



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

Date:
06/30/2026
Employer ID number:

Form you must file:

Tax years:

Person to contact:
Name:
ID number:
Telephone:

Release Number: 202638003
Release Date: 9/18/26
UIL Code: 501.03-00, 501.33-00, 501.35-00

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**

Date:
05/08/2026
Employer ID number:

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

Legend:

B = Date
C = Date
D = State
E = Number
f dollars = Dollar Range
g percent = Percent
h percent = Percent
j percent = Percent
k percent = Percent
m percent = Percent

UIL:
501.03-00
501.33-00
501.35-00

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-EZ, Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code, on date B.

You attest that you were incorporated on date C, in the state of D. You attest that you have the necessary organizing document, that your organizing document limits your purposes to one or more exempt purposes within the meaning of Section 501(c)(3), that your organizing document does not expressly empower you to engage in activities, other than an insubstantial part, that are not in furtherance of one or more exempt purposes, and that your organizing document contains the dissolution provision required under Section 501(c)(3). During review of your Form 1023-EZ, detailed information was requested supplemental to your attestations.

You attest that you are organized and operated exclusively to further educational purposes. You attest that you have not conducted and will not conduct prohibited activities under Section 501(c)(3). Specifically, you attest you will:

- Refrain from supporting or opposing candidates in political campaigns in any way
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s)
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a Section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in Section 501(h)
- Not provide commercial-type insurance as a substantial part of your activities

You submitted a copy of your Bylaws that does not show evidence of adoption. Your submitted Bylaws state that your membership is open to any man pursuing collegiate courses in agriculture or approved related programs, provided he can promote a better and broader agriculture through his career interest, or any male members of an agricultural or related faculty.

Your Bylaws also state that you offer annual scholarships exclusively to your members as a way to encourage academic excellence, reward exceptional leadership, and promote active involvement in your activities. Your scholarships provide financial assistance that may be applied towards dues or personal expenses and are awarded once annually based on semester GPA and performance. Scholarships are awarded to E recipients and range from f dollars annually.

Your application states that you provide and develop a program of activities in accordance with the highest ethical standards of the profession of agriculture. One of your principal objectives is to promote excellence in scholarship in each member.

Your specific activities include:

- Brotherhood events – You organize fellowship activities such as barbecues, retreats, game nights, and group outings that strengthen relationships between members, build trust, encourage teamwork, and create a supportive social network. You allocate approximately g percent of your total time and resources to these activities.
- Study sessions/academic support - Members participate in organized study rooms, tutoring groups, and peer mentoring. These activities help improve grades, encourage accountability, support degree completion, and promote educational success. You allocate approximately h percent of your total time and resources to these activities.
- Chapter meetings – Regular chapter meetings help to discuss business, leadership responsibilities, budgeting, service projects, academic goals, risk management, and organizational planning. You allocate approximately h percent of your total time and resources to these activities.
- Community services/volunteer activities – Members participate in service projects such as clean-ups, food drives, charity fundraising, and assisting nonprofit organizations. You allocate approximately j percent of your total time and resources to these activities.

- Leadership development – Members attend officer training, leadership workshops, and professional development programs to strengthen management and leadership skills. You allocate approximately j percent of your total time and resources to these activities.
- Social/recreational events – You host safe, supervised social gatherings that encourage member bonding and community building. You allocate approximately k percent of your total time and resources to these activities.

You describe that your activities are primarily directed towards college-aged fraternity members, campus peers and alumni. You are solely funded by membership dues. Your expenses include professional fees and occupancy expenses.

Law

IRC Section 501(c)(3) provides for the recognition of exemption of organizations that are organized and operated exclusively for charitable, educational, or other enumerated 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) provides that, 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, the organization will not qualify for exemption.

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.

Revenue Ruling 69-573, 1962-2 C.B. 125 provides that a non-profit college fraternity that maintains a chapter house for active members who are students at the school is not exempt under IRC Section 501(c)(3). The organization had activities relating to education growth of its members, however these activities were incidental to their social and recreational activities.

Rev. Rul. 77-366, 1977-2, C.B. 192 describes an organization that was formed to arrange and conduct winter-time ocean cruises during which activities to further religious and educational purposes are provided. However, it was found that an extensive amount of time and resources were spent devoted to the conduct of social and recreational activities, and the facts and circumstances indicated these activities served substantial independent purposes of a non-charitable nature. Therefore, this organization did not qualify for exemption under IRC Section 501(c)(3) because it was not operated exclusively for exempt purposes.

Rev. Rul. 77-430, 1977-2 C.B. 194 provides exemption under IRC Section 501(c)(3) to an organization that was formed to conduct weekend religious retreats that were open to the public. The retreats were conducted at a rural lakeshore site that offered recreational opportunities for attendees. The Service ruled that the use of facilities for recreational purposes were incidental to the organization's religious purpose.

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

In Minnesota Kingsmen Chess Association v. Commissioner, T.C. Memo 1983-495 (1983), the organization sponsored chess tournaments, provided chess magazines and books to libraries, offered free chess lessons, and published a newsletter that primarily contained reports of past tournaments and announcements of future ones. The petitioner sought exemption under IRC Section 501(c)(3) because its purposes and activities were described as educational. The court found that the promotion of chess tournaments furthered a substantial recreational purpose, even though individual participants may have received some educational benefits.

In St. Louis Science Fiction Limited v. Commissioner, 49 T.C. Memo 1985-162, the Tax Court held that a science fiction society failed to qualify for tax-exempt status under IRC Section 501(c)(3). Although many of the organization's functions at its annual conventions (the organization's principal activity) were educational, its overall agenda was not exclusively educational. A substantial portion of convention affairs were social and recreational activities.

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 IRC Section 501(c)(3). You have failed to meet the operational test as explained below.

You are a club whose members participate in substantial recreational activities. By organizing social and recreational activities for your members, you are not exclusively furthering exempt purposes as required in Treas. Reg. Section 1.501(c)(3)-1(c)(1). While you do provide educational opportunities for your members, your social and recreational activities are substantial non-exempt purposes that will preclude exemption as described in Better Business Bureau.

You are like the organization described in Rev. Rul. 69-573, because you are providing a headquarters for your members. While you provide some educational opportunities to your members, a substantial part of your activities are dedicated to providing a meeting place and entertainment for your members.

You are like the organization described in Rev. Rul. 77-366. That organization conducted cruises where, in addition to the usual cruise activities, they also offered a schedule of lectures, discussion groups, and special interest workshops on regular topics, at which attendance was not required. Educational activities were held for approximately four hours per day and the remainder of the time was available for meals, recreational activities, and social functions. You offer educational opportunities to your members, and also organize regular social and recreational activities. Similar to the holding in Rev. Rul. 77-366, your social and recreational activities serve substantial non-exempt purposes.

You are unlike the organization described in Rev. Rul. 77-430, where they conducted religious retreats offering regularly scheduled individual prayer, lectures, reading, and meditation, and where limited free time was offered for participants to relax and enjoy the facilities. Importantly, it was held that although the facilities are conducive to recreational activities, the use of the facilities is incidental to the advancement of religion. Your social and recreational activities are regularly organized activities to which you dedicate a total of m percent of your total time and resources towards.

Finally, you are similar to the organizations in Minnesota Kingsmen Chess Association and St. Louis Science Fiction Limited where substantial social and recreational activities precluded exemption under IRC Section

501(c)(3). Despite a large part of your activities furthering educational purposes, you also organize substantial social and recreational activities that are not incidental to your educational purposes.

Conclusion

Based on the information submitted, you do not qualify for exemption under IRC Section 501(c)(3). You do not meet the operational test because you are operated for substantial social and recreational purposes. Accordingly, 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