



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

Date:
02/10/2026
Employer ID number:

Form you must file:

Person to contact:

Release Number: 202619019
Release Date: 5/8/26
UIL Code: 501.03-30, 501.33-00, 501.35-00

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
Letter 4038



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

Date:
12/18/2025
Employer ID number:

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

Legend

B = State
C = Date
D = Date
x dollars = dollar range
y percent = percentage

UIL

501.03-30
501.33-00
501.35-00

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 meet the operational test under IRC Section 501(c)(3)? No, for the reasons stated below.

Facts

You formed in the State of B as a non-profit mutual benefit corporation on C to serve and assist those who educate the public about the special needs and capabilities of individuals requiring assisted living services, including nurses, caregivers, and providers, thereby preserving the dignity of, and improving the quality of life for, individuals requiring assisted living services, improving care for vulnerable populations.

You are currently exempt from federal taxation under IRC Section 501(c)(6) as a business league. On D, you filed amended and restated Articles of Corporation in the State of B, indicating you are organized exclusively for charitable purposes under IRC Section 501(c)(3) as a nonprofit corporation under the Nonprofit Mutual Benefit Corporation Law, with a specific purpose to operate as a trade association for nurses that work in assisted living.

You are a membership-based organization formed to promote the professional growth of assisting living nursing professionals through education, research, and participation in public policy forums. You provide your members:

- Access to a nationwide network of colleagues through technology, state leadership, and local chapters
- Education through the development and maintenance of credentials for the assisted living nursing specialty practice that includes a certification examination, relevant educational materials, and opportunities for continuing professional education
- Enhancement of competence and compliance by communicating relevant educational research, legislative policies and changes, evidence-based best practices, and continuing education materials and digital publications

- Participation in committees dedicated to advancing an active interest in the assisted living nursing practice and ensuring your members have a voice in local, state, and national policy discussions

Your individual memberships include active, associate, and student/retired. In addition to the above services, you provide these members with special access to web-based educational resources, including newsletters, a professional journal, comprehensive leadership education series, seminars with access to clinical guidelines and evidence-based practices, as well as discounts on continuing education credits, long-term care insurance, and conference registration.

You also offer memberships for institutions, such as academic, vendor, nonprofit, proprietary, and company or corporate. In return for membership, these members may receive national brand and/or organizational recognition and market their products and services to your members with numerous low-cost advertising options. You further delineate these memberships into fee-based categories offering various levels of benefits, such as logos and discount job postings on your website, access to state chapter events, free exhibit tables at conferences, and discount ads in your newsletter.

Dues are different for each membership option and range from x dollars per year. Your gross revenues are primarily derived from membership fees and receipts from activities related to your exempt purposes, such as merchandise sold, or services performed for your members. Your expenses largely consist of disbursements for the benefit of your members and compensation paid to your officers and directors.

You spend y percent of your time and resources on educational, networking, and credentialing activities, and the remainder on legislative actions involving your participation in public policy forums.

Law

IRC Section 501(c)(3) provides for the recognition of exemption from federal income tax for organizations that are organized and operated exclusively for charitable, educational, or other exempt purposes as specified in the statute, provided no part of the net earnings of which 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 under 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)(1)(ii) provides that an organization is not organized or operated exclusively for any exempt purpose in IRC Section 501(c)(3) unless it serves the public interest rather than a private interest. Thus, an organization must establish it is not organized or operated for the benefit of private interests, such as designated individuals, shareholders, 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, to defend human and civil rights secured by law, or to combat community deterioration. The term “charitable” also includes the advancement of religion or science.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) defines the term “educational” with the meaning of IRC Section 501(c)(3) as the instruction or training of individuals for the purpose of improving or developing their capabilities, or the instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 55-656, 1955-2 C.B. 262, provided a publicly funded nursing bureau, operated as a community project, to maintain a register of all qualified professional and paraprofessional medical personnel for the benefit of hospitals, health agencies, doctors, and community members, qualified for exemption under IRC Section 501(c)(3).

Rev. Rul. 61-170, 1961-1 C.B. 112, provided that an association composed of nurses, which operated a nurses' registry to afford its members greater employment opportunities, was akin to a commercial employment agency and did not qualify for exemption under IRC Section 501(c)(3). Although the public received some benefit, such as a registry which listed available nursing services, the primary interests served were those of its members, who received greater employment opportunities in exchange for paying membership dues, fees, and assessments.

Rev. Rul. 71-504, 1971-2 C.B. 231, provided that a city medical society, operating for the common business interest of its members, was not exempt under IRC Section 501(c)(3). Although some of its activities furthered educational purposes, the organization did not exclusively do so because it conducted, to a substantial degree, nonexempt purposes, including holding meetings concerned with matters affecting the promotion and protection of the practice of medicine, thereby promoting the common business interest of its members.

Rev. Rul. 71-505, 1971-2 C.B. 232, provided that a city bar association, operating for the common business interest of its members under IRC Section 501(c)(6), was not exempt under IRC Section 501(c)(3). Like the city medical society in Rev. Rul. 71-504, some of its activities furthered educational purposes, but its activities were primarily directed to the promotion and protection of the practice of law, furthering its members' common business interest and not charitable or educational purposes under Section 501(c)(3).

Rev. Rul. 71-506, 1971-2 C.B. 233, describes a professional society that qualified for exemption under IRC 501(c)(3), because it engaged exclusively in scientific and educational activities by conducting scientific research, devoted to the development of data on basic physical phenomena, in its own laboratory, with a full-time paid staff, and published its research in a journal and maintained a library where its data was stored for public review.

Rev. Rul. 73-567, 1973-2 C.B. 178, provided that a medical specialty board that devised and administered a written exam to physicians in a particular medical specialty, and issued certificates to successful candidates, was a business league and, therefore, not exempt under IRC Section 501(c)(3). While some public benefit derived from ensuring high professional standards in a particular medical specialty, the board's activities were directed to serving the private interests of the medical profession and those practitioners who paid for such a designation.

Rev. Rul. 74-553, 1974-2 C.B. 168, provided a medical peer review board, formed by members of a state medical association, to establish and maintain standards for quality, quantity, and reasonableness of costs of medical services did not qualify for exemption under IRC Section 501(c)(3), because its primary purpose was to establish and maintain the professional standards, prestige, and independence of those within the organized medical profession, which furthered private interests through a common business interest.

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279 (1945), the Supreme Court of the United States held that the presence of a single non-exempt purpose, if substantial, will destroy a claim for exemption, regardless of the number or importance of truly exempt purposes.

Application of law

IRC Section 501(c)(3) sets forth two main tests for qualification of exempt status. Per Treas. Reg. Section 1.501(c)(3)-1(a)(1), an organization must show it is both organized and operated exclusively for exempt purposes. Based on the information you provided to us, you have not shown you are organized or operating exclusively for exempt purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1) for the following reasons:

1. You failed the organizational test under IRC Section 501(c)(3).
2. You failed the operational test for not exclusively furthering IRC Section 501(c)(3) purposes.
3. You failed the operational test for serving private interests.

Organizational Test under IRC Section 501(c)(3)

You are organized as a mutual benefit corporation, which is typically formed for the mutual benefit of its members, thus serving a limited number of specific individuals. Public benefit corporations, on the other hand, are generally formed to benefit the public, which is one requirement for exemption per Treas. Reg. Section 1.501(c)(3)-1(a)(1). Therefore, you do not pass the organizational test under IRC Section 501(c)(3).

Operational Test - Not Exclusively Furthering IRC Section 501(c)(3) Purposes

As described in Treas. Reg. Section 1.501(c)(3)-1(d)(2), you are not exclusively furthering charitable purposes. Providing your members with education, networking, credentialing, and opportunities to market and sell their products, as well as participating in public policy forums, does not further charitable purposes under IRC Section 501(c)(3). Some benefits from your activities may flow to the public, such as improved delivery of care by enhancing your members' competence and compliance, but these are secondary benefits. Further, while your members may serve vulnerable populations who are distressed or poor, you do not serve these populations. Instead, you serve the common business interest of your members, whom you have not established are distressed or poor.

Per Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i), you do not operate exclusively for educational purposes. Although your educational activities may enhance the competence and compliance of your members, which, in turn, may improve the delivery and quality of care for assisted living residents, such improvements are secondary to your primary purpose—and, unless those activities are exclusively directed toward the public, you do not further educational purposes within the meaning of IRC Section 501(c)(3). Even if the public is benefitted by the education of healthcare professionals, you are formed to further the common business interest of your members, which serves their private interest and not the public interest, precluding exemption.

Similar to the organizations denied exemption under IRC Section 501(c)(3) in Rev. Rul. 71-504 or Rev. Rul. 71-505, you may conduct educational activities, but unless those activities are exclusively directed toward the public, you do not further educational purposes within the meaning of Section 501(c)(3). Your activities, like those of the city medical society or city bar association, are directed at promoting the practice of a profession, which furthers the common business interests of practitioners and does not exclusively further exempt purposes under Section 501(c)(3). Conversely, you are not like the professional society granted exemption in Rev. Rul. 71-506, which is distinguished from those in Rev. Rul. 71-504 and 71-505, since its activities exclusively furthered exempt purposes by conducting scientific research for public use. It had no purposes, committees, or activities aimed at improving the conditions of its members and their profession; it was devoted exclusively to scientific research for public use.

You are also similar to the medical specialty board denied exemption in Rev. Rul. 73-567, because your professional certification allows your members to hold themselves out to the public as specialists; and, although the certification provides secondary benefits to the public, such as ensuring high professional standards, it is optional and, like the medical specialty board, directed toward your members' common business interest, precluding exemption.

Operational Test - Serving Private Interests

Per Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii), you must exclusively operate for the public interest and not your members' private interests. This is further illustrated in Better Business Bureau of Washington, D.C., Inc., in which it was held that the presence of a substantial non-exempt purpose will destroy a claim for exemption, regardless of the number or importance of other exempt purposes.

By providing your members with education, networking, credentialing, and opportunities to advertise and market their products and services, as well as participating in public policy forums to promote the improvement of business conditions within your members' specialized line of nursing, you are not operating exclusively for exempt purposes as required by Treas. Reg. Section 1.501(c)(3)-1(c)(1). You are, instead, serving the private interests of your members by furthering their common business interest, i.e., assisted living nursing care. Any benefits flowing to the public are secondary and incidental, precluding exemption under Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

Similar to the organization denied exemption in Rev. Rul. 61-170 for operating like a commercial employment agency for the private interests of its members, the general public may receive some benefits from your activities. However, these benefits are secondary to your primary purpose of furthering your members' common business interest and, thus, serving their private interests by offering your services and goods to your members in exchange for dues, which precludes exemption under Section 501(c)(3).

Likewise, you are dissimilar to the organization granted exemption in Rev. Rul. 55-656, which furthered the public interest by operating a community nursing bureau, supported by public funds, to provide an underserved area with qualified medical personnel. In contrast, you operate as a professional society, funded by membership dues, to serve the private interests of your members by furthering their common business interest.

You are also similar to the medical peer review board denied exemption in Rev. Rul. 74-553 in that your activities may promote the betterment of the nursing profession through enhanced competence and compliance of your members, resulting in some benefit to assisted living residents, but your primary purpose is to further your members' common business interest by establishing and maintaining professional standards, prestige, and independence of those within the specialty practice of assisting living nursing care. Therefore, your activities, like those of the review board, are not exclusively directed toward the public interest, precluding exemption under IRC Section 501(c)(3).

Conclusion

You do not qualify for federal tax exemption under IRC Section 501(c)(3). You are organized and operated primarily to serve the private interests of your members, and any benefit to others, such as assisting living residents or the general public, is secondary to your primary purpose, which does not exclusively further exempt purposes under Section 501(c)(3). Your exemption under IRC Section 501(c)(6) has not changed as of the date of this letter.

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 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