

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

H. Lee Moffitt Cancer Center
and Research Institute, Inc.
12902 Magnolia Drive
Tampa, FL 33612-9497

Person to Contact:

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Refer Reply to: 202-622-7684

Date: CP:E:EO:R:1

JUL 15 1994

Employer Identification Number: 59-2451713
Key District Office: Atlanta

- S = H. Lee Moffitt Research Institute and Cancer Center Hospital, Inc.
T = H. Lee Moffitt Research Institute and Cancer Center Lifetime Cancer Screening Center, Inc.
U = H. Lee Moffitt Cancer Center and Research Institute Foundation, Inc.

Dear Sir or Madam:

This is in response to a letter from your authorized representative dated May 24, 1994, requesting a ruling on your behalf regarding the tax consequences associated with a proposed corporate restructuring.

You operate a cancer research and teaching institute on a college campus. The legislature of your state appropriated funds for your creation in 1986. You are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and have been determined to be a nonprivate foundation under section 509(a)(3).

Because of the organizational and regulatory limitations imposed on a single corporation structure, you have undergone a corporate restructuring that has resulted in the transfer of certain of your operating divisions to three new subsidiary corporations for which you will act as parent and sole voting member.

The hospital division will be transferred to S, the multi-organ cancer screening division will be transferred to T and the fundraising division will be transferred to U. S, T and U have been classified by the Service as organizations described in sections 509(a)(1) or 509(a)(2) and are exempt from federal income tax under section 501(c)(3) of the Code. You will be the parent corporation and sole voting member of these three new subsidiary corporations and will continue and expand your activities relating to the direct, continuous and active conduct of basic scientific medical research.

The restructuring was approved by your state legislature in recognition of the fact that the restructuring will better enable

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you to carry out your mission. It was and is the intent of your state legislature that you become a National Cancer Institute-Designated Comprehensive Care Center, a statewide research institute, a national resource for basic and clinical research and multidisciplinary approaches to patient treatment, and a community resource through outreach and communication efforts.

You will focus your operations on the direct, continuous and active conduct of basic scientific medical research. You will expand your basic scientific research by bringing together a critical mass of scientists committed to the scientific challenge presented by cancer as a disease. You will also continue your program in the area of cancer control research.

You have requested the following ruling in connection with this corporate restructuring:

The completion of the corporate restructuring will not affect your tax-exempt status under section 501(c)(3) of the Code nor your nonprivate foundation status under section 509(a)(3).

Section 501(a) of the Code provides an exemption from federal income tax for organizations described in section 501(c)(3), including organizations that are organized and operated exclusively for charitable, educational or scientific purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense. The promotion of health is a charitable purpose. Revenue Ruling 69-545, 1969-2 C.B. 117.

Section 509(a)(3)(A) of the Code provides that the term "private foundation" means a domestic or foreign organization described in section 501(c)(3) other than an organization which is organized, and at all times thereafter is operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in paragraph (1) or (2).

Section 509(a)(3)(B) of the Code describes a "supporting organization" as a section 501(c)(3) organization that is operated, supervised or controlled by or in connection with one or more publicly supported organizations described in sections 509(a)(1) or 509(a)(2).

You have previously been determined to be exempt from federal income tax under section 501(c)(3) of the Code. While

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your activities will be altered by the corporate restructuring, your activities will still promote the health of the community within the meaning of section 501(c)(3) of the Code. Therefore, your exempt status under section 501(c)(3) will not be affected by the corporate restructuring.

You presently qualify as a supporting organization under section 509(a)(3) of the Code. Upon completion of the corporate restructuring, you will continue to qualify as a supporting organization under section 509(a)(3) because you will satisfy the organizational and operational tests of sections 509(a)(3)(A) and (B) of the Code by supporting one or more publicly supported organizations described in sections 509(a)(1) or 509(a)(2).

Accordingly, based on all the facts and circumstances described above, we rule as follows:

The completion of the corporate restructuring will not affect your tax-exempt status under section 501(c)(3) of the Code nor your nonprivate foundation status under section 509(a)(3).

This ruling is based on the understanding that there will be no material changes in the facts upon which it is based.

This ruling does not address the applicability of any section of the Code or regulations to the facts submitted other than with respect to the sections described.

We are informing your key District Director of this action. Please keep a copy of these rulings in your permanent records.

Sincerely,

Marvin Friedlander
Marvin Friedlander
Chief, Exempt Organizations
Rulings Branch 1