



Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities

Date:
05/23/2022
Employer ID number:

Form you must file:
1120
Tax years:

Release Number: 202233019
Release Date: 8/19/2022
UIL Code: 501.00-00, 501.03-00, 501.03-30

All
Person to contact:
Name:
ID number:
Telephone:
 Check if 501(c)(3) denial
 Check if valid POA

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 Letter 437, Notice of Intention to Disclose - Rulings, and review the two attached letters that show our proposed deletions. If you disagree with our proposed deletions, follow the instructions in the Letter 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:

Letter 437

Redacted Letter 4034

Redacted Letter 4038

Hide blank fields.



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

Date:
December 22, 2021
Employer ID number:

Contact person/ID number:

Contact telephone number:

Contact fax number:

Legend:

B = date
C = state
D = city
E = areas
f dollars = amount

UIL:

501-00-00
501-03.00
501-03.30

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 IRC Section 501(c)(3). This letter explains the reasons for our conclusion. Please keep it for your records.

Issues

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

Facts

You submitted Form 1023-EZ, *Streamline Application for Recognition of Exemption Under 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 purposes. You also attested that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3).

During review of your Form 1023-EZ, detailed information was requested supplemental to your attestations. You adopted Bylaws and were formed as an unincorporated association on B in C. Your Bylaws state that you were established to maintain a meeting place that will benefit people in and around D and surrounding areas. Your Bylaws further state that upon termination or dissolution, any assets available for distribution shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

Your specific activities include providing residents of the area a community center for meetings, parties, gatherings, etc. at an affordable rate. The center is available to all counties in E including the D area, and is used as needed for community and family events. The facility is maintained by volunteers. Time spent varies

depending on season and center usage.

In a response to our request for additional information you have indicated your mission, in part, is to:

- Foster community relationships,
- Provide and encourage participation in community events for all age groups,
- Support community charitable efforts,
- Promote community educational opportunities,
- Aid community cultural development,
- Extend community communications to D area residents,
- Manage and maintain the facilities,
- Provide emergency shelter during a natural disaster and/or times of need.

Your rental fees for the building are f dollars per day. Rental fees are flat to individuals. Youth activities such as , , , etc. are allowed to use the building with no rental fee as needed.

Income reported for your previous tax years included rental fees and donations. Your annual expenses includes utilities and other expenses described as repairs, maintenance and insurance.

Law

IRC Section 501(c)(3) provides, in part, for the exemption from federal income tax organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, in order to be exempt as an organization described in IRC Section 501(c)(3), 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. 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 IRC 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.

Treas. Reg. Section 1.501(c)(3)-1(d)(2) defines the term charitable as including the relief of the poor and distressed or of the underprivileged, and the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, or to combat community deterioration. The term “charitable” also includes lessening of the burdens of government.

In Revenue Ruling 75-198 an organization that establishes a service center providing information, referral, counseling services relating to health, housing, finances, education, and employment, as well as a facility for specialized recreation for a particular community's senior citizens, who need not become members to obtain the services or participate in the activities, may qualify for exemption under section 501(c)(3) of the Code.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 179 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy a claim for exemption

under Section 501(c)(3) of the Code regardless of the number or importance of truly exempt purposes.

Application of Law

In order to qualify for exemption as described in IRC Section 501(c)(3), you must be both organized and operated exclusively for one or more of the purposes as described in Treas. Reg. Section 1.501(c)(3)-1(a)(1). You are not operating exclusively for exempt purposes described under Section 501(c)(3); rather, your primary activity is to maintain a facility that will be used by the residents of the area for meetings, parties, gatherings, etc. for an affordable price.

To satisfy the operational test under Treas. Reg. Section 1.501(c)(3)-1(c)(1) an organization must establish that it is operated exclusively for one or more exempt purposes. You were formed for the purpose of maintaining and renting a community center. Your activities are not charitable as defined in Treas. Reg. Section 1.501(c)(3)-1(d)(2). See the organization who received exemption in Revenue Ruling 75-198, that operated exclusively for senior citizens in offering a community center for their activities. While your community center would serve certain charitable organizations, such as the _____ and _____, or _____ groups, the other individuals and groups renting and using this facility are not all underserved or exclusively charitable. Because your activities do not further IRC Section 501(c)(3), you do not qualify for exemption.

As stated in Better Business Bureau of Washington, D.C., Inc., the presence of a single non-exempt purpose, if substantial in nature will destroy a claim for exemption under IRC Section 501(c)(3). Since operating and maintaining a community center does not exclusively further Section 501(c)(3) purposes, you do not qualify for exemption under Section 501(c)(3).

Conclusion

Based on the information submitted, you are not operating exclusively for exempt purposes within the meaning of IRC Section 501(c)(3). Your only activity is operating and maintaining a community center. Therefore, you do not qualify for exemption under Section 501(c)(3).

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-pubs 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