



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

Date:
02/20/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202620006
Release Date: 5/15/26
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
Letter 4038



Department of the Treasury
Internal Revenue Service

Date:
01/05/2026
Employer ID number:

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

Legend:

Q = State
R = Date
S = Region
T = 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 incorporated in the state of Q on R.

Your membership is open to any person from two zones of the S who live in the state of Q. Your purpose is to help members financially and emotionally in times of family loss with bereavement and illness. When a member experiences death and funeral service you collect donations to help the grieving family in the culturally practiced grieving process. These donations are distributed to the grieving family by check. Board members do not decide on the donation amounts, rather they receive the donations and provide it to the member affected.

Similarly, you also collect donations for members experiencing a long-term illness for more than T days, if it is proven that the member did not receive any other benefits from the government or other charitable organizations. These donations are distributed to the members who have experienced long term illness and are limited to one time a year. Board members do not decide on the donation amounts, rather they receive the donations and provide it to the member affected. You are primarily funded through membership fees.

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) provides 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 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 operates exclusively for exempt purposes if it engages primarily in activities that accomplish exempt purposes specified in IRC Section 501(c)(3). An organization must not engage in substantial activities that fail to further an exempt purpose.

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

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 preselected, 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.

Rev. Rul. 69-175, 1969-1 C.B. 149, describes an organization formed by parents of pupils attending a private school. The organization provided school bus transportation for its members' children. The organization's income approximately equaled the expenses involved in its operations. The ruling states that when a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest. By providing bus transportation for school children, the organization enabled the participating parents to fulfill their individual responsibility of transporting their children to school. Thus, the organization serves a private rather than a public interest. Accordingly, it is not exempt from federal income tax under IRC Section 501(c)(3).

Rev. Rul. 75-286 1975-2 C.B. 210, held that an organization enhancing the value of its members' property rights, by the restricted nature of its membership and the limited area in which its improvements are made, indicate that the organization is organized and operated to serve the private interests of its members within the meaning of Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii). Accordingly, although the organization is primarily engaged in promoting the general welfare of the community, it is not organized and operated exclusively for charitable purposes and does not qualify for exemption under IRC Section 501(c)(3).

In Better Business Bureau of Washington D.C., v. United States, 326 U.S. 279, 66 S. Ct. 112, 90 L. Ed. 67 (1945), the Supreme Court stated that the presence of a single nonexempt purpose, if substantial in nature, will preclude exemption under IRC Section 501(c)(3), regardless of the number or importance of statutorily exempt purposes.

In The Korean-Am. Senior Mut. Ass'n v. Commissioner, T.C. Memo. 2020-129 (U.S. Tax Ct., 2020), the court held that an organization was not operated exclusively for any of the purposes indicated in IRC Section 501(c)(3) because it was a membership organization whose main purpose was to provide burial grants for the

private benefit of its members. Therefore, the law does not permit it to qualify as an exempt organization described in 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 to qualify for exempt status. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). Furthermore, Treas. Reg. Section 1.501(c)(3)-1(c)(1) states that to be operated exclusively for one or more exempt purposes, an organization must engage primarily in activities that accomplish one or more exempt purposes specified in Section 501(c)(3).

You are like Rev. Rul. 67-367, Rev. Rul. 69-175, and Rev. 75-286 that share a similar fact pattern:

- A limited membership,
- Dues paid for membership, and
- Benefits provided to the members.

Given those facts, each of the rulings held the organization served private interests rather than the public interest. You share the same fact pattern of a limited membership, dues paid for membership, and benefits provided to members, and you serve the private interest of your members rather than the public interest. You, therefore, fail the operational test and do not qualify for exemption as an organization described under IRC section 501(c)(3). See Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

You are like the organization described in The Korean-Am. Senior Mut. Ass'n that was denied exemption under IRC Section 501(c)(3) because you are a membership organization whose only purpose is to provide financial help to your members in times of family loss with bereavement and illness which furthers the private interests of your members.

You are like the organization described in Better Business Bureau of Washington D.C., that was denied exemption under IRC Section 501(c)(3) because you have a substantial nonexempt purpose. Collecting membership fees and donations and only dispersing these funds to your members in their time of need, furthers the private interests of your members rather than public interests, which is a nonexempt purpose.

Conclusion

Based on the information provided, you substantially serve the private interests of your members rather than the interests of the public. Therefore, you do not qualify for IRC Section 501(c)(3) status.

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