Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
IRS
[redacted]

[redacted]

Release Number: 202630019
Release Date: 7/24/26
UIL Code: 501.03-00

Date:
January 15, 2026
Taxpayer ID number (last 4 digits):
[redacted]
Form:
[redacted]
Tax periods ended:
[redacted]
Person to contact:
Name: [redacted]
ID number: [redacted]
Telephone:
Fax: [redacted]
Last day to file petition with United States Tax Court:
April 15, 2026

CERTIFIED MAIL - Return Receipt Requested

Dear [redacted]:

Why we are sending you this letter

This is a 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)(4), for the tax periods above. Your determination letter dated [redacted], is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Your organization is organized and operated to serve the private benefit of your members and any benefit to the community is incidental. Therefore, because your organization does not primarily operate for the promotion of civic betterment or social welfare, it does not meet exemption under Internal Revenue Code Section 501(c)(4).

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit **IRS.gov**.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at **ustaxcourt.gov/dawson.html**. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
ustaxcourt.gov

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
uscfc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS or if you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Visit **TaxpayerAdvocate.IRS.gov/contact-us** or call 877-777-4778 (TTY/TDD 800-829-4059) to find the location and phone number of your local advocate. Learn more about TAS and your rights under the Taxpayer Bill of Rights at **TaxpayerAdvocate.IRS.gov**. Do not send your Tax Court petition to TAS. Use the Tax Court address provided earlier in the letter. Contacting TAS does not extend the time to file a petition.

Where you can find more information
Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

Find tax forms or publications by visiting **IRS.gov/forms** or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,

[redacted]

Lynn A. Brinkley
Director, Exempt Organizations Examinations

Enclosures:
Publication 1
Publication 594
Publication 892

cc: [redacted]

Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
Exempt Organizations Examinations
[redacted]

Date:
07/08/2025
Taxpayer ID number:
[redacted]
Form:
[redacted]
Tax periods ended:
[redacted]
Person to contact:
Name: [redacted]
ID number: [redacted]
Telephone: [redacted]
Fax [redacted]
Address: [redacted]
Manager's contact information:
Name: [redacted]
ID number: [redacted]
Telephone: [redacted]
Response due date:
08/07/2025

CERTIFIED MAIL – Return Receipt Requested

Dear [redacted]:

Why you're receiving this letter
We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(4).

If you agree
If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(4) for the periods above.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

   The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

   Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you
If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right
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.

Additional information
You can get any of 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 shown at the top of this letter.

Sincerely,

[redacted]

for Lynn A. Brinkley
Director, Exempt Organizations Examinations

Enclosures: Form
886-A
Form 6018
Form 4621-A
Publication 892
Publication 3498

Form **886-A** (May 2017)	Department of the Treasury – Internal Revenue Service **Explanations of Items**	Schedule number or exhibit
Name of taxpayer	Tax Identification Number *(last 4 digits)*	Year/Period ended

ISSUES:

Is ( ) operating withing the meaning of Section 501(c)(4) of the Internal Revenue Code?

FACTS:

Background:

On , incorporated in the State of as a nonprofit public benefit corporation. 's purpose is " ."

On , the IRS received Form 1024 *Application for Recognition of Exemption Under Section 501(a)" Section 501(c)(4)* of the Internal Revenue Code. stated in their application they previously applied for recognition of exemption. Attachments provided explained " " of tax returns.

provided a detailed narrative description of the activities of the organization with the Form 1024 application:

ATTACHEMENT :

Item .

Form **886-A** (May 2017)	Department of the Treasury – Internal Revenue Service **Explanations of Items**	Schedule number or exhibit.
Name of taxpayer	Tax Identification Number *(last 4 digits)*	Year/Period ended

On , the IRS issued a letter to indicating it determined they are exempt under section 501(c)(4) of the Internal Revenue Code.

On , Letter 3611 and Form 4564 Information Document Request "IDR", was issued to requesting information for the examination, as well a request to schedule a future appointment with an officer . On , the Agent conducted a phone interview with (Director), (CEO), and (POA). assisted as interpreter for CEO . The following information was requested and provided during the interview:

1. The agent requested explanation of daily duties; organization stated:
   a. CEO- handles the . The duties when people pass away or event happens is to meet to support the families and funeral expense. The families contact .
   b. POA- The family provides the death certificate and will meet with board. Other members will help. They go to funerals. They send $ -$, it depends on how much EO collects. They will have a meeting with officers and prove expenses. They record the amounts given. The family acknowledges receipt.

2. The agent requested an explanation on how they determine the amount of death payouts and activities related to:
   a. POA- Depends on the donation. If members are in the organization, they ask for help of $ per member. , $ for dues. If the other members do not pay, they will not be eligible for help in the future. Acknowledgement of receipt is a check.
   b. CEO- Provided an example: They provide membership numbers, death date, membership joined date, age, amount of membership time, how much he will get, number of existing, expected number, subtract % that organization keeps
   c. CEO- At meeting, they read the report.
   d. CEO- Also send out announcements.
   e. CEO- Have photos and video of the meetings.

3. The agent asked regarding primary exempt purpose:
   a. CEO-Provide financial aid for deceased family members
   b. CEO- hosts New Year event, with awards for students. They also have events which members participate. also organizes meetings for members, and flu awareness health events .
   c. POA- Funeral expenses are the main event.
   d. POA- New Year, scholarship for student festivals for former police , (run with other with organization.
   e. POA- Meeting for .
   f. POA- picnics where announce how many people have passed.
   g. POA- There are dates when the magazine is published, every months. 's magazine provides details on resent deceased member, finances and

expenses of . The magazine is given to members and goes through the magazine, line by line at the meeting events.

4. The agent requested explanation on how membership benefits work:
   a. Who can join: CEO- Any person who was a in , , and their family and children. They must ask to join. Limited to age to join. They pay $ per year membership fee, then they must contribute $ per death.
   b. How do let people know: CEO- It is community base, email, radio.
   c. How many members do you have: CEO- As of . , there are members.
   d. How do you keep track of members: CEO- Both the CEO and Treasure keep track of members. also helps and has agreed to go to box and put amounts in computer before giving checks to treasurer. He sends letters and administrative duties
   e. When are memberships due: CEO- They are due in , $ per member
   f. Do members give more than asked? CEO- They generally only give $. Due to the number of deaths, any more would be .
   g. What happens when a member dies: POA- They contact the organization, and the org verifies death, letter is sent to members, delegation is sent to the house, and funeral home. They get receipt from family for acceptance of check.
   h. Can non-member receive benefits: POA- Only members, they must sign application and join.

In response to Information Document Request (IDR) #1 issued , provided a break down explaining income and expenses associated to its yearly activities. As of , according to Regular Report:

1. Membership Information:
   a. Have current members.
   b. As of when the report was created, they had deceased members for the year and for which they issued payouts from the collected funeral fees for each member.
   c. membership fees collected for was $
   d. new members who paid a joining fee of $ + $ membership fee.
   e. also collected funeral fees for deceased member totaling $.
   f. income collected in was: Membership fees $ + funeral fees for deceased member totaling $ with a total income of $ as reported on *Form 990 Return of Organization Exempt From Income Tax* return for (see sample of Regular Report (to) provided below. , provides a

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service **Explanations of Items**		Schedule number or exhibit.
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of membership fees paid for , and provides details for collected funeral fees).

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collects funeral fees for deceased members in and issues payouts in the . -month financial reporting on deceased payouts from to , was deceased members. member receives a different amount from the collected funeral fees, deducts costs related to condolences in newspaper, wreath and organization retains % of collected funeral fees. Total payout for this period is $ (see for the deceased member):

Form **886-A** (May 2017)	Department of the Treasury – Internal Revenue Service **Explanations of Items**	Schedule number or exhibit.
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h. 's -month financial reporting on deceased payouts from to , was individual deceased members. Each member receives a different amount from the collected funeral fees, since deducts costs related to condolences in newspaper, wreath and organization retains % of collected funeral fees. Total payout for this period is $ (see below- for the deceased member. had a combined total member death payout in : (see above) -months of $ + (see below) -months of $ = $ as reported on *Form 990 Return of Organization Exempt From Income Tax* return for .

Form **886-A** (May 2017)	Department of the Treasury – Internal Revenue Service **Explanations of Items**		Schedule number or exhibit.
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2. In response to Information Document Request (IDR) #1 issued , Regular Report ( ), includes a breakdown of expenses related to collected funeral fees for deceased members and operating cost associated to members in (see below

3. 's member events and related expenses for included (see above):

   a. .

b. The operating cost related to these events was $ (%) of its operating costs, see above .

4. In response to Information Document Request (IDR) #1 issued , provided updated details of their activities and instructions on reporting death of a member. In Regular Report ( ), see below a description of its member activities:

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's Financial Information as Reported on Forms 990:

1. Income

Return Line	Account Description						
	Contributions, gifts, grants & other similar amounts						
	Membership dues						

	Total						
	Other Revenue						
	Investment income						
	Total All Revenue						

2. Expenses

Return Line	Account Description						
	Benefits paid to/for members						
	Accounting						
	Office expenses						
	Conference, conventions & meetings						
	Total Expenses						
	Net Income						

3. Balance Sheet

Return Line	Account Description			
	ASSETS:			
	Cash - non-interest-bearing			
	Savings & temporary cash investments			
	TOTAL ASSETS			
	LIABILITIES			
	TOTAL LIABILITIES			
	NET ASSETS or FUND BALANCES			
	Paid-in/capital surplus/land, building/equip			
	Retained earnings, endowment, accu inc,			
	TOTAL NET ASSETS/FUND BALANCES			
	Total Liabilities & Fund Balances			

LAW:

Section 501(c)(4) Section 501(c)(4) of the Internal Revenue Code grants exemption to civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes. No part of the net earnings of such entity inures to the benefit of any private shareholder or individual.

Treasury Regulation Section 1.501(c)(4)-1(a)(2)(i) states that an organization is operated exclusively for the promotion of social welfare if it is primarily engaged in promoting in some way the common good and general welfare of the people of the community. An organization embraced within this section is one which is operated primarily for the purpose of bringing about civic betterments and social improvements.

Treasury Regulation Section 1.501(c)(4)-1(a)(2)(ii) states the promotion of social welfare does not include direct or indirect participation or intervention in political campaigns on behalf of or in opposition to any candidate for public office. Nor is an organization operated primarily for the promotion of social welfare if its primary activity is operating a social club for the benefit, pleasure, or recreation of its members, or is carrying on a business with the general public in a manner similar to organizations which are operated for profit.

Section 1.501(c)(4)-1(b) states local associations of employees described in section 501(c)(4) are expressly entitled to exemption under section 501(a). As conditions to exemption, it is required (1) that the membership of such an association be limited to the employees of a designated person or persons in a particular municipality, and (2) that the net earnings of the association be devoted exclusively to charitable, educational. or recreational purposes. The word local is defined in paragraph (b) of section 1.501(c)(12)-1. See paragraph (d) (2) and (3) of section1.501(c)(3)-1 with reference to the meaning of charitable and educational as used in this section.

Rev. Rul. 75-199, 1975-1 C.B. 160, provides that a nonprofit organization that restricts its membership to individuals, who belong to a particular ethnic group residing in a stated geographical area, and that provides sick benefits to members and death benefits to beneficiaries of deceased members does not qualify for exemption under IRC Section 501(c)(4) because the benefit to the community at large is minor and incidental.

Rev. Rul. 81-58, 1981-1 C.B. 331, describes a nonprofit police officer association whose primary activity is providing lump-sum retirement payments to its members or death benefits to their beneficiaries. The organization primarily provides death and retirement benefits as a supplement to the civil service benefit program provided by the political subdivision in which the police officers are employed. Hence, the organization is essentially a mutual, self-interest type of organization. Its income is used to provide direct economic benefits to members. Therefore, the organization is not operated exclusively for the promotion of social welfare within the meaning of IRC Section 501(c)(4).

Rev. Rul. 66-59,1966-1 C.B. 142, states that an organization whose purpose is to pay lump-sum retirement benefits to its members or death benefits to their survivors does not qualify as a local association of employees because such disbursements are not devoted to charitable, educational or recreational purposes within the meaning of IRC section 501(c)(4).

In *Consumer-Farmer Milk Cooperative, Inc. v. Commissioner of Internal Revenue, 186 F.2d 68 (2d Cir. 1950),* the court denied exemption under section 501(c)(4) of the Code because the organization's purpose is primarily to benefit its members economically and only incidentally to further larger public welfare.

In *Police Benevolent Association of Richmond v. U.S., 661 F. Supp.765 (E.D. Va.), aff'd, 836 F.2d 547 (4th Cir. 1987),* the court held that as a matter of law, the association could not establish that it was organized and operated for the promotion of social welfare under any set of facts consistent with its allegations. Because a substantial purpose of the association and its activities were intended to serve the pecuniary interests of its members, a non-exempt purpose, the court held that the association could not qualify as an organization operated exclusively for the promotion of social welfare under IRC Section 501(c)(4).

TAXPAYER'S POSITION:

position is not known at the time this report was drafted.

GOVERNMENT'S POSITION:

is not as described in IRC Section 501(c)(4) and Treas. Reg. Section 501(c)(4)-1(a)(2)(i) because your activities do not primarily promote civic betterment or social welfare. is primarily operating for the economic benefit of members, with little or no benefit to the community. An analysis of 990 tax return filings reflects % of gross income is spent on civic betterment, social welfare or charity.

is essentially a mutual, self-interest type of organization operating for the economic benefit of its members. is not primarily engaged in promoting in some way the common good and general welfare of the people of the community as required by Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i).

is like the organization described in Rev. Rul. 75-199. For example, is supported by membership fees and its outlays are for death benefit to the members' designated beneficiaries. provides economic benefits to its members, who belong to a particular ethnic group residing in a stated geographical area. is wholly financially supported by its members. Any

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exempt purposes are inherently minor and incidental to the economic benefits provides to its members.

members are prior police in and their family and children. is also similar to the organization described in Rev. Rul. 81-58, who's primary activity is to provide death benefits to its members or beneficiaries of said members. operates as a mutual benefit, self-interest type of organization.

In the year under examination of , had a % office expense related to member funerals and member operational cost, and paid member benefits of %. This illustrates they are not operated for promotion of civic betterment or social welfare. Like the organization in *Police Benevolent Association of Richmond v. U.S.,* benefits are limited to their members no minor or incidental benefit to the community as a whole. Therefore, operates as a mutual benefit society and doesn't qualify for exemption from federal income tax under IRC Section 501(c)(4).

CONCLUSION:

is not described in IRC Section 501(c)(4), because it does not primarily operate for the promotion of civic betterment or social welfare. is organized and operated to serve the private benefit of its members and any benefit to the community is incidental.

Therefore, exemption under section 501(c)(4) should be revoked effective , the first day of the year that we determined that it is not operated for exempt purposes, and it failed to satisfy the conditions required for the continuation of exempt status as required under section 6033.