 512(b)(1) of the Code from the computation of unrelated business taxable income under section 512(a)(1).

5. Any sale of stock by N (subsequent to its initial capitalization) will not result in unrelated business taxable income to M.

6. N's issuance of options for the purchase of stock in N to certain of its officers and employees under its stock option plan and the issuance of stock options to N's directors in payment of directors' fees, where the value of such options and stock, based on their fair market value, constitutes reasonable compensation, will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code or result in unrelated business taxable income under section 512(a)(1).

7. The issuance by M of options for stock in N to employees of M, where the value of such options and stock based on their fair market value constitutes reasonable compensation, will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code.

8. Payments received by M from N under the Licensing Agreement or the Directory Agreement will not adversely affect M's tax-exempt status under section 501(c)(3) of the Code or result in unrelated business taxable income to M under section 512(a)(1), except to the extent the provisions of section 512(b)(13) apply.

We have not been asked and we express no opinion on whether payments of royalties or rent by N to M, which would otherwise be excluded from the computation of unrelated business taxable income pursuant to sections 512(b)(2) and (3) of the Code, respectively, would be subject to tax by reason of section 512(b)(13). Furthermore, we have not been asked and we express no opinion on whether amounts received by M from N in return for providing any administrative services constitute unrelated business taxable income under section 512(a)(1).

This ruling is based on the understanding that there will be no material changes in the facts upon which it is based. Any changes that may have a bearing upon your tax status should be reported to the Ohio Tax Exempt and Government Entities (TE/GE) Customer Service Office. The mailing address is: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201. The telephone number there is 877-829-5500 (a toll free number).

We are sending a copy of this ruling to the Ohio TE/GE Customer Service Office. Because this letter could help resolve any questions about your tax status, you should keep it with your permanent records.

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

This ruling is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Thank you for your cooperation.

Sincerely,

Gerald V. Sack

Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4