Emma L. Fesler v. Commissioner, 36 T.C. 197 (1961)

A contribution to a foundation is deductible as a charitable contribution if the foundation is organized and operated exclusively for charitable purposes, even if it is also promoting social welfare.

Summary

Emma L. Fesler made a contribution to the Eagle Dock Foundation and sought to deduct this contribution as a charitable donation under section 23(o)(2) of the Internal Revenue Code. The IRS disallowed the deduction, claiming the Foundation was not organized and operated exclusively for charitable purposes. The Tax Court found that the Foundation, which provided swimming and recreation facilities for the community, operated primarily for the public good and without private or selfish considerations. The court held that the Foundation was indeed a charitable organization. Thus, Fesler's contribution was deductible, reversing the IRS's determination.

Facts

Emma L. Fesler made a contribution to the Eagle Dock Foundation. The Foundation was established to provide swimming and recreational facilities to the residents of the Cold Spring Harbor school district. The facilities were open to all residents, regardless of whether they contributed to the Foundation. The Commissioner of Internal Revenue denied Fesler's deduction for the charitable contribution, claiming that the Foundation was not organized and operated exclusively for charitable purposes.

Procedural History

The IRS disallowed Fesler's deduction for her contribution to the Eagle Dock Foundation. Fesler petitioned the Tax Court to challenge the IRS's determination. The Tax Court reviewed the facts and evidence presented by both parties.

Issue(s)

Whether Fesler's contribution to the Eagle Dock Foundation is deductible as a charitable contribution under section 23(o)(2) of the Internal Revenue Code.

Holding

Yes, because the Eagle Dock Foundation was organized and operated exclusively for charitable purposes.

Court's Reasoning

The Tax Court focused on whether the Eagle Dock Foundation met the definition of a

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charitable organization as defined by section 23(o)(2) of the Internal Revenue Code. The court distinguished between the terms “social” and “social welfare”, finding that while

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