



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

Date:  
01/09/2026  
Employer ID number:

Form you must file:

Person to contact:

Release Number: 202614031  
Release Date: 4/3/26  
UIL Code: 501.03-00, 501.30-00, 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](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  
Letter 4038



Department of the Treasury  
Internal Revenue Service

Date:  
11/18/2025  
Employer ID number:

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

**Legend:**

B = State  
C = Date  
D = Entity

**UIL:**  
501.03-00  
501.30-00  
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 below:

**Facts**

You submitted Form 1023-EZ, Streamline Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code.

You attest that you were incorporated in the B on 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 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 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 more than expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

Your Form 1023-EZ describes your mission or most significant activities as providing civic and social services and assistance for the benefit, betterment, social improvement, and social welfare of the residents and property owners of D.

During review of your Form 1023-EZ, detailed information was subsequently requested supplemental to the above attestations.

Your Articles of Incorporation indicate your specific and primary purpose is to provide civic and social services and assistance for the benefit, betterment, social improvement, and social welfare of the residents and property owners of D. Your Articles also indicate one of your general purposes is to purchase, lease, acquire, own, and sell personal properties to promote your primary purpose.

You operate as a membership association of homeowners within the boundaries of the D. Your membership includes any individual or entity who becomes an owner of any lot of property within the D. You assess and collect monthly fees from your members. The fees are collected for maintenance of the common properties. The monthly fees are based on the number of lots owned by members. You also have yearly assessments or charges payable annually.

Members in good standing are those who abide by the rules in your bylaws, follow any portion of zoning ordinances in effect, and make timely payments in full for all your assessments. Late fees are charged for missing, insufficient, or late payments, and you will take legal action against delinquent assessments, including placing a lien on a member's lot(s) to secure payment of the assessment, which you will have the authority to foreclose the lien. If a suit is filed, the property owner will be obligated to pay all legal fees and related expenses.

You indicated that your facilities and common areas are for residents only. You operate a swimming pool with a playground area, a covered pavilion, picnic tables, and a meeting hall, in addition to several parks with small lakes for fishing. All facilities and common areas are for the sole use and benefit of your members and their guests. The D lakes shall not be obstructed in any manner, including by boats or floating devices. You administer and enforce covenants and restrictions to preserve association property.

## Law

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

Treasury Regulation Section 1.501(c)(3)-1(a)(1) provides 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 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 to engage, other than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

Treas. Reg. Section 1.501(c)(3)-1(c)(1) provides that an organization will be regarded as operating exclusively for exempt purposes if it engages primarily in activities that accomplish 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 or operated exclusively for one or more exempt purposes unless it serves the public rather than a private interest. Thus, the organization must establish that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

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 the advancement of religion or science.

Revenue Ruling 69-175, 1969-1 C.B. 149, describes an organization which was formed by parents of pupils attending a private school. The organization provided bus transportation to and from the school for those children whose parents belong to the organization. The organization did not qualify for exemption under IRC Section 501(c)(3) because it served a private rather than the public interest.

Rev. Rul. 75-286, 1975-2 C.B. 210, held that a nonprofit organization with membership limited to the residents and business operators within a city block and formed to preserve and beautify the public areas in the block, thereby benefitting that particular city block of the community and enhancing members' property rights, did not qualify for exemption under IRC Section 501(c)(3).

In Better Business Bureau of Washington, D.C., Inc., v. United States, 326 U.S. 279 (1945), the Court held that the existence 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.

In Benedict Ginsberg and Adele W. Ginsberg v. Commissioner, 46 T.C. 47 (1966), exemption was retroactively revoked from a corporation organized to conduct the dredging of certain waterways. It was held that the corporation was organized and operated primarily for the benefit of those persons owning property adjacent to the waterways dredged rather than for public or charitable purposes.

In Columbia Park and Recreation Association, Inc. v. Commissioner, 88 T.C. 1 (1987), an organization incorporated to establish, advance, and perpetuate any and all utilities, systems, services, and facilities within a private development to promote the general welfare of its people with regard to health, safety, education, culture, recreation, comfort or convenience, was not exempt under IRC Section 501(c)(3). The Court held the organization lacked a “sufficient public element” because it was essentially an aggregation of homeowners and tenants bound together as part of a real estate plan and not the “community at large” within a charitable context. The organization relied on liens and assessments on property owned by members, and people financing the operation had rights to receive benefits offered based on property ownership, thus serving private interests rather than the public interest and precluding exemption under Section 501(c)(3).

### **Application of law**

IRC Section 501(c)(3) and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests for an organization to be recognized as exempt. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). Based on the information you provided in your application and supporting documentation, we conclude that you have failed to demonstrate how you meet the organizational and operational tests.

You do not satisfy the organizational test because your Articles fail to appropriately limit your purposes to those exempt purposes specified in IRC Section 501(c)(3) as required by Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i). Your purposes as stated in your Articles do not exclusively further exempt purposes under Section 501(c)(3).

You do not meet the operational test under IRC Section 501(c)(3) because you have not shown you are operating exclusively for exempt purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). You serve the private interests of your members because you operate like a homeowners' association. You maintain common properties and provide lot ownership privileges for members for a fee, which does not serve any exempt purposes and is substantial in nature. A single, substantial non-exempt purpose will preclude exemption as described in Better Business Bureau of Washington, D.C., Inc. Because more than an insubstantial portion of your activities accomplish non-exempt purposes, you are precluded from exemption under Section 501(c)(3).

You do not further any charitable purposes as described in Treas. Reg. Section 1.501(c)(3)-1(d). Your activities do not include the advancement of religious or science and are not limited to the relief of the poor and distressed or the underprivileged but rather to homeowners and their guests within the boundaries of the D. You also do not promote social welfare by lessening neighborhood tensions, eliminating prejudice and discrimination, or combatting community deterioration. Your association does not exclusively conduct activities to combat community deterioration, such as improving dilapidated housing conditions or rejuvenating decaying community infrastructure. Therefore, you are precluded from exemption under Section 501(c)(3).

You are like the organization in Rev. Rul. 69-175 in that you were formed to serve the private interests of the members of your association. Your facilities are not open for use by the public. Your activities include providing maintenance for lot owners of your association. Maintaining property that would otherwise have to be maintained by your individual members serves private interests. Therefore, your activities primarily serve the

private interests of your members, which precludes you from exemption as described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

You are like the organizations described in Rev. Rul. 75-286 and Benedict Ginsberg and Adele W. Ginsberg in that your activities, i.e., providing lot ownership for the common use land for your members and having facilities inside to be used only by owners, serve private interests rather than the public interest. Your activity is not beneficial to the general public because you operate like a homeowners' association and serve the private interests of your members. Any benefits resulting from your activities are incidental to the general public, precluding exemption under IRC Section 501(c)(3).

You are also like the organization described in Columbia Park and Recreation Association, Inc. as you assess fees upon your restricted membership to facilitate payment for the maintenance and upkeep of all the properties associated within the bounds of D. Similar to this organization, you lack a sufficient public element as you are also an aggregation of homeowners brought together by your association to serve their private interests, not to serve the community at large or the public interest. Again, this is contrary to the provisions of Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii), precluding exemption under IRC Section 501(c)(3).

### **Conclusion**

Based on the facts presented, you are not organized or operated exclusively for exempt purposes as set forth in IRC Section 501(c)(3). You are formed for the private benefit of your members for a substantial non-exempt purpose. Therefore, you do not qualify for exemption under Section 501(c)(3), and contributions to you are not deductible by your donors.

### **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