## *Help Organizations of America v. Commissioner*, 34 T.C. 1135 (1960)

An organization is not exclusively operated for charitable purposes, and therefore not tax-exempt, if its primary activity is a commercial enterprise, even if the profits are used for charitable contributions.

### Summary

The Help Organizations of America (HOA) was a nonprofit corporation that operated bingo games and a soda bar to raise funds for charitable causes. The Tax Court ruled that HOA was not entitled to tax-exempt status because its primary activity was the commercial operation of bingo games, even though its net earnings were used to make charitable contributions. The court focused on the nature of HOA's activities, concluding that the commercial nature of its operations, with substantial payouts and rent expenses, outweighed its charitable contributions. This case highlights the distinction between organizations that conduct commercial activities to fund charitable endeavors and those that are primarily charitable in nature.

### Facts

Help Organizations of America (HOA), an Ohio nonprofit corporation, operated bingo games under a lease, a soda bar, and other miscellaneous activities. Admission was by membership or as a guest. Revenue from bingo card charges was substantial, with significant payments to winners. HOA made charitable contributions to individual doctors and institutions, but its primary income source was from its commercial bingo operations. HOA paid a considerable monthly rent for the bingo game location and also paid salaries to its employees who conducted the bingo games.

### Procedural History

The Commissioner of Internal Revenue determined that HOA was not exempt from federal income tax for 1953 and 1954. HOA challenged this determination in the United States Tax Court.

### Issue(s)

Whether Help Organizations of America was organized and operated exclusively for charitable purposes under Section 101(6) of the 1939 Internal Revenue Code and Section 501(c)(3) of the 1954 Internal Revenue Code.

### Holding

No, because HOA's primary activity was the commercial operation of bingo games, not charitable work, and thus it was not entitled to a charitable tax exemption.

### Court's Reasoning

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The court relied on the requirement that the organization be operated

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