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

Date:
05/05/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202631013
Release Date: 7/31/26
UIL Code: 501.04-00, 501.04-06

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)(4). 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.

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:
03/20/2026
Employer ID number:

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

Legend:
B = Date
C = State
D = Entity
E = Entity

UIL:
501.04-00
501.04-06

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)(4). 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)(4)? No, for the reasons stated below.

Facts
You were established as a mutual benefit corporation on B in the state of C. You are governed by a Board of Directors, and your Articles of Incorporation indicate that your purpose is to promote veteran-owned businesses. You are a membership organization created to cultivate a supportive and collaborative network for military veterans who are business owners, executives, and professionals, helping members thrive and expand by offering a dynamic environment where like-minded professionals can collaborate and drive each other's success. Membership is open to military veterans who are business owners, executives, and/or professionals.

You offer a network that uplifts individuals and leverages reciprocal referrals and shared resources. This includes the ability to share expertise, build relationships, and attend exclusive events such as seminars, workshops, and social mixers that foster networking and collaborative efforts among your members. You also provide programs and offer insights regarding business growth and leadership training to assist your members in maneuvering through the intricacies of industry standards and regulations. You provide cross-promotional platforms to allow members to amplify their brand and to connect with new veteran and pro-veteran audiences. Furthermore, you offer your members inclusion in your directory which is promoted at D and E events. Lastly, your revenue streams consist of membership dues, donations, sponsorships, and event fees.

Law
IRC Section 501(c)(4) provides, in part, for the exemption from Federal income tax of civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

IRC Section 501(c)(4)(A) provides for federal tax exemption for two types of organizations:

a. Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, and

b. 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.

IRC Section 501(c)(4)(B) provides that Section 501(c)(4)(A) shall not apply to an entity unless 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)-l(a)(1) states a civic league, or organization may be exempt as an organization described in IRC Section 501(c)(4) if it is not organized or operated for profit, and it is operated exclusively for the promotion of social welfare.

Treas. Reg. Section l.501(c)(4)-1(a)(2)(i) provides 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 that is operated primarily for the purpose of bringing about civic betterments and social improvements.

Revenue Ruling 65-195, 1965-2 C.B. 164 describes an organization that hosted activities on behalf of youth, such as community benefit programs, and community leadership training. The youth activities consisted, in part, of free instruction in sports and the organization of contests and conducted other projects for the youth of the community. In addition to its youth programs, the organization conducted numerous other programs for the benefit of the community at large, including improvement of health and safety, conservation, city beautification, promotion of patriotism, and entertainment at hospitals and veterans homes. The organization also conducted training designed to teach techniques of effective public speaking, and in the rules of parliamentary procedure. The ruling held that the junior chamber of commerce operated exclusively for the purpose of rendering civic services for the promotion of the welfare of the community and its citizens is exempt under IRC Section 501(c)(4).

Rev. Rul. 73-306, 1973-2 C.B. 179, provides that an organization formed for the purpose of promoting the common interest of tenants who reside in a particular apartment complex does not qualify for exemption under IRC Section 501(c)(4). The organization represented its member-tenants in negotiations with the management of the complex to secure better maintenance and services, as well as reasonable rents. The ruling holds that the organization was not described in IRC Section 501(c)(4) because it operated essentially to benefit its members and, thus, was not primarily engaged in activities that promote the common good and general welfare of the community.

Rev. Rul. 73-349, 1973-2 C.B. 179, describes an organization that was formed to purchase groceries for its membership at the lowest possible prices. It received orders from its members, consolidated them, and purchased the food in quantity. Each member paid for the cost of his food, and each member was assessed an equal monthly service charge for the monthly operating costs. Membership was open to all individuals in a particular community. This revenue ruling stated that the organization was a private cooperative enterprise for the economic benefit or convenience of its members. Citing Commissioner v. Lake Forest, Inc., below, this ruling stated that the organization operated primarily for the private benefit of members. Any benefits to the community were not sufficient to meet the requirement of the regulations that the organization operate primarily for the common good and general welfare of the people of the community. Accordingly, it did not qualify for exemption under IRC Section 501(c)(4).

Rev. Rul. 75-199, 1975-1 C.B. 160, describes a nonprofit organization that restricts its membership to individuals of good moral character and health belonging to a particular ethnic group residing in a stated geographical area and provides sick benefits to members and death benefits to their beneficiaries. The organization's income is derived principally from membership dues. Since the benefit from the organization was for its members and there was only minor and incidental benefit to the community as a whole, the organization did not qualify for exemption IRC Section 501(c)(4).

Rev. Rul. 78-132, 1978-1 C.B. 157, found a community cooperative organization formed to facilitate the exchange of personal services among members was operating primarily for the private benefit of its members and was not exempt from tax as a social welfare organization under IRC Section 501(c)(4). The fact that payments for services were made in kind and did not involve a monetary exchange did not derogate from the economic benefits accruing to members. Any benefits to the community were not sufficient to meet the requirement of the regulations that the organization be operated primarily for the common good and general welfare of the people of the community. Accordingly, this organization is not exempt from federal income tax as a social welfare organization under IRC Section 501(c)(4).

In Commissioner v Lake Forest Inc., 305 F.2d 814 (4th Cir. 1962), a corporation was organized by World War II veterans for the purpose of purchasing a government housing project and converting it to cooperative, nonprofit housing for its members. Individuals became members of the corporation by purchasing an apartment unit and, as such, the number of members was limited to the number of units available. The court held that the organization was not described in IRC Section 501(c)(4) because it was "a public-spirited but privately devoted endeavor" that provided only incidental benefit to the community. The organization did not promote social welfare because it furnished housing only to a certain group of individuals, rather than on a community basis, and did not offer a service or program for the direct betterment or improvement of the community as a whole.

In New York State Association of Real Estate Boards Group Insurance Fund v. Commissioner , 54 T.C. 1325 (1970), an association organized by a small group interested in obtaining group insurance did not qualify for exemption because it offered its benefits to only a limited class of its members and their employees. The court noted, "there is not in such an organization the requisite civic concern to constitute social welfare" required for qualification under IRC Section 501(c)(4). Where the primary benefit from an organization is limited to that organization's members, and not provided to the community as a whole, the organization is not operated primarily for social welfare.

Application of law

IRC Section 501(c)(4)(B) states that Section 501(c)(4)(A) does not apply to an organization unless no portion of its net earnings benefits any private shareholder or individual. Since you have incorporated under the nonprofit mutual benefit law of C, you are not prohibited from distributing your assets to individuals or your members upon dissolution. Since the C nonprofit mutual benefit law permits your net earnings to benefit individuals upon dissolution, you do not qualify as being exclusively operated for the promotion of social welfare as Section 501(c)(4) requires.

Your activities are not aligned with IRC Section 501(c)(4) and Treas. Reg. Section 1.501(c)(4)-1(a)(1), as you are primarily focused on promoting your members business and economic interests by providing programs like seminars, workshops, and social mixers exclusively to your membership. Your initiatives focus on improving the business acumen of your members and do not aim to serve the common good or the broader well-being of your community. As was the case with the organization discussed in Rev. Rul. 65-195, you fail to fulfill the criteria established in Treas. Reg. Section 1.501(c)(4)-1(a)(2)(i) because your programs do not fundamentally promote the social welfare of the community as a whole.

As explained in Rev. Rul. 73-306 and in Lake Forest Inc., the principle of social welfare under IRC Section 501(c)(4) dictates that any service or program provided by an organization, that is or is to be classified as exempt under Section 501(c)(4), must aim its programs at benefiting its community as whole, instead of catering to a select group of individuals who reside within the community. When we apply that principle to you, we find that you are like the organization referenced in Rev. Rul. 73-349, in that your programs are not structured to predominantly serve the common good and overall welfare of your community in accordance with Section 501(c)(4).

Since the benefits you offer are limited to your members like the organizations described in Rev. Rul. 78-132, Rev. Rul. 75-199 and New York State, you primarily serve the private economic interests of your members and not your community as whole. Therefore, you are not operated primarily for social welfare purposes within the meaning of IRC Section 501(c)(4).

Conclusion
Since you formed as a mutual benefit corporation and your programs promote your members business and economic interest, rather than promoting the social welfare of your community, you do not meet the criteria for recognition of exemption under Section 501(c)(4).

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