IRS

Date:
05/27/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Telephone:

Release Number: 202634015
Release Date: 8/21/26
UIL Code: 501.03-30, 501.32-00, 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
Redacted Letter 4038

Date:
04/01/2026

Employer ID number:

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

Legend:

D = Date
E = Name
F = Number
G = Number
H = Number
x dollars = Amount
y dollars = Amount
z dollars = Amount

UIL:
501.03-30
501.32-00
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 submitted Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. Your application indicated that you formed as an unincorporated association on D. You didn't submit your organizing document, but you did submit a statement that upon dissolution, the ownership of the property your facility sits on will remain in E's family. The facility will be sold with proceeds used to pay off all outstanding debts and the remainder of your assets will be distributed proportionately back to the donors. Any food on hand would be distributed to the food bank.

You stated you are a religious based teaching center designed to help believers grow spiritually and become religious disciples. You have started building relationships with the pastors of small country churches and your goal is for these pastors to help their members grow spiritually using the teachings you will provide. You will primarily be a teaching center and will use tv programs, DVDs, CDs, and live teachers. You will have a teaching series on weekends and others that will be 5 days a week. You will also have teachings for pastors as well as sit down dinners aimed at various groups such as neighbors, local pastors, county commissioners, law enforcement, and your contributors and contractors.

You are governed by E and his two daughters who are also currently your only members. You hope to have as many as G members over the next H years.

E owns the acre lot where you are building your facility. E's will inherit this lot. Your building is projected to cost x dollars. E has contributed y dollars. The remainder will come from E's savings account, monthly donations from partners, and individual donations. Donors giving more than z dollars are promised proportional ownership in the organization.

Law

Internal Revenue Code 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(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.

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 that accomplish one or more of such exempt purposes specified in Section 501(c)(3) of the Code. 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) provides that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. To meet the requirement of this subsection, the burden of proof is on the organization to show that it is not organized or operated for the benefit of private interests, such as designated individuals, the creator or his family, shareholders of the organization, or persons controlled, directly or indirectly, by such private interests.

Rev. Rul. 69-175, 1969-1 C.B. 149, describes an organization created to provide bus transportation for school children to a tax-exempt private school. The organization was formed by the parents of pupils attending the school. The organization provided transportation to and from the school for those children whose parents belonged to the organization. Parents were required to pay an initial family fee and an additional annual charge for each child. The Service determined that "when a group of individuals associate to provide a cooperative service for themselves, they are serving a private interest."

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

In New Concordia Bible Church v. C.I.R., 49 T.C.M. (CCH) 176 (1984), the organization wasn't granted exemption under IRC Section 501(c)(3) because it failed to demonstrate that no part of its net earnings inured to the benefit of private individuals.

In Community Worship Fellowship v. United States 178 Fed. Cl. 764 (2025), the organization's tax-exempt status under IRC Section 501(c)(3) was revoked because at least some of its net earning inured to the benefit of private individuals for their personal use.

Application of law

IRC Section 501(c)(3) of the Code and Treas. Reg. Section 1.501(c)(3)-1(a)(1) set forth two main tests for an organization to be recognized as exempt. An organization must be both organized and operated exclusively for purposes described in Section 501(c)(3). You did not submit an organizing document and therefore fail the organizational test. Additionally, the dissolution statement you submitted states that the property your facility sits on will be inherited by E's family if you dissolve and remaining assets will be distributed proportionately back to donors. Your assets are therefore not dedicated to an exempt purpose as required in Treas. Reg. Section 1.501(c)(3)-1(b)(4).

According to Treas. Reg. Section 1.501 (c)(3)-1(c)(1), you will be regarded as operating for one or more exempt purposes if you are engaged primarily in activities that accomplish one or more exempt purposes. Your religious based teaching activities fulfill both religious and educational purposes under Section 501(c)(3). However, when you dissolve, your property and assets will go to family members and donors which is not in furtherance of an exempt purpose. Similar to the organizations Community Worship Fellowship v. United States and New Concordia Bible Church, this results in inurement which precludes exemption under Section 501(c)(3). As noted in Better Business Bureau of Washington, D.C., the presence of a single non-exempt purpose, if substantial in nature, will preclude exemption under IRC Section 501(c)(3). Like the organization in Rev. Rul. 69-175, you are serving the private interests of your members. Per Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii), you are therefore not organized and operated for exempt purposes because you serve private rather than public interests.

Conclusion

Based on the information submitted, you are not organized and operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(3). You are operated for substantial nonexempt private purposes. Accordingly, you do not qualify for exemption under IRC 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:	Street address for delivery service:
Internal Revenue Service EO Determinations Quality Assurance Mail Stop 6403 PO Box 2508 Cincinnati, OH 45201	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