



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

Date:
11/14/2025
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202606005
Release Date: 2/6/2026
UIL Code: 501.03-00, 501.33-00

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**

Date:
09/26/2025
Employer ID number:

Person to contact:
Name:
ID number:
Telephone:
Fax:

Legend:

M = Date
N = State
O = Name
p dollars = Dollar
q dollars = Dollar
r dollars = Dollar
S = Number
t dollars = Dollar
U = Number
V = Number

UIL:
501.03-00
501.33-00

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.

You attest that you were an unincorporated association on M in the state of N. 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 IRC 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 state that you are formed to aid your membership with medical expenses arising from sickness, injury, or family emergency, and to promote community and social health for your membership. Detailed information was requested supplemental to the above attestations.

You state that you organize social events such as annual retirement parties, holiday parties, and summer BBQ for your members. Your membership is open to any full-time and permanent employees of O that have completed their probationary period and have completed their payroll deduction form for dues. Members pay dues of p dollars every other week. You reimburse members for uncovered medical expenses up to a maximum of q dollars annually and a r dollars life insurance benefit per member. You currently have S members. You also donate to local charities and community members.

You maintain a program to reimburse medical expenses for any members that are out of work sick or injured without the benefit of sick leave. Members submit a request for financial assistance, your board investigates and votes to decide whether or not to give aid. If aid is given, it will not be more than half of the recipient's gross biweekly pay and will be paid on or about each payday for a duration of time set by your board. You also provide up to t dollars annually for members who are confined to a hospital to pay hospital bills not covered by the member's insurance.

Members are eligible to receive life insurance benefit either upon death or retirement after U years of service as an active member, or if they retire due to a job-related medical disability. If a member retires with at least V years of membership then they can petition your board to cash in their life insurance benefit for half of its value on a pro-rated scale. If a member chooses not to cash out life insurance benefit they can pay the difference in dues between their current membership length, and the U year requirement, and they will then be eligible for the full r dollars benefit.

You also organize fundraising events for your members to help with medical expenses. You have hosted a fundraiser for an individual member whose spouse suffered a prolonged medical event, a member who suffered an on the job injury and was forced to retire medically, and for a member whose child suffered a tragic incident.

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, 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 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) states that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. It must not be operated for the benefit of designated individuals or the persons who created it.

Revenue Ruling 67-367, 1967-2 C.B. 188, describes a nonprofit 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 from federal income tax under IRC Section 501(c)(3) because it was serving private rather than public or charitable interests.

In Better Business Bureau of Washington, D.C., Inc. v. U.S., 326 U.S. 279 (1945), the court held that the presence of a single non-exempt purpose, if substantial in nature, will preclude exemption, regardless of the number or importance of statutorily exempt purposes.

In Policemen's Benevolent Association of Westchester County, Inc. v. Commissioner, 42 T.C.M. (CCH) 1750 (T.C. 1981) the court held that the association's payment of retirement benefits to its members was a substantial activity of the association, which primarily served a private purpose. No one other than the association's members, even other county policemen, was eligible for the retirement benefits. Also, the payment of benefits was in no way based on need. Thus, the association was operating a publicly funded, non-qualified pension plan, and any intended benefit to the public was merely incidental.

In The Korean-American Senior Mutual Association, Inc. v. Commissioner, T.C. Memo 2020-129 (2020), the Tax Court held that a membership organization, which collected dues and additional fees to pay out burial benefits to the families of its deceased members, was operating in a fee-for-service manner and, therefore, failed to qualify for exemption under IRC Section 501(c)(3), as its activities served private rather than public interests; it operated in a commercial manner; and it did not serve a charitable class.

Application of law

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests to qualify for exempt status. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). You have failed to meet the operational test, as explained below.

You are not described in Treas. Reg. Section 1.501(c)(3)-1(c)(1) because more than an insubstantial part of your

activities is devoted to the non-exempt private purpose of providing retirement benefits to your dues paying members. Members join, pay dues, and receive retirement benefits after they reach at least 5 years of membership. This program is not open to the general public, and members must pay dues to receive a benefit. This causes your program to further a substantial non-exempt private purpose.

You are not operated exclusively for exempt purposes under Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) because, like the organization described in Revenue Ruling 69-175, substantially all your activities further the private interests of your members, and any benefit to the general public is incidental.

Similar to the organization described in Policemen's Benevolent Association, you maintain a retirement benefits program that serves a substantial private purpose. As held in Better Business Bureau, a single non-exempt purpose, if substantial, will preclude tax exemption under IRC Section 501(c)(3). By providing retirement benefits exclusively to your dues paying members or their families, without regard to financial hardship, you are operating similarly to the organization described in The Korean-American Senior Mutual Association. Although a portion of your activities involve charitable donations and covering medical expenses for those in need, a substantial portion of your activities are dedicated to serving the private interests of your members, which will preclude exemption under Section 501(c)(3).

Conclusion

You do not qualify for exemption under IRC Section 501(c)(3). You fail the operational test because you are serving the private interests of your dues paying members rather than public interest.

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.

Sincerely,

Stephen A. Martin
Director, Exempt Organizations
Rulings and Agreements