



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

Date:  
04/06/2026  
Employer ID number:

Form you must file:

Tax years:

Person to contact:

Release Number: 202627015  
Release Date: 7/2/26  
UIL Code: 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](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

Redacted Letter 4038



Department of the Treasury  
Internal Revenue Service

Date:  
02/18/2026

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

**Legend:**

X = Date

Y = State

Z = Individual

**UIL:**

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 were formed as a domestic limited liability company (LLC) on X in Y. Your Articles of Organization state that you were formed for "Ministering/Teaching about God and His Word. Prayer ministrations, Church. Praise and worship. Books and literature." Your Articles are silent regarding the disposition of your assets upon dissolution. Your Articles indicate that Z is your sole member. Z is also the sole member of your Board of Directors. You didn't submit an operating agreement, and you don't have Bylaws.

Your activities include teaching of God's word as obtainable in the Bible, ministering and preaching God's word based on same Holy Scripture, prayer provided for the needs of the members, praising and worshipping of God, provision of needed resources to aid learning, and administration of the activities. Your worship services are held at \_\_\_\_\_ and \_\_\_\_\_ on Sundays. On average, you have \_\_\_\_\_ attendees at your services. You indicated that you have no established congregation and no members. Your services are conducted at Z's home.

Regarding your request to also be classified as a school, you said that you are an elementary school but have no students this year and you have one faculty member and one administrative staff member. You project that you will have \_\_\_\_\_ students and a single faculty member next year, as well as two administrative staff members. You said that Z is your founder and donor of the building. You provided no details of your educational program.

We requested additional information regarding your organizing document and your formation as an LLC. We provided instructions on possible reformation to an organization other than as an LLC. You provided very little detail regarding your proposed activities for the church or school. We requested additional information about each of your activities, which required detailed answers. In response to the questions, rather than provide details, you said you are a “Limited Liability Organization” and that “The Ministry is a Church and a School.” In response to our request for detailed information about your activities, you simply said, “This ministry offers services to members of our Community and the Public.”

You said that your activities are funded through Z’s private savings and “offering.”

### **Law**

IRC Section 501(c)(3) provides, in part, for the exemption from federal income tax of organizations organized and operated exclusively for charitable, religious or educational purposes, no part of the net earnings of which inures 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), the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section. An organization that fails to meet either the organizational or operational test 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 limit the purposes of the organization to one or more exempt purposes and do not expressly empower the organization to engage otherwise than in an insubstantial part of its activities in activities which in themselves are not in furtherance of one or more exempt purposes.

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.

Revenue Procedure 2026-5, 2026-1 IRB 258, 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.

Notice 2021-56, 2021-45 I.R.B. 716, 2021, sets forth current standards that a limited liability company (LLC) must satisfy to receive a determination letter recognizing it as tax-exempt under IRC Section 501(a) and described in Section 501(c)(3).

Notice 2021-56, Section 3.02 provides the required provisions that an LLC must have in their articles of organization and operating agreement. To qualify, both the LLC’s articles of organization and its operating agreement must include:

- 1) Provisions requiring that each member of the LLC be either (i) an organization described in section 501(c)(3) and exempt from taxation under section 501(a) or (ii) a governmental unit described in section 170(c)(1) (or wholly owned instrumentality of such a governmental unit).
- 2) Express charitable purposes and charitable dissolution provisions in compliance with Treas. Reg. Sections 1.501(c)(3)-1(b)(1) and (4).
- 3) The express chapter 42 compliance provisions described in section 508(e)(1), if the LLC is a private foundation.
- 4) An acceptable contingency plan (such as suspension of its membership rights until a member regains recognition of its section 501(c)(3) status) in the event that one or more members cease to be section 501(c)(3) organizations or governmental units (or wholly owned instrumentalities thereof).

Notice 2021-56, Section 3.03 provides required provisions regarding representation on enforceability. The LLC must represent that all provisions in its articles of organization and operating agreement are consistent with applicable state LLC law and are legally enforceable.

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 Peoples Prize v. Comm'r, 87 T.C.M. (CCH) 813 (2004), the Tax Court concluded that an organization failed to establish that it was operated for exempt purposes under IRC Section 501(c)(3). The court stated that the organization had "for the most part, provided only generalizations in response to repeated requests by [the IRS] for more detail on prospective activities." These "generalizations do not satisfy us," the court concluded, that the applicant qualifies for exemption.

In New Dynamics Foundation v. United States, 70 Fed. Cl. 782 (2006), the U.S. Court of Federal Claims held that the IRS properly denied tax exempt status under IRC Section 501(c)(3) to a nonprofit corporation that was organized to promote and contribute to charitable causes. In reaching this conclusion, the court stated, "It is well-accepted that, in initial qualification cases [any] gaps in the administrative record are resolved against the applicant," adding that courts "can draw inferences adverse to a taxpayer seeking exempt status where the taxpayer fails to provide evidence concerning its operations, or where the evidence is vague or inconclusive.

Ohio Disability Association v. Commissioner, T.C. Memo 2009-261 (2009), held that 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**

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).

#### **Organizational Test**

Your purposes as stated in your Articles of Organization are too broad and aren't limited to those as defined in Section 501(c)(3). Additionally, your Articles of Organization are silent regarding the disposition of your assets

upon dissolution. As a result, you have not satisfied the organizational test described in Treas. Reg. Sections 1.501(c)(3)-1(b)(1)(i) and 1.501(c)(3)-1(b)(4).

You are formed as an LLC. There are certain standards outlined in Notice 2021-56 for organizations seeking exemption under IRC Section 501(c)(3) that are formed as an LLC. Your Articles of Organization don't meet the organizational requirements outlined in Notice 2021-56 because:

- Membership is not limited to organizations exempt under IRC Section 501(c)(3) or a governmental unit described in section 170(c)(1);
- Your Articles of Organization have no express charitable purpose and charitable dissolution provisions to comply with Treas. Reg. Sections 1.501(c)(3)-1(b)(1) and 1.501(c)(3)-1(b)(1)(4); and
- Your sole member is an individual, not entities who are exempt under IRC Section 501(c)(3) or governmental units (or wholly instrumentalities thereof).

Your Articles of Organization also don't meet the requirements of Section 3.03 of Notice 2021-56 because they don't include any representations about enforceability. You do not have an operating agreement or bylaws, so it's unclear if your operations are consistent with applicable state LLC law.

#### Operational Test

You fail the operational test because you haven't submitted sufficient information for us to conclude that you are operated exclusively for charitable, religious, or educational purposes as described in IRC Section 501(c)(3). You didn't provide details about your activities in your application. To claim the benefits conferred under Section 501(c)(3), an organization must establish through the administrative record that it operates as an exempt organization. See Pius XII Academy, Inc.

Because the activities you described in your application were vague and lacking detail, we asked for additional information including specific details about your activities. You responded to our request with one sentence - "This ministry offers services to members of our Community and the Public." As explained in Peoples Prize, generalizations aren't sufficient when responding to requests for more detail on prospective activities. Therefore, you have not provided sufficient documentation to establish that you are exempt from taxation as required by Section 501(c)(3) and Rev. Proc. 2026-5. See New Dynamics Foundation and Ohio Disability Association.

#### **Conclusion**

Based on the information submitted, you fail both the organizational and operational tests. You are formed as an LLC, but your formation document doesn't include a description of an IRC Section 501(c)(3) purpose and is silent regarding the disposition of your assets upon dissolution. You also fail to meet the requirements of Notice 2021-56 as an LLC that can qualify for exemption under Section 501(c)(3) because your organizing document doesn't have an express charitable purpose or dissolution clause, and your sole member is an individual rather than an organization described in Section 501(c)(3). You fail the operational test because you did not provide a detailed description of your activities. Therefore, based on the administrative record, you fail to qualify for exemption under 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](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