



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

Date:  
05/17/2023  
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Number: **202332015**  
Release Date: 8/11/2023

**UIL: 501.03-00, 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](http://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



**Department of the Treasury**  
**Internal Revenue Service**  
PO Box 2508  
Cincinnati, OH 45201

**Date: 03/13/2023**

**Employer ID number:**

**Person to contact:**

Name:

ID number:

Telephone:

Fax

**Legend:**

W = Date

X = Date

Y = Names

Z = Location

**UIL:**

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, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code on W.

You attest that you are an unincorporated association, and you were formed on X. You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of IRC Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3).

You attest that you are organized and operated exclusively to further charitable purposes. You attest that you have not conducted and will not conduct prohibited activities under IRC Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals

- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

On your Form 1023-EZ, you state that you are a not-for-profit organization dedicated to providing a safe and organized space for hosting family reunion events, fundraisers and activities aimed at fostering continued family growth.

After review of your Form 1023-EZ, detailed information regarding your activities was requested. You are a membership organization whose members consist of Y. Your activities involve hosting family reunions and family gathering events, as well as conducting activities including, but not limited to, cookouts, cultural events, talent shows, etc., with the members of Y being considered the participants.

You will conduct these activities in various locations depending on what is decided by the reunion chairs for the event year. Most of your events will be held in Z, where the roots of Y align. You will aim to gather and have these activities once a year. You will charge fees to family members based on the cost of the activities planned and the age of participants. You will charge children and disabled adults a lesser rate than traditional adults.

Your source of revenue comes exclusively from family dues. Your expenditures are for grocery foods, the and propane, catering food, visiting local landmarks, tents and trash removal, and T-shirts. You will carry over any remaining funds to help cover costs for the next event.

Finally, you provided your bylaws as your organizing document which were adopted on X, which is the date you attested that you were formed. Your bylaws state your purpose is to improve the quality of family reunion events and activities. They also state under the heading "Description" that "The Association is organized for charitable, educational, religious or scientific purposes within the meaning of IRC Section 501(c)(3)."

#### **Law**

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for religious, charitable, or other purposes as specified in the statute. No part of the net earnings may inure to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(3)-1(a)(1) states that, 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(d)(1)(ii) provides that an organization is not organized and operated exclusively for charitable purposes unless it serves a public rather than a private interest.

Treas. Reg. Section 1.501(c)(3)-1(d)(2) provides that the term “charitable” is used in IRC Section 501(c)(3) in its generally accepted legal sense and includes, among other things, lessening the burdens of government, relief of the poor and distressed or of the underprivileged, advancement of education or science, erection or maintenance of public buildings, monuments, or works, and promotion of social welfare by organizations designed to accomplish any of the above purposes, or in part to defend human and civil rights secured by law.

Revenue Ruling 67-367, 1967-2 C.B. 188, describes an organization whose sole activity was the operation of a "scholarship plan" for making payments to pre-selected, specifically named individuals. The organization did not qualify for exemption under IRC Section 501(c)(3) because it was serving the private interests of its subscribers rather than public or charitable interests.

Revenue Ruling 69-175, 1969-1 C.B. 149, describes an organization created to provide bus transportation for school children to a tax-exempt private school. The organization was formed by the parents of pupils attending the school. The organization provided transportation to and from the school for those children whose parents belonged to the organization. Parents were required to pay an initial family fee and an additional annual charge for each child. The Service determined that "when a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest."

In Callaway Fam. Assoc. Inc. v. Commr. of Internal Revenue, 71 T.C. 340 (Tax 1978), the petitioner argues that there are “hundreds, perhaps thousands” of individuals who would become linked by participation in its association. However, even though “family” may refer to many individuals with a common heritage, their interests, because of the size and diversity of the group, do not become a “public” interest. The mere number of activities accomplish an exempt purpose. Whether there were 6 or 600 members, it is evident that they joined only because the purposes and activities of the organization were “for” and “about” Callaway.

In Schoger Foundation v. Commissioner, 76 T.C. 380 (1981), it was held that if an activity serves a substantial non-exempt purpose, the organization does not qualify for exemption even if the activity also furthers an exempt purpose.

In Minnesota Kingsmen Chess Association v. Commissioner, T.C. Memo 1983-495, the organization sponsored chess tournaments, provided chess magazines and books to libraries, offered free chess lessons, and published a newsletter that primarily contained reports of past tournaments and announcements of future ones. The petitioner sought exemption under Section 501(c)(3) because its purposes and activities were described as educational. The court found that the promotion of chess tournaments furthered a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 1985-162, the Tax Court held that a science fiction society failed to qualify for tax-exempt status under IRC Section 501(c)(3). Although many of the organization's functions at its annual conventions (the organization's principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational in nature.

#### **Application of law**

You do not meet the requirements for recognition of tax exemption under IRC Section 501(c)(3) because you fail the operational test as described in Treas. Reg. Section 1.501(c)(3)-1(a)(1).

You do not meet the operational test under IRC Section 501(c)(3) because you are not operated exclusively for charitable purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). You conduct an activity that provides direct benefits to members of Y that is more than insubstantial in nature. You are not operated exclusively for charitable purposes as required by Treas. Reg. Section 1.501(c)(3)-1(d)(2).

You do not serve a public interest as required by Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) because you are operating for the benefit of Y, and therefore you are serving a private interest.

You are like the organization described in Revenue Ruling 67-367. Like that organization, your activities serve to benefit your members which consist of Y rather than for the benefit of the public. For example, you are hosting family reunions and family gathering events and activities including, but not limited to, cookouts, cultural events, talent shows, etc., with the members of Y being considered the participants. This illustrates that your activities are directed toward pre-selected individuals.

You are like the organization described in Revenue Ruling 69-175. The group of parents in Rev. Rul. 69-175 provided a cooperative service for themselves and thus served their own private interests. Like that organization, you were formed to host family reunion activities specifically for members of Y. Similar to the organization in Callaway Fam. Assoc., your activities are centered around a specific family, which is Y, and therefore you are serving the private interests of Y. Although you may conduct some exempt activities, you have a single nonexempt purpose that is substantial in nature. This precludes you from qualifying for exemption under IRC Section 501(c)(3) as explained in Schoger Foundation v. Commissioner.

You are like the organizations described in Minnesota Kingsmen Chess Association and St. Louis Science Fiction Limited in that more than an insubstantial amount of your activities is devoted to non-501(c)(3) purposes. While there may be educational activities at your events, the recreational and social purposes are substantial and outweigh any of the IRC Section 501(c)(3) purposes that you may further.

### **Conclusion**

Based on the facts presented, you do not qualify for exemption from federal income tax as an organization described in IRC Section 501(c)(3). You are not operated exclusively for exempt purposes as set forth in Section 501(c)(3). You are operated to further the private interests of Y and are operating for a substantial non-exempt purpose.

### **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 Determination 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  
PO 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](http://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](http://www.taxpayeradvocate.irs.gov) or call 877-777-4778.

Sincerely,

Stephen A. Martin  
Director, Exempt Organizations  
Rulings and Agreements