



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

Date:
11/06/2023
Employer ID number:

Form you must file:
1120
Tax years:
All
Person to contact:
ID number: :

Release Number: 202405009
Release Date: 2/2/2024
UIL Code: 501.00-00,
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.

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: 9/13/2023

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

- B = Date
- C = State
- D = Date
- E = Date
- Z = Name
- p dollars = Amount
- q dollars = Amount
- r dollars = Amount
- s 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, on D.

You attest that you were formed on E, in the state of C. 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 the 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 and educational 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

You stated on the Form 1023-EZ that your mission is “to enhance the lineage society world with like minded people who create hereditary organizations.” Your objective “is to assist a newly forming group into a fully formed entity, inviting those founders into membership to perpetuate the circle.”

Detailed information was subsequently requested. You were formed as an unincorporated association on B in C by adopting your Guidelines. According to your Guidelines, your objectives are to afford opportunities for national founders of hereditary organizations to engage in fellowship, and to draw from the group a few volunteers who will serve to encourage and advise persons embarking on similar endeavors. Your Guidelines are silent regarding the disposition of your assets upon dissolution.

You help new heritage/lineage societies to grow and prosper. You assist with suggestions for their bylaws, officer duties, fee structure, art of insignia, design of application form, establishing bank accounts, promotion of the new society to increase membership, and help with filing for nonprofit status. Basically, you assist with the administrative conception and creation of new societies. Generally, you assist a few new societies each year. You are an umbrella for fledgling societies; you encourage any new group to obtain their own nonprofit status as soon as they can afford to do so. You make donations to other non-profit societies to help them grow and you also use your fund to educate and assist in any new society’s conception

Board members are chosen based on their specific area of specialty in helping newly forming groups. Your general membership is open to any founding member of a lineage society. Founding members (including co-founding members) are individuals who initiated or in some circumstances, revived national hereditary society groups. You provide a preliminary checklist for items to be considered for building a new organization. All members and governing body members meet annually for a fellowship meeting. The annual meeting is also a regular business meeting for the board to discuss day-to-day business, reading of minutes, reports from officers, and projections for future activities. Other meetings are scheduled as needs arise.

The fee for a Regular Life Membership is p dollars, which includes a pin with your insignia and one membership certificate. Applications for recognition in your listing and a supplemental certificate for each additional group that a member founded costs q dollars at the time of the application, or r dollars if submitted at a later date. Successor member life membership fee is set at r dollars.

You currently have members and society groups. You did not provide any detail on how your members are different from your society groups. Some of your society groups are recognized under IRC Section 501(c)(3). You promote new society through your website, Facebook account, and at your meeting. You also include a listing of societies with contact person name and information in your website.

Your revenue comes from membership fees. Expenses cover administrative and office costs.

We requested your educational materials and information regarding your educational program. You do not have any educational programs or materials of your own. Each society is responsible for their own educational materials. You have no involvement with any educational program.

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 netearnings may inure 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(b)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

- (a) Limit the purposes of such organization to one or more exempt purposes; and
- (b) Do not expressly empower the organization engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Treas. Regs. Section 1.501(c)(3)-1(b)(1)(iv) states that in no case shall an organization be considered to be organized exclusively for one or more exempt purposes, if, by the terms of its articles, the purposes for which such organization is created are broader than the purposes specified in IRC Section 501(c)(3).

Treas. Reg. Section 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 which 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)(1)(ii) provides that an organization is not organized and operated exclusively for exempt purposes unless it serves a public rather than a private interest.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) defines the term educational as the instruction or training of the individual for the purpose of improving or developing his capabilities or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 72-369, 1972-2 C.B. 245, an organization was formed to provide managerial and consulting services for IRC Section 501(c)(3) organizations to improve the administration of their charitable programs. The organization enters into agreements with unrelated Section 501(c)(3) organizations to furnish managerial and consulting services on a cost basis. This revenue ruling stated that: An organization is not exempt merely because its operations are not conducted for the purpose of producing a profit. To satisfy the 'operational test' the organization's resources must be devoted to purposes that qualify as exclusively charitable within the meaning of Section 501(c)(3) and the applicable regulations. Providing managerial and consulting on a regular basis for a fee is a trade or business ordinarily carried on for profit. The fact that the services in this case are provided at cost and solely for exempt organizations is not sufficient to characterize this activity as charitable within the meaning of Section 501(c)(3). Furnishing the services at cost lacks the donative element necessary to establish this activity as charitable. Thus, the organization did not qualify for exemption under Section 501(c)(3).

Rev. Rul. 80-301, 1980-2 C.B. 180, describes a genealogical society whose membership is open to all interested persons in a particular geographical area. The society provides instruction in genealogical research techniques to both members and the general public through monthly lectures held in the community center. It distributes instructional manuals, sponsors tours of historical museums, donates books and other research materials on genealogy to the area's public library, maintains a display board in a community center listing the early pioneers from the area, and conducts a free genealogical speakers bureau. It also conducts various historical genealogical research projects the results of which are made available to the state historical society. By providing these programs, the society instructs the public on subjects useful to the individual and beneficial to the community within the meaning of Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i). The organization is operated exclusively for educational purposes and qualifies for exemption under IRC Section 501(c)(3).

Rev. Rul. 80-302, 1980-2 C.B. 182, describes an organization was formed to locate, acquire, restore, and preserve all available genealogical records of a particular family. Membership is limited to lineal or legal descendants of the family. The organization's primary activity is the compilation of genealogical data on its members. Compilation, publication, preservation, and distribution of genealogical data has some education value to the individual members. However, when these activities are primarily limited to one particular family, the activities do not advance education to benefit the public interest within the meaning of Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii). Any benefit to the general public is merely incidental to the private benefit accruing to family members.

Revenue Procedure 2022-5, 2022-1 I.R.B. 256, Section 3 states that a determination letter or ruling on exempt status is issued based solely upon the facts and representations contained in the administrative record. The applicant is responsible for the accuracy of any factual representations or attestations contained in the application. Section 6 (and its predecessors) provides that a favorable determination letter or ruling will be issued to an organization only if its application and supporting documents establish that it meets the particular requirements of the section under which exemption from federal income tax is claimed.

In Universal Life Church, Inc. v. United States, 372 F. Supp. 770 (E.D. Cal. 1974), the court concluded that "one seeking a tax exemption has the burden of establishing his right to a tax-exempt status."

In The Callaway Family Association, Inc. v. Commissioner, 71 T.C. 340 (1978), the court held that a family association formed as a nonprofit organization to study immigration to and migration within the United States by focusing on its own family history and genealogy does not qualify for exemption under IRC Section 501(c)(3). The association's activities included researching the genealogy of its members for the ultimate purpose of publishing a family history. The court stated that the association's family genealogical activities were not insubstantial and were not in furtherance of an exempt purpose. Rather, they served the private interests of the members. Thus, the association was not operated exclusively for exempt purposes.

Pius XII Academy, Inc. v. Commissioner, T.C. Memo. 1982-97, affd. 711 F.2d 1058 (6th Cir. 1983), provides that an organization must establish through the administrative record that it operates as an exempt organization. Denial of exemption may be based solely upon failure to provide information describing in adequate detail how the operational test will be met.

In La Verdad v. Commissioner, 82 T.C. 215 (1984), the administrative record did not demonstrate that the organization would operate exclusively in furtherance of an exempt purpose. Therefore, denial of organization's request for tax-exempt status was reasonable.

New Dynamics Foundation v. United States, 70 Fed. Cl. 782 (2006), was an action for declaratory judgment that the petitioner brought to challenge the denial of his application for exempt status. The court, in finding that the actual purposes displayed in the administrative record supported the Service's denial, stated "It is well-accepted that, in initial qualification cases such as this, gaps in the administrative record are resolved against the applicant." The court noted that if the petitioner had evidence that contradicted these findings, it should have submitted it as part of the administrative process. The court also highlighted the principle that exemptions from income tax are matters of legislative grace.

Ohio Disability Association v. Commissioner, T.C. Memo 2009-261 (2009), states denial is justified because responses to requests for additional information failed to supplement the initial application or clarify purposes and activities, and generalizations did not provide sufficient detail to determine that the organization would be operated exclusively for exempt purposes.

Application of law

A ruling on exempt status is based solely on facts and representations in the administrative file. You have not provided supporting documentation to establish you meet the requirements of IRC Section 501(c)(3). IRC Section 501(c)(3) sets forth two main tests for qualification for exempt status. As stated in Treas. Reg. 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in IRC Section 501(c)(3).

Your Guidelines state your objectives are to afford the opportunity for national founders of hereditary organization to engage in fellowship. Additionally, your Guidelines contain no provision on assets distribution upon your dissolution. Offering fellowship opportunities is not one of the exempt purposes described under IRC Section 501(c)(3) and it is much broader than the purposes specified in Section 501(c)(3). As a result, you have not satisfied the organizational test described in Treas. Reg. Sections 1.501(c)(3)-1(b)(1)(i), 1.501(c)(3)-1(b)(1)(iv) and 1.501(c)(3)-1(b)(4).

You do not meet the operational test under IRC Section 501(c)(3) because you are not operating exclusively for educational purposes as required under Treas. Reg. Sections 1.501(c)(3)-1(c)(1). Your assistance on the administrative conception and creation of new heritage/lineage societies is not instruction or training for individuals. You are not like the organization described in Rev. Rul. 80-301. You do not offer any lectures or any educational programs. You have not demonstrated how your administrative assistance are educational in nature. As provided in Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i), you have not established that your operations accomplish exclusively educational purposes.

Similar to the organizations described in Rev. Rul. 80-302 and The Callaway Family Association Inc., your assistance on the administrative conception and creation of new heritage/lineage societies furthers the private interest of these societies within the meaning of Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

You are focused on providing consulting type activities to start up societies. As noted in Rev. Rul. 72-369, provision of consulting services to other IRC Section 501(c)(3) do not serve a charitable purpose. You provided no evidence of how any of your activities further an exempt purpose. Thus, you do not meet the operational test as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1).

You did not provide sufficient facts in your application establishing you are operated exclusively for IRC Section 501(c)(3) purposes. You have provided no evidence that any exempt purposes were furthered by your operations. Therefore, there is not sufficient documentation to establish that you meet the requirements of Section 501(c)(3) as required by Revenue Procedure 2022-5. As in Universal Life Church, you have the burden of establishing that you qualify for tax exemption.

In Pius XII Academy, Inc., La Verdad, and New Dynamics Foundation, it was established that an organization must establish, through its administrative record, that it meets the requirements for exemption. Because you failed to provide sufficient details in your initial application and the additional information you provided did not meet the statutory and regulatory requirements for exemption, you have not established that you meet the requirements for exemption under IRC Section 501(c)(3). As provided in New Dynamics Foundation, any gaps in the administrative record will be resolved against the applicant. Similarly, in Ohio Disability Association, the court found that even when additional information was provided, but it contained generalizations and failed to clarify purposes, denial is justified. You did not provide sufficient supplemental information; therefore, we are unable to determine that you qualify for exemption.

Applicant's Position

Your protest reiterated your goal of educating and instructing newly forming genealogical organizations. You included several pages from a directory of your members, which includes both member organizations and organizations who have come to you for assistance. You feel that publicity is of major importance when an organization is beginning a genealogical group and seeking members.

Your protest provided an updated set of Bylaws to provide further explanations. The document lists your objectives including, but not limited to the following:

- To afford the opportunity for founders of hereditary organizations to engage in fellowship.
- To draw volunteers who can be available to encourage, instruct, educate, and advise persons of embarking on similar endeavors. This may include training on applying for opening bank accounts, website development, securing publicity, creating a membership application process, and meeting preparation.

- To further instruction and education through a . Speakers will include presentations on how to do genealogical research, as well as how to start a lineage society and other topics as requested. These will be available free of charge.
- To assist lineage and heritage societies through promotion to the public via the preparation and dissemination of pamphlets, brochures, or other similar publications, which you will pay for but will benefit the societies.

The Bylaws also expounded on the types of membership you offer. Membership is open to any person who is 18 years of age or older and are members of a lineage society. Personal membership is only offered in the form of a life membership. Sustainer membership is p dollars for a life membership. Organization membership is free, but the society must consist of more than forty members and be invited to join.

Those with personal (or individual) memberships are invited to your annual assembly. This type of membership is offered to the founder (or co-founder) of a lineage society or organization. It is requested that personal members wear the insignia of their organization and indicate the vision and mission of their organization. Fees paid for this type of membership pay for a certificate and insignia.

Sustainer memberships include all the same rights as personal memberships but are open to presiding officers of the particular lineage society or organization who are not considered founders

Organization memberships are available to any lineage society or heritage group.

Also included in the Bylaws are the guidelines for Z which is a grant of v dollars you will offer because you are aware of the costs of starting a new family genealogical society. It is offered to organizations who obtain membership in you and have no more than t dollars in liquid assets at the time of applying. Recipient organizations must have at least one founder who is recognized as a personal or individual member. The recipient organization must also show that they have nonprofit status and show proof of good standing with the Internal Revenue Service. Applications for Z will be accepted for consideration if received by the end of the calendar year. The application will be evaluated by your governing body and voted on at your next annual meeting.

The updated Bylaws sufficiently limit your assets to be dedicated to exempt purposes under IRC Section 501(c)(3).

In response to our assertion that you have no educational materials of your own, you responded that You stated that you cannot instruct, or educate until a request from an organizing group is received. You further indicated that your educational information may not be printed; however, if a person does not know a piece of information and comes to you for help, you consider that educating the person in the process of starting a genealogical society. This is one of the ways your comes into play.

You further indicated that if a person comes to you for instruction on setting up a lineage society due to lack of information/education on their part, you are ready to instruct them in best practices. You note that if you teach individuals best practices then those practices will be carried forward as the individuals helps to create more lineage societies to honor our ancestors.

Our Response to Your Position

Your protest did not change our position. You have not shown that you are operating exclusively for educational purposes required by Treas. Reg. Sections 1.501(c)(3)-1(c)(1). Your activities of providing assistance to genealogy societies regarding best practices and publishing a directory which includes both member

organizations and organizations who have come to you for assistance is not instruction or training for individuals within the meaning of the regulations. You also afford the opportunity for founders of hereditary organizations to engage in fellowship which does not further an exempt purpose under IRC Section 501(c)(3). You are similar to the organization described in The Callaway Family Association Inc. You have some educational purposes but as a whole your activities are not exclusively dedicated to exempt purposes. You engage in activities that serve your members' private interest and these activities are not insubstantial. The fact that only your members are eligible for Z demonstrates this. Any educational benefit to the public conducted by you is incidental to this private purpose.

Conclusion

You have not demonstrated how your operations further any specific exempt purpose. Thus, you are precluded from exemption under IRC 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 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 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.

This letter supersedes our letter dated August 8, 2022.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements