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

IRS

Date:
04/21/2026
Employer ID number:

Form you must file:

Tax years:
All
Person to contact:
Name:
ID number:
Telephone:

Release Number: 202629020
Release Date: 7/17/26
UIL Code: 501.03-00, 501.03-05, 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

IRS

Date:
03/04/2026

Employer ID number:

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

UIL:
501.03-00
501.03-05
501.33-00

Legend:
B = Date
C = State
d dollars = Dollar Range
e dollars = Dollar
f dollars = Dollar Range
g dollars = Dollar Range
h percent = Percent
k percent = Percent
m percent = Percent

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 incorporated on B in the state of C. Your Bylaws state that your purpose is to foster a healthy community by operating a sustainable makerspace, built on an alliance of guilds. You focus on supporting your makers, especially those from marginalized backgrounds, by providing access to a wealth of equipment relevant to the arts and trades.

You will provide a highly available, well-equipped fabrication and art space which includes private rental spaces and community workshops for your members. Your makerspace provides your members with workspaces and the tools needed to empower them to create their projects.

Membership is open to individuals pursuing creative, educational, and entrepreneurial activities. Members pay d dollars per month to receive 24/7 access to your keycard and access code locked building and shared resources.

Members can also rent private studio spaces at e dollars per square foot per month, ranging from f dollars per month, depending on size. Free temporary storage is available throughout the building and private lockers and shelves are available to rent for g dollars per month.

Guests of members must complete a waiver form before entering and must be accompanied at all times by an active member. Guests may visit twice before they are required to become a member. Guests are not permitted to use any tools or equipment without receiving approved training or your written permission. Each member receives two guest passes per month.

Member art is displayed for sale in artist studios and on your website. You do not purchase or curate art pieces. Art is listed on your website after being submitted by each artist. Proceeds from art sold online are distributed back to the artist minus a h percent administrative fee. The artist sets their own prices that are reflected on your website. Your role is limited to making space and basic administrative support available so that artists can share and market their work without having to assume the expense and complexity of operating a retail venue. You allocate k percent of your budget to development and maintenance of your makerspace and sale of art for your members.

You provide guild support, by building structures of members around areas of fabrication and art specialty, with the intent to grow a skilled community for your artists to learn from. You provide member orientations/training on space equipment, policy, and best practices to ensure safe use of the space and tools. You also provide individualized guidance to members who seek advice on running a small business. This includes one-on-one conversations and informal coaching when members have questions on structuring their business. You plan to expand this into more formal educational programming, offering workshops, classes, and seminars covering topics such as forming and incorporating a small business, financial literacy, bookkeeping, and managing business finances. You will also develop skills-development curricula and develop programs of apprenticeship for skilled crafts and trades, in partnership with existing trades organizations. You anticipate hiring qualified outside instructors and contractors to lead these programs. You allocate m percent of your budget to guild support.

In addition, you will coordinate access to social services programs for members in need by building a community mutual aid network. You will operate a prison outreach program to offer currently incarcerated people an outside community and opportunities to exhibit art and to identify incarcerated people nearing release to plan assistance with re-integration. You will build a network of affiliate professional service providers and material and equipment suppliers that offer products and services to your members at a discount. You will operate a program for member's product development, licensing, and fabrication services. You allocate h percent of your budget to these member services.

You are primarily funded by membership subscriptions, private studio rentals, investment income, donations, grants, and material donations. Your expenses include occupancy, salaries and wages, insurance, office expenses, repairs and maintenance, professional fees, fundraising expenses, depreciation, and interest.

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 purpose unless it serves a public rather than a private interest. It must not be operated for the benefit or designated individuals or the people who created it.

Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i) defines the term educational as the instruction or training of the individual for the purpose of improving or developing his capabilities or instruction of the public on subjects useful to the individual and beneficial to the community.

Revenue Ruling 69-175, 1969-1 C.B. 149, describes an organization formed by the parents of pupils attending a private school exempt under IRC Section 501(c)(3). The organization provides bus transportation to and from the school for those children whose parents belong to the organization. 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 to school, the organization enables the participating parents to fulfill their individual responsibility of transporting their children to school.

Rev. Rul. 71-395, 1972-2 C. B. 228, held that a cooperative art gallery formed and operated by a group of artists to exhibit and sell their works doesn't qualify for exemption under IRC Section 501(c)(3). The cooperative gallery in this case is engaged in showing and selling only the works of its own members and is a vehicle for advancing their careers and promoting the sale of their work. It serves the private purposes of its members, even though the exhibition and sale of paintings may be an educational activity in other respects.

In Better Business Bureau of Washington, D.C., Inc. v. U.S., 326 U.S. 279, 66 S. Ct. 112, 90 L. Ed. 67 (1945), the Supreme Court held that the presence of a single non-exempt purpose, if substantial in nature, will destroy the claim for exemption, regardless of the number or importance of truly exempt purposes.

Application of law

A ruling on exempt status is based solely on facts and representations in the administrative file. You have not provided supporting documentation to establish you meet the requirements of IRC Section 501(c)(3). Section 501(c)(3) sets forth two main tests for qualification for exempt status. As stated in Treas. Reg. 1.501(c)(3)-1(a)(1), an organization must be both organized and operated exclusively for purposes described in Section 501(c)(3).

You do not meet the operational test under IRC Section 501(c)(3) because you are not operating exclusively for charitable purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1). You operate a makerspace that is restricted solely to your dues paying members, and their guests. You provide equipment and workspace exclusively to your members to allow them to create their projects. You also provide an avenue through which your members can sell their products. By providing these services, you are serving the private interest of your member artists. While you may provide some education to your member artists, you are also providing a direct benefit that is limited solely to your dues paying members. As provided in Treas. Reg. Section 1.501(c)(3)-1(d)(3)(i), you have not established that your operations accomplish exclusively educational purposes.

You have not demonstrated that your members belong to a charitable class. Your membership is open to any artists that apply and pay dues. You also have not described any process through which you select products for sale based on their educational or artistic value or use any other objective selection criteria. Any member can bring their products to you and have them listed on your website for sale. Based on the facts presented, you serve a private rather than a public interest because you confer benefits primarily to your dues paying artists. To qualify for exemption under IRC Section 501(c)(3), you must serve a public, rather than a private interest as described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii).

Like the organizations described in Rev. Rul. 69-175, you are a group of individuals associating to provide a cooperative service for themselves. You provide workspaces and tools and facilitate the sale of art on behalf of your member artists. Your facility is not open to the general public, and all of your activities are limited to your dues paying members and their guests. By operating this makerspace in this manner, you are serving the private interests of your members rather than the public.

Similar to the organization described in Rev. Rul. 71-395, you provide tools, equipment, and space to your dues paying members to allow them to create and sell products. By opening your facilities solely to your dues paying members, and facilitating the sale of your members' works, you are operating as a vehicle that serves the private interests of your members, even though the exhibition and sale of art may be an educational activity in other respects.

Although you do provide some education to your members, you are operated primarily to serve the private interests of your dues paying members. By limiting access to your makerspace solely to dues paying members, providing these members with tools and equipment they would otherwise have to purchase themselves, and facilitating the sale of their products, you are serving the private interests of your dues paying members. As described in Better Business Bureau, the presence of this single non-exempt purpose, being substantial in nature, precludes exemption.

Conclusion
Based on the facts and circumstances presented, you do not qualify for exemption under IRC Section 501(c)(3). You fail the operational test because you are serving the private interest of your dues paying artists rather than the public. Therefore, you do not 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 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