



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Date: July 20, 2021

Employer ID number:

Form you must file:

Tax years:

Person to contact:

Name:

ID number:

Telephone:

Release Number: **202141029**

Release Date: 10/15/2021

UIL: **501.03-30**

Dear _____ :

This letter is our final determination that you don't qualify for exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3). Recently, we sent you a proposed adverse determination in response to your application. The proposed adverse determination explained the facts, law, and basis for our conclusion, and it gave you 30 days to file a protest. Because we didn't receive a protest within the required 30 days, the proposed determination is now final.

Because you don't qualify as a tax-exempt organization under IRC Section 501(c)(3), donors generally can't deduct contributions to you under IRC Section 170.

We may notify the appropriate state officials of our determination, as required by IRC Section 6104(c), by sending them a copy of this final letter along with the proposed determination letter.

You must file the federal income tax forms for the tax years shown above within **30 days** from the date of this letter unless you request an extension of time to file. For further instructions, forms, and information, visit www.irs.gov.

We'll make this final adverse determination letter and the proposed adverse determination letter available for public inspection after deleting certain identifying information, as required by IRC Section 6110. 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 the Notice 437 on how to notify us. If you agree with our deletions, you don't need to take any further action.

If you have questions about this letter, you can call the contact person shown above. If you have questions about your federal income tax status and responsibilities, call our customer service

number at 800-829-1040 (TTY 800-829-4933 for deaf or hard of hearing) or customer service for businesses at 800 829 4933.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements

Enclosures:
Notice 437
Redacted Letter 4034
Redacted Letter 4038



Department of the Treasury
Internal Revenue Service
 P.O. Box 2508
 Cincinnati, OH 45201

Date: April 5, 2021

Employer ID number:

Contact person/ID number:

Contact telephone number:

Contact fax number:

UIC - 501 03-30

Legend:

A - Date

B - State

C = City

Dear _____ :

We considered your application for recognition of exemption from federal income tax under Internal Revenue Code (IRC) Section 501(a). We determined that you don't qualify for exemption under Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issue

Do you qualify for exemption under IRC Section 501(c)(3) of the Code? No, for the reasons stated below.

Facts

You submitted Form 1023-EZ, Streamline Application for Recognition of Exemption Under IRC Section 501(c)(3) of the Internal Revenue Code. You attested on Form 1023-EZ that you are organized and operated exclusively to further charitable and educational purposes. You also attested that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3) of the Code.

The description of your activities provided in your application states that you were formed to create networking events, promote other non-profits, and connects volunteering opportunities among professionals in the city of C. During review of your Form 1023 EZ, detailed information was requested supplemental to your attestations.

You are a corporation formed on A. We obtained, and shared with you, a filed copy of your organizing document from the B Secretary of State's website. Your organizing document, Articles of Incorporation, does not limit your purposes to one or more exempt purposes within the meaning of Section 501(c)(3) of the Code and does not prohibit you from engaging in activities that are not in furtherance of one or more exempt purposes.

Furthermore, your Articles do not have a proper dissolution clause that limits your transfer of assets, upon dissolution, to those organizations with an exempt purpose or to a Federal, State or local government, for a public purpose.

The description of your activities provided in your application states that you were formed to . These events grant members and guests the opportunity to network with each other as well as learn about volunteer efforts and philanthropy partners. Attendees are given color-coded name tags identifying their field of occupation for networking purposes.

You are a membership organization. Your membership is open to living in B. However, you state your activities are open to the public. Membership fees are currently charged annually.

Your activities take place in restaurants, bars, clubs, hotels and other similar venues around the city of C. Your activities are carried on , while the

You have indicated that a major percent of your total time will be spent on your social events.

Law

Section 501(c)(3) of the Code provides for the exemption from federal income tax of organizations organized and operated exclusively for educational purposes.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that to be exempt as an organization described in Section 501(c)(3) of the Code an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Treas. Reg. Sec. 1.501(c)(3)-1(b)(1)(i) provides that an organization will be regarded as “organized exclusively” for one or more exempt purposes only if its articles of organization limit the purposes of such organization to one or more exempt purposes and do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

Treas. Reg. Sec. 1.501(c)(3)-1(b)(4) holds that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose. An organization’s assets will be considered dedicated to an exempt purpose, for example, if, upon dissolution, such assets would, by reason of a provision in the organization’s articles or operation of law, be distributed for one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as “operated exclusively” for one or more exempt purposes only if it engages primarily in activities that accomplish one or more of such exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

In Revenue Ruling 68-504, 1968-2 CB 211, a nonprofit organization formed and operated to conduct an educational program for bank employees in an urban area qualifies for exemption under Section 501(c)(3) of the Code. It also publishes a professional magazine containing items of interest and assistance to the members and

conducts occasional social affairs to stimulate interest in its educational program. The social affairs involve an insubstantial part of the organization's activities.

Rev Rul 77-366, 1977-2 CB 192, provides that a nonprofit organization that arranges and conducts wintertime ocean cruises during which activities to further religious and educational purposes are provided in addition to extensive social and recreational activities is not operated exclusively for exempt purposes and does not qualify for exemption under Section 501(c)(3) of the Code. In addition to the usual cruise activities, the programs conducted on each cruise include a schedule of lectures, discussion groups, and special interest workshops on religious topics, at which attendance is not required. The organization accomplished both charitable and non-charitable purposes through its cruises.

In Better Business Bureau of Washington, D.C., Inc v. United States, 326 U.S. 279 (1945), states that the presence of a single non exempt purpose, if substantial in nature, will destroy the exemption regardless of the number and importance of truly exempt purposes.

Application of law Based on the information in the administrative record, we hold that you do not meet the operational requirements for recognition of tax exemption under Section 501(c)(3) of the Code. You fail the operational test as indicated in Treas. Reg. Section 1.501(c)(3)-1(a)(1) and Treas. Reg. Section 1.501(c)(3)-1(c)(1). In addition, you fail the organizational test under Treas. Reg. Sec. 1.501(c)(3)-1(b).

You are not operated exclusively for one or more exempt purposes because more than an insubstantial part of your activities is not in furtherance of an exempt purpose as provided under Treas. Reg. Section 1.501(c)(3)-1(c)(1). The presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption regardless of the number or importance of truly exempt purposes. Better Business Bureau of Washington D.C., Inc. v. United States, supra. Your social activities, as described in your application and your additional correspondence, constitute a substantial part of your activities; thereby precluding exemption under IRC Section 501(c)(3).

You are not similar to the organization described in Rev. Rul. 68-504 because that organization's social activities were an insignificant part of its overall activities. In comparison, your activities consist of a substantial amount of your overall activities.

You are similar to the organization described in Rev. Rul. 77-366 which conducted extensive social activities in addition to some educational and religious activities on its wintertime ocean cruises. These social activities were substantial in nature, and precluded exemption under IRC Section 501(c)(3).

Conclusion

We have determined that you do not meet the requirements for tax exemption under IRC Section 501(c)(3) of the Code. You are not operated exclusively for exempt purposes. You do not qualify for recognition of tax exemption because more than an insubstantial part of your activities is not in furtherance of exempt purposes. You do not meet the operational test as stated in Treas. Reg. Section 1.501(c)(3)-1(c)(1). And the organizational defects in your Articles of Incorporation do not meet the requirements of Treas. Reg. Secs. 1.501(c)(3)-1(b)(1)(i) and 1.501(c)(3)-1(b)(4).

If you agree

If you agree with our proposed adverse determination, you don't need to do anything. If we don't hear from you within 30 days, we'll issue a final adverse determination letter. That letter will provide information on your income tax filing requirements.

If you don't agree

You have a right to protest if you don't agree with our proposed adverse determination. To do so, send us a protest within 30 days of the date of this letter. You must include:

- Your name, address, employer identification number (EIN), and a daytime phone number
- A statement of the facts, law, and arguments supporting your position
- A statement indicating whether you are requesting an Appeals Office conference
- The signature of an officer, director, trustee, or other official who is authorized to sign for the organization or your authorized representative
- The following declaration:

For an officer, director, trustee, or other official who is authorized to sign for the organization:

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

Your representative (attorney, certified public accountant, or other individual enrolled to practice before the IRS) must file a Form 2848, Power of Attorney and Declaration of Representative, with us if they haven't already done so. You can find more information about representation in Publication 947, Practice Before the IRS and Power of Attorney.

We'll review your protest statement and decide if you gave us a basis to reconsider our determination. If so, we'll continue to process your case considering the information you provided. If you haven't given us a basis for reconsideration, we'll send your case to the Appeals Office and notify you. You can find more information in Publication 892, How to Appeal an IRS Decision on Tax-Exempt Status.

If you don't file a protest within 30 days, you can't seek a declaratory judgment in court later because the law requires that you use the IRC administrative process first (IRC Section 7428(b)(2)).

Where to send your protest

Send your protest, Form 2848, if applicable, and any supporting documents to the applicable address:

U.S. mail:

Internal Revenue Service
 EO Determinations Quality Assurance
 Mail Stop 6403
 P.O. Box 2508
 Cincinnati, OH 45201

Street address for delivery service:

Internal Revenue Service
 EO Determinations Quality Assurance
 550 Main Street, Mail Stop 6403
 Cincinnati, OH 45202

You can also fax your protest and supporting documents to the fax number listed at the top of this letter. If you fax your statement, please contact the person listed at the top of this letter to confirm that they received it.

You can get the forms and publications mentioned in this letter by visiting our website at www.irs.gov/forms or by calling 800-TAX-FORM (800-829-3676). If you have questions, you can contact the person listed at the top of this letter.

Contacting the Taxpayer Advocate Service

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or if you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

Sincerely,

Stephen A. Martin
 Director, Exempt Organizations
 Rulings and Agreements