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December 31, 1991

Memo to Commodore, Bill Studdiford, Treasurer, Anne Attridge  
and Secretary, Dale Doria, and to P/C Roger Brown

Enclosed find copy of response to IRS letter of 11/29/91,  
copy of which has been previously given each of you.

We need a special meeting of the executive committee  
(officers and past commodores), and of the delegates to act  
to amend the corporation papers. My suggestion is it be done  
by phone follow-up to a letter which would say:

" The IRS, in reviewing the BBYRA's application for tax  
exempt status under 501(c)(3) of the Code says that we will  
have to amend our incorporation papers, Articles 2 and 10.  
The IRS provides a canned form of clause, but I believe the  
purposes clause should be tailored to our actual situation.  
It is recommended the incorporation papers be amended by  
substituting the following for Articles 2 and 10:

' Article 2. PURPOSES

The said corporation is organized and operated exclusively  
to foster amateur sailboat racing competition in one-design  
class yachts on a national level and and international level  
and to support and develop amateur athletes for national,  
and international competition in the sport of one-design  
sailboat racing, including for such purposes, the making of  
distributions to organizations under Section 501(c)(3) of  
the Internal Revenue Code (or the corresponding section of  
any future tax code.)

Article 10. Other Limitations and Method for Distribution  
of Assets Upon Dissolution

Notwithstanding any other provision of these articles,  
the corporation shall not carry on any other activities not  
permitted to be carried on (a) by a corporation exempt from  
Federal Income Tax under Section 501(c)(3) of the Internal  
Revenue Code (or corresponding section of any future Federal  
Tax Code) or (b) by a corporation, contributions to which

are deductible under Section 170(c)(2) of the Internal Revenue Code (or corresponding section of any future Federal Tax Code.)

Upon the dissolution of this corporation assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future Federal Tax Code, or shall be distributed to the Federal Government, or to a state or local government, for a public purpose. ' "

Please review this recommendation and be prepared to respond by phone ballot on the approval thereof.

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The letter may wish to add the recommendation for approval by the officers and by this Past Commodore, and any others who agree before the letter goes out.

Anne: The IRS wants copies of our contracts for services, e.g. flags(already sent), printing of charts and year book, and trophy contracts. Please get me copies so I can send them on.

Dale: Could you coordinate with Bill, Werner, Job, and me to set up a phone ballot after the letter goes out; and, of course, write the letter to the members of the Executive Committee and the delegates?

Bill: Please feel free to call or if you want, to get an independent legal view on the approach being taken. Dick Wight, of Manasquan River and Mantoloking Yacht Clubs is a former IRS staff legal worker in Florida, and might give his unofficial (=free) advise. Mr, Shaw of the IRS told me in our December conversation that the 'failure to respond date is a triggering date for what is known as a 90 day letter.' I believe we have forstalled that by the enclosed response, but have the suspicion we will be getting some further request from him.

We do have to send him copies of our insurance policies, and by copy of this letter to Rodger Brown, I'm asking that he have the agent immediately send them to me for transmittal to Baltimore.

They certainly don't make things simple!!!

Best to all for a happy 1992!

*Dave*



BARNEGAT BAY YACHT RACING ASSOCIATION

(Incorporated, June, 1990)

December 31, 1991

Mr. Michael Shaw  
Exempt Organizations Specialist  
Internal Revenue Service  
31 Hopkins Plaza  
Baltimore, Maryland 21201

Re: Barneгат Bay Yacht Racing Association  
22-6049570 Application for exempt status  
under Section 501(c)(3)

Dear Mr. Shaw:

This letter will supplement the data contained in our application form 1023 and respond further to yours of November 29, 1991.

The Barneгат Bay Yacht Racing Association (hereafter BBYRA) does feel that it qualifies for exemption under Code Section 501(c)(3), and wishes to thank you for the opportunity to demonstrate that fact. To do so, we respond to each of your numbered items beginning on page three of your letter of November 29, 1991 (copy<sup>1</sup> enclosed - we follow your duplicate #'s 1 & 2).

1. As indicated in our telephone conversation in December, the BBYRA asks that the Service provide it with a copy of the full application submitted which gave rise to a grant of exempt status under then section 501(c)(7), effective September, 1962. The BBYRA's archives do not contain a copy of the application, and we do believe the status granted may not have been the status requested, though without seeing the actual application, we are not in a position to make a final judgment on that issue. Even assuming the status granted was that requested, the BBYRA as indicated in its form 1023, submitted September 30, 1991, does wish to be granted exemption under 501(c)(3). For your information, the reason the BBYRA filed formal incorporation papers with the Secretary of State of New Jersey in June 1990, was for the very reason that the IRS instructions for form 1023 required an applicant to submit its incorporating papers. A check with New Jersey indicated that while the BBYRA enjoys sales tax exemption status, and has for many years,

apparently no formal incorporating papers were ever filed at or near the time of its organization in 1914, nor thereafter with the adoption of various New Jersey legislation affecting not-for-profit organizations. The BBYRA is not a new entity!!! It is the continuation of the entity organized in 1914, WITH FORMAL ORGANIZING PAPERS OF INCORPORATION UNDER THE NEW JERSEY NOT-FOR-PROFIT ASSOCIATIONS BEING FILED IN JUNE OF 1990 BECAUSE THE IRS INSTRUCTIONS FOR FILING FORM 1023 REQUIRED COPIES OF SUCH INCORPORATING PAPERS. The BBYRA did not feel it would be in compliance with the requirements had it merely submitted copies of its By-Laws.

2. The BBYRA does not at this time wish to apply for exemption under 501(c)(7). As indicated above, the BBYRA wishes to change its exempt status from its existing 501(c)(7) grant in 1962 to a 501(c)(3) status.

The BBYRA submits the following:

1. The BBYRA will amend its Articles of Incorporation, articles 2 and 10 to conform with the suggested clauses provided on the reverse side of attachment #1 to yours of 11/29/91. Incidentally, the BBYRA feels that its stated purposes in the existing article 2, does fully meet the requirements under 501(c)(3), in that the organization is organized exclusively as a qualified amateur sports organization and as an educational form of organization promoting amateur sailboat racing, and to the encouragement of sailors to compete in national, international and olympic one-design sailing events. The BBYRA submits with this letter a copy<sup>2</sup> of the 1990 USYRU Directory, which, on page 131 sets forth the purposes of that 501 (c)(3) organization. The publication also shows the BBYRA as a YRA member of USYRU. (page 145) Further, on pages 140, 141 and 142 are shown 9 highlighted one design class associations which cover 9 of the 13 one-design class boats which are competed in on Barnegat Bay, under the auspices of the BBYRA. The BBYRA also feels its present article 10 conforms, in substance, with the IRS requirements on dissolution. It will, however, change its articles 2 and 10 to mirror the suggested clauses you provided. The formal amendment cannot be made without approval of the executive committee, and the delegates of the 13 member yacht clubs, comprising the voting members of the BBYRA. That will require call of a special meeting, which is in the works, but cannot be completed for about a month. The BBYRA requests recognition of exempt status in keeping with the cited provisions of section 5 of Revenue Procedure 84-46, Cumulative Bulletin 1984-1, page 541. It also requests recognition in keeping with the spirit of Revenue Ruling 64-275, 1964 - 2 CB 142; and International E22 Class Association, 78 TC 93.

2. The BBYRA does not feel its activities have changed from a 501(c)(3) type organization, and as above set forth, does not now have the means to respond to how it came to be it was granted 501(c)(7) status in 1962. The BBYRA is not a social club!!! It is and has been an organization organized exclusively for the qualified amateur sports organization status allowed under the IRC and for its educational purposes of promoting and supporting one-design class racing on Barnegat Bay, and in encouraging its sailors to compete in national, international and olympic sailing events. A review of the history of the BBYRA will show it has contributed many outstanding sailors to the national and international scene.

The highlighted names appearing in the USYRU Directory enclosed, at pages 24, 56, 60, 67, 71, 77, 81, and 87, are a sampling of the numbers of BBYRA trained sailors who have distinguished themselves. Their seminal training had its origins on Barnegat Bay. In addition, the BBYRA has produced sailors, such as Britton Chance, and crew members Edgar White, Sumner White, and Michael Schoettle, who won a gold medal in the 5.5 meter class in the fifties; Carl Van Duyne (now deceased) who competed in the Finn Class in Pan-American Games; Jan Chance O'Malley and Pat O'Malley, who won the first international women's sailing championship at Haling Island, England, in the 70's; Peter Commettee, who won the first world Laser Championship in the 70's; and many others who have competed in national and international events. Samuel V. Merrick (see page 24 of USYRU Directory) is a product of the BBYRA, having commenced his sailing here in the late twenties. So too, is Runnie Colie, a beneficiary of the training received on Barnegat Bay. The programs of the BBYRA, which consist of its managing a 10-week championship series in 14 different one-design class sailboats on 10 Saturdays throughout the summer season; whose programs include sponsoring Levels one and two racing clinics for sailing instructors; whose programs encourage sailboat racing as an amateur sport; and whose programs are open to those who wish to join in these endeavors, **is not solely of private benefit to its members**, but an enhancement of amateur one-design sailboat racing here on the Barnegat Bay and indeed throughout the country. The BBYRA's activities promote and support one-design sailboat racing throughout the country, as its support of the national authority, USYRU, (now USSA = United States Sailing Association, Inc.) demonstrate. The BBYRA does have as a requirement, just as does USYRU (now USSA), the payment of dues, and does require its members to be a member of one of the 13 yacht clubs comprising the voting members of the association, and further for sailors who wish to compete in the championship series for a particular class, to be a member of that classes national or international

organization. All of the programs are open to any member of the general public who wishes to join the BBYRA, a member club and a one-design class, without restriction as to race, national origin, color, sex, or any other such form of discrimination. The programs which the BBYRA sponsors for Level one and two sailing instructors is open to all who are members of USYRU (now USSA). The completion of these clinics, usually conducted in early June, enable the participants to get summer jobs at yacht clubs throughout the country, and in turn enable those clubs to have the benefits of reduced insurance premiums to cover its activities of on-the-water sailing instruction given by those successfully completing the courses, which include training by the International Red Cross in CPR and basic life-saving training, with emphasis in water related activities. The general public is made aware of the BBYRA's activities by actually seeing the operations of its regatta committee on ten Saturdays throughout the summer; by reading in the local press, and national sailing publications; by notices to mariners published by the United States Coast Guard of the scheduled and permitted activity on Barnegat Bay (copies<sup>3</sup> of recent permits are enclosed for your information - we get these each year). The services and programs of the BBYRA are conducted on Barnegat Bay, a tidal body of water inland from the barrier islands of New Jersey, between Barnegat Inlet and Manasquan Inlet. The actual sailing is conducted over two areas which we call Upper-Bay and Toms River/Seaside Park. Up-Bay is the area of Barnegat Bay which lies north of the Matthis Bridge crossing the bay from Seaside Heights to Dover Township, and south of the Mantoloking Bridge, and commonly known as the Green Island course area. Coast Guard approved course marks are located each year on these waters, and provide the means for conducting the sailboat races. The other general area of Barnegat Bay used is south of the Matthis Bridge, and between Seaside Park and Toms River. There too, Coast Guard approved marks are set set out each year, around which the BBYRA sends the competitors in the 14 classes it starts each Saturday. In addition to the ten week championship series, the BBYRA sponsors national sailing events eliminations in Area C of USYRU (now USSA), for juniors and seniors, in the Sears, Bemis, Smythe, Midgets, O'Day, Prince of Wales Bowl, Adams and Mallory eliminations. Successful participants go on from this level of competition to the Area C eliminations and if there successful, on to the national competitions. The BBYRA conducts the Area C semi-finals on a rotational basis with other USYRU (now USSA) Area C member clubs. Area C comprises NJ, PA, DE, MD, VA & WV. (See page 6 of USYRU Directory). The BBYRA has no facilities (buildings, or boats) of its own. Each of the ten weekends during the summer that the BBYRA's Regatta Committee conducts racing, its utilizes the facilities of one of its member clubs for the launching and recovery of boats, and a place where

competitors can get a lunch (usually a sandwich, candy bar and soda). The host member clubs provide the committee boats and safety patrol boats for the conduct of the racing, all of which is done by volunteers. The BBYRA provides detailed written instructions to the host club to assist in its race day organization. In the conduct of the national events eliminations, various host member clubs provide their clubs as regatta headquarters, just as do the clubs on the ten weekends for the BBYRA's championship series of sailboat racing. In the conduct of sailboat racing on Barnegat Bay, under the auspices of the BBYRA, the rules of the International Yacht Racing Union as adopted by USYRU (now USSA), and as modified by the BBYRA are used. We enclose a copy<sup>4</sup> of the current edition of the racing rules (red book) and copies of the BBYRA's racing rules<sup>5</sup> and course charts<sup>6</sup>. These internationally known racing rules are the only 'direction' of our conduct of sailboat racing on Barnegat Bay. As indicated above, the BBYRA does actively promote the sport of one-design sailboat racing, and does sponsor level one and two racing clinics. The actual sailing in a competitive series such as conducted by the BBYRA is a kind of teaching in itself, which can be attested to by many. For the most part, member clubs junior sailing programs teach the basics of sailboat racing to their sailors during the summer weeks. The BBYRA has an appointed Junior Sailing Coordinator who, among other tasks, insures coordination between member clubs of their scheduling of interclub matches, and encouraging club eliminations towards the BBYRA eliminations in USYRU events. The BBYRA provides a forum, each Saturday, for the application of the skills learned by the junior sailors. The BBYRA by its participation in the USYRU (now USSA) eliminations events not only promotes national participation in the sport of sailboat racing, but encourages same. As can be deducted from the foregoing, the BBYRA does qualify as an organization described in IRC 501 (j) (2)., in that its functions are designed to support and develop amateur athletes for national or international competition in the sport of sailboat racing. And in accordance with IRC 501(j)(1)(B), the fact that our membership is local or regional in nature does not cause a failure to meet the IRS requirements. The BBYRA contributes to USYRU as a sponsoring member yacht racing association by the payment of \$200 annually. (EIN of USYRU is 13-1671529)

3. The financial data as submitted made an error in listing under item 16, when such should have been listed under 22 on the form 1023. For 1988, the \$2,500 shown on form 1023 for line 16 was the disbursement to the "Ed Fierer" Fund shown on the financial form. This represented the proceeds from the Copmmadores'

Ball to the Ed Fierer Fund, created under the enclosed Deed of Gift.<sup>7</sup> The \$18,720 shown on line 16 should have been on

line 22, and represented the various expenses for the items shown in the financial form. For 1989, the \$1,000 shown on the 1023 was for contributions towards junior sailors travel and housing expenses in higher level USYRU events. This also applies to 1990, and 1991 line 15 items. The source of these contributions to junior sailors' travel and housing was the interest on the Ed Fierer fund. The \$23,209, for 1989, the \$27,283 for 1990, and the \$25,084 for 1991 should have appeared on line 22, and are a reflection of the various expenses shown on the financial forms sent with the 1023, under debits or expenses or disbursements. As for item 15, these consisted of 501 (c)(3) type contributions, and were payments towards travel expenses and housing expenses of those junior sailors who went on from the BBYRA USYRU events eliminations to the national level of competition. Also, in the detailed financial reports submitted with our form 1023, the item "USYRU Dues" is a direct 501 (c)(3) type contribution to the tax exempt organization known as USYRU (now USSA) (EIN 13-1671529).

As submitted with our 1023, the entry fee for a sailboat to race on any given Saturday during the championship series is \$5, plus a fee of \$3 for each lunch (except in the case of the junior classes, where the lunch fee is \$2). Also, to compete, the skipper must be a member of the BBYRA, and the annual dues is \$5. The BBYRA does not act as a collecting agent for any of the member clubs insofar as sailors being a paid-up member, however, each of the member clubs has a representative to the regatta committee, and would call our attention to any non-qualifying skipper, and in turn the regatta committee would request, through the declared club affiliation representative (each sailor fills in an entry form showing club affiliation), clarification as to membership status. This situation has shown up only a half dozen times in this writer's long association with the BBYRA. The entry fee of \$5 is to cover the award of first, second and third place pennants for each class for each race, and for partial covering of the annual awards, given at the conclusion of the championship series, with the final races at Seaside Park Yacht Club. The fees collected do not cover the expense of providing the awards, and are made up by individual contributing membership dues of \$5 from families and friends of the BBYRA.

4. As indicated above, our programs are conducted on Barnegat Bay. We do not own or rent. We enclose a copy<sup>8</sup> of our contributing membership application. We enclose copies<sup>9</sup> of our minutes of meetings of delegates and regatta committee for a couple of years. Any member of a member club can be a member of the organization. The voting members of the organization are the 13 member yacht clubs comprising the source of sailors sailing in the organized racing on Barnegat Bay. Those Clubs are: Bay Head Yacht



Club; Beachwood Yacht Club; Island Heights Yacht Club; Lavallette Yacht Club; Manasquan River Yacht Club; Mantoloking Yacht Club; Metedeconk River Yacht Club; Normandy Beach Yacht Club; Ocean Gate Yacht Club; Seaside Park Yacht Club; Shore Acres Yacht Club; Toms River Yacht Club; and Pine Beach Yacht Club. The By-Laws, No. 3 states: "any Yacht Club located between Manasquan Inlet and Little Egg Harbor Inlet or waters tributary thereto, shall be eligible for membership in the Association. Membership shall be in three classes: Active, Associate and Individual Contributing. Individual Contributing Members are those individuals who belong to member clubs of the Barnegat Bay Yacht Racing Association and desire to assist in supporting the objects of the Association. Such membership does not grant the right to vote or to hold office. Active Membership shall be composed of the clubs herein listed as members of the B.B.Y.R.A. and Associate Clubs that may be elected at a future date to active membership by three fourths vote of the Executive Committee. No Club shall be elected to Active Membership unless it has been an Associate member for at least two years immediately preceeding the application. Associate membership will be those clubs that are elected to this class by a three-fourths vote of the Executive Committee of the B.B.Y.R.A. To be eligible for Associate membership, a Club must present to the Secretary of the Association a written application stating that it has at least five yachts of a class or classes now scheduled in the Association regattas. It shall be signed by an elected officer of the applicant Club and also by an officer of an active Club in the Associaton. Yachts of Associate member Clubs will have all the rights and privileges of yachts of Active member Clubs and will be represented on the Regatta Committee of the Association in the same manner as provided for in the Active membership. Associate member Clubs will not be required to sponsor a Regatta." This requirement for membership can be found in the copy of the year book previously submitted. Active Club membership dues to the BBYRA is \$150 per year.


5. Copies of our insurance contracts will be furnished. Enclosed find a copy<sup>10</sup> of our 1990 contract with Colledgeville Flag & Mfg. Co. No officer or trustee of the Association is involved with the contracted party. We also have had contracts with local printers for publication of our course charts, copies of racing rules, and recently for our first and second 'year books'. Copies of those will be submitted.

We have no facilities such as described in your letter that could be shared with any private practice, office or other commercial operation; nor as stated above do we own any real property or rent any residence.

We have submitted a copy of our recent year book with form 1023. We do not have any other brochures or pamphlets, newsletters or advertising (we do not advertise in any publication other than indirectly by publication of our own year book). I do enclose a copy<sup>11</sup> of our 75th Annual Regatta Schedule, which, you will note is in a different format from the 'Year-Book' now being used. The BBYRA decided to go the route of the Year-Book format for its officail notice of regattas, compendium of racing rules and by-laws, as it affords a vehicle for advertising revenue to defray costs of printing. Further, I enclose copy<sup>12</sup> of the 1990 seasonal registration form; copy<sup>13</sup> of contributing membership chairpersons report to the delegates at its October, 1991 meeting; and copies of correspondence<sup>14</sup> and safety training agreement<sup>15</sup> with the Red Cross regarding the Level 1 instructors' clinic conducted in 1989. These items are sent to you for information purposes regarding the BBYRA's activities.

Please advise if there is additional data you require for acting on our application.

Very truly yours,

  
David P. Loughran  
Past Commodore, BBYRA

DPL

CC: Commodore, William E. Studdiford, III  
Secretary, Dale Doria  
Treasurer, Anne W. Attridge

Enclosures:

1. copy of M. Shaw ltr of 11/29/91 and enclosures
2. copy of 1990 USYRU Directory
3. copies of DOT permits 01-SH-002-89; CM-002-89; 01-SH-003-90
4. copy of 1989-92 IYRU/USYRU Rules Book
5. copy of Racing Rules of te Barnegat Bay Yacht Racing Association (Rev.89)
6. Copies Sailing Instructions/Course Charts for Upper Bay, Toms River(1991) and Seaside Park(1990).
7. Copy of final form of Deed of Gift - Edward W. Fierer Fund
8. copy of contributing membership application form
9. copy of Regatta Committee minutes for Dec. 1986, Dec, 1987, Dec. 1988, Mar. 1990, Dec. 1990; Executive Committee Notice for May, 1989; Delegates meetings of May 1988, Oct. 1988, May 1989, Oct. 1989, May 1990,

Oct. 1990 and May 1991.

10. copy of 1990 flags contract with Colleegeville Flag Mfg
11. copy of 75th BBYRA Annual Regatta Schedule
12. copy of BBYRA 1990 Seasonal Registration form
13. copy of comparative results of contributing membership for years 1987 through 10/5/91.
14. copies of correspondence regarding Level 1 Racing Clinic, and Safety Training Agreement with Red Cross.



## BARNEGAT BAY YACHT RACING ASSOCIATION

January 7, 1992

Gentlemen:

The IRS, in reviewing the BBYRA'S application for tax exempt status under 501(c)(3) of the Code says that we will have to amend our incorporation papers, Articles 2 and 10. The IRS provides a canned form of clause, however the purposes clause should be tailored to our actual situation. It is recommended the incorporation papers be amended by substituting the following for Articles 2 and 10:

### Article 2. PURPOSES

The said corporation is organized and operated exclusively to foster amateur sailboat racing competition in one-design class yachting, a national level and an international level and to support and develop amateur athletes for national, and international competition in the sport of one-design sailboat racing, including for such purposes, the making of distributions to organizations under Section 501 (c) (3) of the Internal Revenue Code (or the corresponding section of any future tax code.)

### Article 10. Other Limitations and Method for Distribution of Assets Upon Dissolution

Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under 501 (c) (3) of the Internal Revenue Code (or corresponding section of any future Federal Tax Code) or (b) by a corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code (or corresponding section of any future Federal Tax Code.)

Upon the dissolution of this corporation assets shall be distributed for one or more exempt purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code, or corresponding section of any future Federal Tax Code, or shall

be distributed to the Federal Government, or to a state or local government, for a public purpose.

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The Officers and Past Commodores recommend approval of the incorporation papers to be amended as stated above.

Enclosed for your convenience is a ballot and a self addressed envelope. Please mail the completed ballot by January 15, 1992. Or, you may wish to call Dale Doria, Secretary at (908)-270-4066 and leave a message on the answering machine.

Thank you for your cooperation and prompt response to this matter.

Sincerely yours,

*William E. Studdiford III*  
William E. Studdiford, III *(DMD)*  
Commodore, BBYRA

WES:dmd

B. B. Y. R. A.

Yacht Club: \_\_\_\_\_

Name: \_\_\_\_\_

In Favor: \_\_\_\_\_

Not In Favor: \_\_\_\_\_

INTERNAL REVENUE SERVICE  
DISTRICT DIRECTOR  
31 HOPKINS PLAZA  
BALTIMORE, MD 21201

DEPARTMENT OF THE TREASURY

Date: FEB 28 1992

Employer Identification Number:  
22-6049570  
Contact Person:  
M SHAW  
Contact Telephone Number:  
(410) 962-9504

BARNEGAT BAY YACHT RACING  
ASSOCIATION  
1850 ENSIGN COURT  
TOM RIVER, NJ 08753

Accounting Period Ending:  
December 31  
Form 990 Required:  
Yes  
Addendum Applies:  
Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(2).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(2) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(2) organization.

Letter 947(DB/CG)

BARNEGAT BAY YACHT RACING

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

This determination is based on evidence that your funds are dedicated to the purposes listed in section 501(c)(3) of the Code. To assure your continued exemption, you should maintain records to show that funds are expended only for those purposes. If you distribute funds to other organizations, your records should show whether they are exempt under



BARNEGAT BAY YACHT RACING

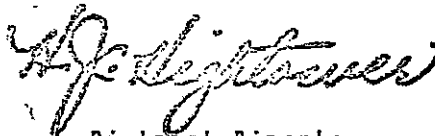
section 501(c)(3). In cases where the recipient organization is not exempt under section 501(c)(3), there should be evidence that the funds will remain dedicated to the required purposes and that they will be used for those purposes by the recipient.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

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

Sincerely yours,



District Director

Enclosure(s);  
Addendum

State Attorney General (NJ)

BARNEGAT BAY YACHT RACING

In accordance with the provisions of section 6104(c) of the Code, a copy of this letter will be sent to the appropriate State officials.

You are required to make available for public inspection a copy of your exemption application, and supporting documents, and this exemption letter. If you are required to file an annual information return, you are also required to make a copy of the return available for public inspection for three years after the return is due. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up maximum of \$5,000 in the case of an annual return). See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454 for additional information.

Guidelines under which private foundations may rely on this determination, for gifts, grants, and contributions made after March 13, 1989, were liberalized and published in Rev. Proc. 89-23, Cumulative Bulletin 1989-1, page 844.

The effective date of this exemption is January 7, 1990, your date of incorporation. Contributions to you are deductible by donors beginning with the effective date of your section 501(c)(3) exemption. For prior periods, you are not relieved of the requirement to file income tax returns.

This letter supersedes our letter dated September 27, 1962.