

(916) 445-5047

September 18, 1978

Dear Mr. Redacted:

I have reconsidered the claim for property tax exemption of Redacted Fund of Southern California as you requested. I have concluded Redacted Fund does not qualify as a charitable organization within the meaning of Section 214 of the Revenue and Taxation Code.

I reach my decision in light of my examination of the apparent purposes for which Redacted Fund is using its property. I have concluded Redacted Fund is a fraternal organization and, thus, is prohibited from qualifying for the exemption by reason of section 214 (5).

Webster's New College Dictionary defines fraternal as:

“of, relating to or involving brothers”

and

“of relating to or being a fraternity or society”.

And Webster's defines a fraternity as:

“a group of people associated or formally organized for a common purpose, interest of pleasure”.

Redacted clearly is a fraternal organization within the common meaning of the words fraternal and fraternity. Admittedly, section 214 (5) does not prohibit all activity which promotes fraternalism or brotherhood. Many qualifying organizations promote fraternalism, but they do so in the sense that fraternalism is only incidental to their primary charitable purpose and their activity is directed primarily toward dispensing charity to the community at large. Redacted, on the other hand, directs its activity inward, toward the benefit and development only of its own members. Charity to the community is only incidental to the development of Redacted members. I do not find sufficient evidence to show Redacted's activity benefits the community as a whole or an unascertainable and indefinite portion thereof, to constitute a charitable activity (see *Stockton Civic Theatre v. Board of Supervisors*. (1967) 66 Cal. 2d 13).

Evidence to support my conclusion is found in Redacted's own recruitment literature:

“Who may join? The basic requirements are that a young man must be between the ages of 13 and 21, believe in god, be of good character and reputation, and be recommended by two-chapter members and a master mason.” (Emphasis added.)

“What is Redacted? Redacted is a fraternal youth organization . . .” (Emphasis added.)

“Redacted is different from other young groups, since it is a unique fraternal youth organization. It is a selective organization open only to the finest young men.” (Emphasis added.)

It is, therefore, reasonably clear that Redacted is an organization whose membership is restricted, select, and open to only a selected few in the community. Its dominant activities are directed toward service to its own membership. Charitable activity directed toward the community at large does not appear to be the dominant purpose of Redacted.

The welfare exemption cannot be enjoyed by any organization which does not have charity as its primary and sole object. Where the primary purpose and object of an organization is to promulgate the ideals of the fraternity, then charity is but an incidental feature. Section 214 (5) demands the reverse. It demands fraternal, lodge, or social club purpose be clearly incidental to the charitable purpose.

The decision as to whether or not a youth organization qualifies for the charitable welfare exemption can be guided by examination of the following factors:

1. The extent to which membership is open to all the youth of the community, there being little or no qualifying restriction upon membership.
2. The extent to which the activity of the organization benefits the community at large.
3. The extent to which to organizations’ activities are not self-serving to promulgate the ideals of the organization but are directed toward charity to the community at large.
4. The extent to which the organizations’ activities are not primarily social but are a charitable activity within the meaning of section 214.

We have not received revised articles of incorporation, which during our last phone conversation you indicated you had transmitted to us. However, considering the denial of Redacted Fund’s claim on the other grounds discussed herein causes the correction of the articles of incorporation to be a mute requirement.

Very truly yours,

Robert R. Keeling
Tax Counsel

RRK:fr

bc: Mr. Verne Walton (W. Grommet)
DAS File
Legal Section