



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

Number: **200827041**  
Release Date: 7/4/2008

Date: April 10, 2008

UIL: 501.33-00

Contact Person:

Identification Number:

Contact Number:

Employer Identification Number:

Form Required To Be Filed:

Tax Years:

Dear \_\_\_\_\_ :

This is our final determination that you do not qualify for exemption from Federal income tax as an organization described in Internal Revenue Code section 501(c)(3). Recently, we sent you a letter in response to your application that proposed an adverse determination. The letter explained the facts, law and rationale, and gave you 30 days to file a protest. Since we did not receive a protest within the requisite 30 days, the proposed adverse determination is now final.

You must file Federal income tax returns on the form and for the years listed above within 30 days of this letter, unless you request an extension of time to file. File the returns in accordance with their instructions, and do not send them to this office. Failure to file the returns timely may result in a penalty.

We will make this letter and our proposed adverse determination letter available for public inspection under Code section 6110, after deleting certain identifying information. Please read the enclosed Notice 437, *Notice of Intention to Disclose*, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in Notice 437. If you agree with our deletions, you do not need to take any further action.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter. If you have any questions about your Federal income tax status and responsibilities, please contact IRS Customer Service at

1-800-829-1040 or the IRS Customer Service number for businesses, 1-800-829-4933. The IRS Customer Service number for people with hearing impairments is 1-800-829-4059.

Sincerely,

Robert Choi  
Director, Exempt Organizations  
Rulings & Agreements

Enclosure  
Notice 437  
Redacted Proposed Adverse Determination Letter  
Redacted Final Adverse Determination Letter



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

February 20, 2008

Contact Person:

Identification Number:

Contact Number:

FAX Number:

Employer Identification Number:

UIL: 501.33-00

Legend:

M =

State =

Date =

A =

B =

Dear \_\_\_\_\_ :

We have considered your application for recognition of exemption from Federal income tax under Internal Revenue Code section 501(a). Based on the information provided, we have concluded that you do not qualify for exemption under Code section 501(c)(3). The basis for our conclusion is set forth below.

FACTS:

You, M, are a single member State Limited Liability Corporation formed on Date. Your First Amended Operating Agreement provides that you are organized exclusively for charitable, religious, and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the Internal Revenue Code. Your sole member is your Executive Director, A.

The information provided on your Form 1023 states that your primary activity is the provision of chaplaincy and other ministerial services.. You state that you provide funeral and chapel services in retirement homes, assisted living facilities and memory care units for a fee. As of January \_\_\_\_\_, you had ten contracts with retirement homes, assisted living centers and memory care units in State. As part of your chaplaincy services, you conduct congregational singing, take prayer requests, have corporate prayer, read from the Bible and preach a sermon. You explain in your application that typical contracts with these facilities range from 60-90 minutes

per session and range from weekly to monthly. You conduct memorial services in funeral homes and cemeteries in which you read scripture, pray, sing songs, preach a sermon and pronounce a committal. Funeral services take approximately 90 minutes. You also perform wedding services and infant baptisms. These services are primarily conducted by your only member, A. As of Jan. 1, your fees are: \$ per hour for retirement homes, assisted living centers and memory care units, \$ per funeral, and \$ per wedding.

In your letter, dated December 22, 2006, you explain that one of the factors in establishing your fees is that they are "similar to the hourly activity fees that other contracted individuals charge in the retirement home industry, such as musicians, special speakers, etc..." You state that you do not take offerings, but that your "primary compensation comes from fees paid by the facility to M."

Your Form 1023 provides that your sole member, and Executive Director, A received \$ in actual compensation for , and \$ through December of , and works an average of 25 hours per week. You state that the salary paid to your Executive Director is based on the rate of an "average pastor for a similar sized congregation when benefits are included." You compare your activities to "church" activities, and state that your services are "virtually identical to Sunday morning worship in churches all across America and thus qualify as a religious activity." In your 1023 application you explain that your Director, A has been a pastor for 26 years, and is an ordained minister in several denominations. You also indicate that "his credentials include starting Senior Citizen ministries in three churches he pastored."

Your operations are conducted from the home of your executive director and his spouse. You do not have any lease contracts and are not charged any rent by A for office space, equipment, or utilities. Your assets include various office furniture and equipment and you pay monthly cell phone and internet fees and purchase printer ink and paper for the copier.

Your actual income for services performed and actual income from gifts, grants and contributions received in and , as provided on your Form 1023, are set forth below:

Actual Income for Services Rendered	\$	\$
Actual Income from gifts, grants, and contributions	\$	\$
Start up Loan from <u>A</u>	\$	

Your projected income for services performed and projected income from gifts, grants, and contributions for and , as provided on your Form 1023, is set forth below:

Projected Income for Services Rendered	\$	\$
Projected Income from gifts, grants, and contributions	\$	\$

Your actual expenses for and , as provided on your Form 1023, are set forth below:

Expense		
Compensation of officers, directors, and trustees		\$
Start up Loan Repayment to A		\$
Occupancy	\$	\$
Mileage	\$	\$

Your projected expenses for \_\_\_\_\_ and \_\_\_\_\_, as provided on your Form 1023, are set forth below:

Expense		
Compensation of officers, directors, and trustees	\$	\$
Occupancy	\$	\$
Mileage	\$	\$

Your Form 1023 provides that your Advisory Board is composed of six individuals from the community and you state that none of the Advisory Board members are compensated. Your letter, dated December 22, 2006, sets forth the primary purposes of the Advisory Board which are "to provide counsel to the Executive Director regarding the day to day operations of M," and to "provide counsel to the Executive Director about the future of M."

Your assistant to the Executive Director, B, is the Executive Director's spouse. She also receives no compensation for services rendered.

Relevant portions of your First Amended Operating Agreement related to the distribution of your assets as well as the management and membership interests of your organization are set forth below:

**Capital Contributions & Loans :**

- Article 2.1. The Member has contributed the assets set forth on Exhibit A, along with the filing fee and attorney's fees for forming the Company as the initial capital of the Company. In exchange therefore, the Member has received a membership interest in the Company.
- Article 2.4. The Member shall have no obligation to make loans or advances to the Company, but may do so in his discretion on such terms and conditions as he and the Company deem appropriate.

**Distributions:**

- Article 3.1. Except for distributions upon liquidation of the Company and subject to the additional restrictions set for in Paragraph 3.2 below, all cash receipts of the Company, minus all cash expenditures (including, without limitation, any principal payments on any indebtedness of the Company) for each fiscal year of the Company, less reserves set aside as determined by the Member, *shall be available for distribution to the Member at such times as the Member shall determine* (emphasis added).
- Article 3.2. No part of the net earnings of the Company shall inure to the benefit of, or be distributed to its members or other private persons, except that the Company shall be authorized and empowered to pay reasonable compensation or services rendered

and to make payments and distributions in furtherance of the purposes set forth in this Agreement.

- Article 3.3. Under no circumstances shall the Company or the Member cause the distribution of assets to *members who cease to be organizations described in section 501(c)(3) or the Internal Revenue Code or governmental units or instrumentalities* (emphasis added).

**Management & Membership Interests:**

- Article 4.1. The Member shall . . . have full and complete authority, power, discretion to direct, manage, and control the business, affairs, and properties of the Company, to make all decisions regarding such matters and to perform any and all acts and to engage in any and all activities necessary, customary, or incident to the management of the Company's business, affairs, and properties.
- Article 4.2. The Company shall maintain an Advisory Board at all times consisting of a minimum of five individuals with knowledge or experience in the areas of ministries similar those provided by the Company. Advisory Board members shall not own any interest in the Company and shall receive no compensation for serving as Advisory Board Members. The Member of the Company shall be the chairman of the Advisory Board and shall maintain records of all Advisory Board meetings.
- Article 5.2. Subject to the prohibition of any direct or indirect transfer of any membership interest in the Company to a transferee other than a section 501(c)(3) or (c)(4) organization or governmental units or instrumentality, the Member shall have the right, at any time, to transfer his membership interest in the Company . . . .
- Article 5.2 A. The Company, interests in the Company (other than a membership interest), or the Company's assets may only be availed of or transferred to (whether directly or indirectly) any nonmember other than a section 501(c)(3) organization or governmental unit or instrumentality in exchange for fair market value.
- Article 5.2 B. The Company is specifically prohibited from merging with, or converting into, a for-profit-entity.

**LAW:**

Section 501(c)(3) of the Internal Revenue Code describes, in part, an organization that is organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual. Section 1.501(c)(3)-1(d)(2) of the regulations provides that the term "charitable" is used in section 501(c)(3) of the Code in its generally accepted legal sense and includes the advancement of religion.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order for an organization to be exempt under section 501(c)(3) of the Code it must be both organized and operated exclusively for one or more of the purposes specified in that section. If an organization fails to meet either the organizational or operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. Section 1.501(a)-1(c) defines the words "private shareholder or individual" in section 501 to refer to persons having a personal and private interest in the activities of the organization.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations requires an applicant organization to show that it serves a public rather than a private interest and specifically that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy the exemption regardless of the number or importance of truly exempt purposes. The Court found that the trade association had an "underlying commercial motive" that distinguished its educational program from one carried out by a university.

In Founding Church of Scientology v. United States, 412 F.2d 1197 (Ct. Cl. 1969), cert. den., 397 U.S. 1009 (1970), the court, without considering the organizations beliefs, held that it did not qualify for exemption under IRC 501(c)(3) because its net earnings inured to the organization's founder and members of his family. The organization argued that it had paid its founder for expenses incurred in connection with his services, made reimbursements to him for expenditures on its behalf, and made some payments to him as repayments on a loan. The organization could produce no evidence of contractual agreements for services, documents evidencing indebtedness, or any explanation regarding the purposes for which expenses had been incurred.

In Bubbling Well Church of Universal Love, Inc. v. Commissioner, 74 T.C. 531 (1980) the tax court held that it did not qualify for exemption under IRC 501(c)(3) because it was operated for the benefit of the founder and his family and it could not be shown that no part of its net earnings inured to the benefit of the founder and his family. The court found that the organization was, at all times, "completely dominated by the family-a father, mother and son." They were the only voting members, composed the board of directors and were in a position to control the operations and activities of the organization indefinitely. The family could, without challenge, dictate the organizations programs, operations, budget, and spend its funds. The Tax Court also found inurement from the church to its founders and their son, who were the church's only employees. Almost all of the church's income was spent for the family members' "living allowances", parsonage allowance, medical expenses, travel and other items.

In Living Faith, Inc. v. Commissioner, 950 F. 2d 365 (7<sup>th</sup> Cir. 1991) aff'g 70 T.C. 352 (1978), the court held that a vegetarian restaurant and health foods store that adhered to the principles of the Seventh Day Adventist Church was not operated exclusively for exempt religious purposes, but rather for a substantial commercial purpose. The court examined the method of operations to infer the purposes. Although the organization catered to the dietary restrictions of the Church, its primary activities were managing a restaurant and health food store, operated in competition with commercial entities, charging competitive prices set by formulas common in the retail food business, and using commercial promotional methods.

Rev. Rul 77-430, 1977-2.C.B. 194 holds that an otherwise qualifying nonprofit organization that conducts weekend religious retreats, open to individuals of diverse Christian denominations, at a rural lakeshore site at which the participants may enjoy the recreational facilities in their

limited amount of free time and that charges no fees qualifies for exemption as operated exclusively for religious purposes.

In Rev. Rul. 69-383, 1969-2 C.B. 113, the Service held that a hospital's contract with a radiologist to pay him a percentage of the gross receipts of the radiology department did not result in inurement. The agreement had been negotiated on an arm's length basis, the radiologist did not control the hospital but was instead merely an employee, the amount received under the contract was reasonable in terms of the responsibilities and duties assumed, and the amount received under the contract was not excessive when compared to the amounts received by other radiologists in comparable circumstances.

RATIONALE:

Based on the information provided in your Form 1023 and supporting documentation, we conclude that you are not organized or operated exclusively for purposes described in section 501(c)(3) of the Code.

You have not shown that you are organized for exclusively exempt purposes because your operating agreement does not contain the required provisions for an LLC to qualify for exemption.

The Service will recognize the section 501(c)(3) exemption of an LLC that otherwise qualifies for exemption if it satisfies 12 specific conditions, set forth below. Generally, both the LLC's articles of organization and its operating agreement should separately meet the required 12 conditions; however for LLC's organized in states that restrict information that can be included in an LLC's articles of organization the LLC may meet the conditions through language in its operating agreement, regulations, or equivalent governing document, provided that there are no conflicting provisions in the articles of organization.

- a. The organizational documents must include a specific statement limiting the LLC's activities to one or more exempt purposes. This required statement may be satisfied by incorporating the following language: "This organization is organized exclusively for exempt purposes under section 501(c)(3) of the Internal Revenue Code."
- b. The organizational language must specify that the LLC is operated exclusively to further the charitable or social welfare purposes of its members.
- c. The organizational language must require that the LLC's members be section 501(c)(3) or (c)(4) organizations or governmental units or wholly owned instrumentalities of a state or political subdivision thereof ("governmental units or instrumentalities").
- d. The organizational language must prohibit any direct or indirect transfer of any membership interest in the LLC to a transferee other than a section 501(c)(3) or (c)(4) organization or governmental unit or instrumentality.



- e. The organizational language must state that the LLC, interests in the LLC (other than a membership interest), or its assets may only be availed of or transferred to (whether directly or indirectly) any nonmember other than a section 501(c)(3) organization or governmental unit or instrumentality in exchange for fair market value.
- f. The organizational language must guarantee that upon dissolution of the LLC, the assets devoted to the LLC's charitable purposes will continue to be devoted to charitable purposes.
- g. The organizational language must require that any amendments to the LLC's articles of organization and operating agreement be consistent with section 501(c)(3).
- h. The organizational language must prohibit the LLC from merging with, or converting into, a for-profit entity.
- i. The organizational language must require that the LLC not distribute any assets to members who cease to be organizations described in section 501(c)(3) or governmental units or instrumentalities.
- j. The organizational language must contain an acceptable contingency plan in the event one or more members ceases at any time to be an organization described in section 501(c)(3) or a governmental unit or instrumentality.
- k. The organizational language must state that the LLC's exempt members will expeditiously and vigorously enforce all of their rights in the LLC and will pursue all legal and equitable remedies to protect their interests in the LLC.
- l. The LLC must represent that all its organizing document provisions are consistent with state LLC laws, and are enforceable at law and in equity.

In particular your operating agreement does not contain the required language limiting LLC membership to section 501(c)(3) or (c)(4) organizations or governmental units or wholly owned instrumentalities of a state or political subdivision thereof ("governmental units or instrumentalities"). When asked whether you had such a provision, you provided the following response:

"M is a single member LLC and the Operating Agreement includes all transfer restrictions to other 501(c)(3) or (c)(4) organizations or wholly owned instrumentalities of a state or political subdivisions thereof ('governmental units or instrumentalities'). See Articles 3.2 and 5.2."

However, neither referenced article expressly limits membership in the LLC to the above stated organizations and instrumentalities. In fact, your only member is an individual who is not a 501(c)(3) or (c)(4) organization, governmental unit or instrumentality.

In response to whether your operating agreement contained an acceptable contingency plan in the event one or more members ceases at any time to be an organization described in section

501(c)(3) or a governmental unit or instrumentality, you provided the following: "See Articles 3.2, 5.2, 5.2B, and especially Article 6.2."

Article 3.2 provides that the Company or the members shall not under any circumstances cause the distribution of assets to members who cease to be 501(c)(3) organizations or governmental units or instrumentalities. Article 5.2 prohibits the direct or indirect transfer of membership interest in the Company to a transferee who is not a 501(c)(3) or (c)(4) or governmental unit or instrumentality. Article 5.2B prohibits the Company from merging with or conversion into a for-profit entity. Article 6.2 provides that assets distributed upon dissolution may only be used for exempt purposes. None of these articles address the specific situation where a member ceases to be a 501(c)(3) organization. In fact, your sole member is not a 501(c)(3) tax exempt organization and never has been, thus, even if these articles constituted an acceptable contingency plan you have failed to follow any course of action to implement your contingency plan.

Because you are a LLC and your operating agreement does not contain all of the required provisions we find that you are not organized for exclusively exempt purposes.

Even if it was determined that you were organized for exempt purposes, you have not clearly shown that you are operated for exclusively exempt purposes in accordance with section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations.

Although you state that your primary purposes are religious, in fact your primary activity is the provision of services in return for a fee paid by the facilities in which you perform your activities. You argue that "The fact that retirement home chapel services and the memorial services are provided for a fee for service basis does not negate that they are religious activities." You provide that your activities are "identical to Sunday morning worship services . . ." therefore your activities qualify as religious activities." The fact that your activities are religious in nature does necessarily mean that you are operating for an exempt religious purpose. The court in Better Business Bureau v. United States, 326 U.S. 279 (1945) held that the presence of a single substantial nonexempt purpose can destroy the exemption regardless of the number or importance of exempt purposes.

Unlike the organization in Rev. Rul 77-430 which conducted weekend religious retreats, open to individuals of all denominations and charged no fees but welcomed donations, you are providing a service for which the retirement facility is contracted to pay for. You state that you do not take offerings and claim that "[y]our primary compensation comes from fees paid by the facility to M." You provide that ". . . instead of taking offerings directly, the residents pay the facility, which in turns pays M." You argue that since the funds are derived from the fees paid by the residents, that "in a real sense our compensation comes from the residents attending our services." In fact, the fees are not paid by the residents to you, they cannot be characterized as donations or offerings, rather the payments you receive are payments for services rendered via a contract you have entered into with the facility.

Your Director, A, is essentially performing the same or substantially similar types of activities that he performed as a pastor, the only difference being that the services are now operated on a contract basis and for a fee. You provided that your fees are "similar to the hourly activity fees that other contracted individuals charge in the retirement home industry, such as musicians, special speakers, etc..." The manner in which you operate is similar to that of the health food

store in Living Faith, Inc. v. Commissioner, 950 F. 2d 365 (7<sup>th</sup> Cir. 1991) affg 70 T.C. 352 (1978), which managed a restaurant and health food store in a substantially commercial manner.

Section 1.501(c)(3)-1(c)(2) of the regulations provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. Section 1.501(a)-1(c) defines the words "private shareholder or individual" in section 501 to refer to persons having a personal and private interest in the activities of the organization. A, as the founder of the organization, and as the organization's sole director, has a personal and private interest in your organization and would clearly be considered an "insider."

You have not shown that your assets do not inure to any private individual. Your operating agreement was executed by and between you and your only member, your executive director, A, an individual. A, as the sole member therefore owns the entire 100% membership interest and has sole control over your distributions, including loans and advances (see Article 2.4). Article 3.1 of your operating provides that your assets "*shall be available for distribution to the Member at such times as the Member shall determine* (emphasis added)." Such distributions to the member are limited by Article 3.2 which provides that no assets shall inure to members or other private individuals except for the payment of reasonable compensation or make to payments and distributions in furtherance of the purposes set forth in your operating agreement. However, since your single member, A, has complete control over your organization, A, is essentially free to ignore these limitations.

In fact, A, in his capacity as the sole member, has made distributions in the form of compensation to himself totaling \$            and has also reimbursed himself for mileage expenses totaling \$           . Even though you have argued that this compensation was reasonable because the compensation paid to A was not "more than the average pastor for a similar sized congregation when benefits are included" the amount of the compensation is not the only factor in considering whether or not compensation would be considered reasonable. Rev. Rul. 69-383, *supra*, in finding that compensation paid to a radiologist by a hospital was not inurement looked at the additional factor of whether the compensation awarded was the result of arm's length negotiation and noted that the radiologist was not in control of the hospital. In your case, A, as the sole director, is in control of your organization and gave himself compensation for his services. A is free to increase the amount of compensation to himself without challenge. A, like the family in Bubbling Well Church, *supra*, can spend the organizations funds in any manner A chooses.

Your Form 1023 provides that you have paid \$            in actual occupancy expenses in            and            and have projected occupancy expenses totaling \$            for            and           . When asked to further describe your occupancy expenses you stated that you are based out of A's home and that A does not charge rent for use of office space or utilities. You further state that you pay for "monthly internet fees, monthly cell phone fees and for ink and paper for the copier and printer." In light of the fact that you state that you do not make any rental or utility payments, it is unclear what constitutes your occupancy expenses. You are similar to the organization described in Founding Church of Scientology v. Commissioner which could not produce evidence or offer explanations as to the purpose for which expenses had been incurred. See 412 F.2d 1197. In that case, the court found that the organizations net earnings had inured to the organization's

founder and members of his family. You, likewise, have failed to account for the listed occupancy expenses and have not clearly shown that those payments did not inure to the benefit of your sole member, A.

In addition to the fact that your sole member, A, has complete discretion over setting his own compensation, your operating agreement allows A to make loans or advances to your organization "on such terms and conditions as he and the Company deem appropriate." Since A is the sole member of your organization, A and "the Company" are essentially the same entity. In your original application you indicated that you did not enter into any lease contracts or loans with any officers, however your financial information submitted with your Form 1023 listed as actual revenue for a start up loan from A, in the amount of \$ as well as a corresponding repayment to A in the amount of \$ in . When asked to explain the inconsistency you stated:

. . . we believe there is no inconsistency in our answer based on how Question 8 is worded in past and future tenses 'Do you or will you have...' If the question had been in the past tense and asked 'Have you had . . .' we would have answered yes. Because the start-up loan was paid in full on March 15, and our application dated Jan. 19, , we thought we answered the question correctly.

You state that since you are a single member LLC and since A is the single member that there was no written agreement, but that the loan and its repayment are recorded in financial records, however, no additional financial records were submitted with your response. Although you indicated that the start up loan was an interest free loan you provided no documentation stating the specific terms of the loan. Attempting after the fact to demonstrate that an undocumented transaction followed a typical business arrangement will not prevent a finding of Inurement. See Founding Church of Scientology, supra.

In addition to requirements of exempt purpose, you must operate for public benefit. Section 1.501(c)(3)-1(d)(1)(ii) of the regulations require you to establish that you are not operated for the benefit of private individuals, such as your creator.

Your sole member is your only officer and director. He sets his own salary and makes all decisions about revenues and expenses, including loans. Your Advisory Board does not have any authority or oversight to provide accountability. Section 4.1 of your First Amended Operating Agreement provides that the member is the chairman of the Advisory Board and states that "The Member shall . . . have full and complete authority, power, discretion to direct, manage, and control the business, affairs, and properties of the Company, to make all decisions regarding such matters and to perform any and all acts and to engage in any and all activities necessary, customary, or incident to the management of the Company's business, affairs, and properties." You are like the family in Bubbling Well Church v. Commissioner, supra which could, without challenge, dictate the organizations programs, operations, budget, and spend its funds. Therefore it can not be shown that you are operated for public rather than private purposes as required by the regulations.

**CONCLUSION:**

Based on the information provided in your Form 1023 and supporting documentation, we conclude that you are not organized or operated exclusively for purposes described in section 501(c)(3) of the Code. You have failed to establish that that you are organized for exclusively exempt purposes because your operating agreement does not contain the required provisions for an LLC to qualify for exemption. In addition, you have not established that your activities exclusively serve a charitable purpose defined in section 501(c)(3), and you have not shown that your assets do not inure to any private individual. Your proposed operations further the private interests of your sole member and executive director.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(3) of the Code and you must file federal income tax returns.

Contributions to you are not deductible under section 170 of the Code.

You have the right to file a protest if you believe this determination is incorrect. To protest, you must submit a statement of your views and fully explain your reasoning. You must submit the statement, signed by one of your officers, within 30 days from the date of this letter. We will consider your statement and decide if the information affects our determination.

Your protest statement should be accompanied by the following declaration:

*Under penalties of perjury, I declare that I have examined this protest statement, including accompanying documents, and, to the best of my knowledge and belief, the statement contains all the relevant facts, and such facts are true, correct, and complete.*

You also have a right to request a conference to discuss your protest. This request should be made when you file your protest statement. An attorney, certified public accountant, or an individual enrolled to practice before the Internal Revenue Service may represent you. If you want representation during the conference procedures, you must file a proper power of attorney, Form 2848, *Power of Attorney and Declaration of Representative*, if you have not already done so. For more information about representation, see Publication 947, *Practice before the IRS and Power of Attorney*. All forms and publications mentioned in this letter can be found at [www.irs.gov](http://www.irs.gov), Forms and Publications.

If you do not file a protest within 30 days, you will not be able to file a suit for declaratory judgment in court because the Internal Revenue Service (IRS) will consider the failure to protest as a failure to exhaust available administrative remedies. Code section 7428(b)(2) provides, in part, that a declaratory judgment or decree shall not be issued in any proceeding unless the Tax Court, the United States Court of Federal Claims, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted all of the administrative remedies available to it within the IRS.

If you do not intend to protest this determination, you do not need to take any further action. If we do not hear from you within 30 days, we will issue a final adverse determination letter. That letter will provide information about filing tax returns and other matters.

Please send your protest statement, Form 2848 and any supporting documents to this address:

Internal Revenue Service  
SE:T:EO:RA:T:2  
1111 Constitution Ave, N.W.  
Washington, DC 20224

You may also fax your statement using the fax number shown in the heading of this letter. If you fax your statement, please call the person identified in the heading of this letter to confirm that he or she received your fax.

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

Sincerely,

Robert Choi  
Director, Exempt Organizations  
Rulings & Agreements