

Department of the Treasury
Internal Revenue Service
Revenue Ruling

REV. RUL. 68-489, 1968-2 C.B. 210






An organization will not jeopardize its exemption under section [501\(c\)\(3\)](#) of the Code, even though it distributes funds to nonexempt organizations, provided it retains control and discretion over use of the funds for section [501\(c\)\(3\)](#) purposes.

[26 CFR 1.501\(c\)\(3\)-1](#): Organizations organized and operated for religious, charitable, scientific, testing for public safety, literary, or educational purposes or for the prevention of cruelty to children or animals.



An organization exempt from Federal income tax under section [501\(c\)\(3\)](#) of the [Internal Revenue Code](#) of 1954 distributed part of its funds to organizations not themselves exempt under that provision. The exempt organization ensured use of the funds for section [501\(c\)\(3\)](#) purposes by limiting distributions to specific projects that are in furtherance of its own exempt purposes. It retains control and discretion as to the use of the funds and maintains records establishing that the funds were used for section [501\(c\)\(3\)](#) purposes. Held, the distributions did not jeopardize the organization's exemption under section [501\(c\)\(3\)](#) of the Code.


See also Revenue Ruling [67-149](#), C.B. 1967-1, 133, holding a charitable organization exempt under section [501\(c\)\(3\)](#) where it provides financial assistance to other charitable organizations that are also exempt under section [501\(c\)\(3\)](#); and Revenue Ruling [63-252](#), C.B. 1963-2, 101, and Revenue Ruling [66-79](#), C.B. 1966-1, 48, for requirements with respect to deductibility under section 170 of the Code of contributions by individuals to a charity organized in the United States that thereafter transmits some or all of its funds to a foreign charitable organization.



Case Analysis (2 cases)


Case Analysis Summary		
	Positive	2
	Distinguished	0
	Caution	0
	Superseded	0
	Negative	0
Total		2

1.



Cited in


[N.Y. ex rel. Tzac, Inc. v. New Israel Fund, 520 F. Supp. 3d 362 \(S.D.N.Y. 2021\)](#)
2.



Cited in


[Natl. Foundation, Inc. v. United States, 87-2 USTC Para. 9602, 13 Cl. Ct. 486](#)

General Information

Date Filed	Mon Jan 01 00:00:00 EST 1968
Citation	DK:BNA-IRS\REVRUL\68-489; irs rev rul 1968-489; 68-489