



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

Date:
08/04/2026
Employer ID number:

Form you must file:

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

Release Number: 202644003
Release Date: 10/30/26
UIL Code: 501.03-00, 501.03-05, 501.03-30, 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**

Date:
06/10/2026

Employer ID number:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Legend:

B = State

C = Date

D = Program

E = Name

F = Name

G = Number

H = Entity

J = Number

K = City

m percent = Percent

N = Name

P = Entity

UIL:

501.03-00

501.03-05

501.03-30

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 are incorporated under the laws of B on C. You did not submit a copy of your Articles of Incorporation, nor your Articles of Amendment with your application. You submitted a copy of your application for initial registration as a charitable organization showing that you exist to promote self-worth, trauma healing, and behavioral transformation among underserve youth, young adults, and their families by providing evidence-based programs, mentoring, community partnerships, and public education to improve public safety and long-term community health.

Article III, Section 2, of your Bylaws states that your purpose is to restore self-worth and dignity in youth, young adults, and communities through trauma-informed education and evidence-based personal development.

Article III, Section 3, of your Bylaws states that you will accomplish this work through D, a structured, trauma-informed intervention that helps individuals develop self-worth, emotional resilience, and healthy relationship skills.

Article IX of your Bylaws states that E, as your sole Founder, shall retain irrevocable and ultimate authority over your mission, vision, curriculum, and strategic direction. It further states that E will have exclusive veto power over any decision or amendment proposed by the Board of Directors that materially alters your founding purpose, name, or programming. E also reserves permanent rights to appoint and remove board members, approve partnerships, and oversee licensing agreements related to all proprietary content developed by or for you. This authority is perpetual and non-transferable without E's written consent, and may not be amended, overridden, or revoked by any future Board or amendment process.

Your officers are comprised of E, F, and G unrelated officers. F is the spouse of E and was your secretary when the licensing agreement with H was approved.

You entered into a licensing agreement with H, a for-profit company owned by E, which owns the rights to the D curriculum. This licensing agreement will grant you the rights to use, deliver, implement, and reproduce the D curriculum, and was approved by your Board of Directors, including F and G unrelated board members, with E recusing themselves from the discussion and approval of this agreement.

You state that you selected H because it is the only lawful source for licensing the specific intellectual property required for your programming and because your board concluded that the arrangement is reasonable, mission-advancing, and structured to avoid private inurement or excess benefit through independent review, recusal, and fair market value support.

Your core activity is delivering this D curriculum designed for young adults to build self-worth, emotional regulation, and healthy relationships. This program is a J-week cycle which includes facilitated group sessions, self-assessments, mentorship, and experiential learning. Sessions are conducted in community spaces and partner sites across L, B. Certified facilitators, trained under the licensing agreement with H, deliver the program. Approximately m percent of your total time is dedicated to this activity.

You also conduct a post-program leadership development program which supports alumni in becoming N Mentors, Peer Leaders, or Youth Fellows. Participants lead peer sessions, assist with recruitment, and serve as positive role models. Staff and alumni volunteers coordinate this track, which is currently in early implementation.

To increase participation and retention, you partner with P, a mobile video game truck, to offer incentives tied to program milestones. Activities include the N Bowl tournament, hosted at parks, schools, and events. Your staff oversee eligibility and logistics.

You facilitate family workshops such as N at Home and host mid-program check-ins to increase family support and awareness of participant growth. Led by trained staff or behavioral specialists, sessions are conducted in-person or virtually.

Your staff also engage in public speaking, policy conversations, and systems-level advocacy to promote trauma-informed practices and self-worth as key behavioral health strategies. These activities are conducted across L and through virtual platforms.

You are funded by grants, private donations, service fees, workshop fees, and speaking fees. Your expenses include licensing fees, salaries and wages, , occupancy expenses, professional fees, and fundraising expenses.

Law

IRC Section 501(c)(3) provides for the exemption from federal income tax of corporations organized and operated exclusively for charitable or educational purposes, provided no part of the net earnings inures to the benefit of any private shareholder or individual.

Treas. Reg. Section 1.501(c)(3)-1(a)(1) provides 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 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 in not in furtherance of an exempt purpose.

Treas. Reg. Section 1.501(c)(3)-1(c)(2) provides that an organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals as defined in Section 1.501(a)-1(c).

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that an exempt organization must serve a public rather than a private interest. The organization must establish that it is not organized or operated to benefit 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.”

In Better Business Bureau of Washington, D.C., Inc. 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 Est of Hawaii v. Comm’r of Internal Revenue, 71 T.C. 1067 (1979), several for-profit est organizations exerted significant indirect control over est of Hawaii, a non-profit entity, through contractual arrangements. The question for the court was not whether the payments made to the for-profits were excessive, but whether they benefited substantially from the operation of the applicant. The Tax Court concluded that the for-profits were able to use the non-profit as an “instrument” to further their for-profit purposes. Neither the fact that the for-profits lacked structural control over the organization nor the fact that amounts paid to the for-profit organizations under the contracts were reasonable affected the court’s conclusion. Consequently, est of Hawaii did not qualify as an organization described in IRC Section 501(c)(3).

In American Campaign Academy v. Commissioner, 92 T.C. 1053, 1064 (1989), the Tax Court held that an organization conducted its activities to serve the private interests of partisan entities and candidates and

therefore did not qualify for exemption under IRC Section 501(c)(3). The organization's primary activity was to operate a school ("the Academy") to train individuals for careers as political campaign professionals. The academy was an outgrowth of programs operated by a partisan congressional committee to train candidates and subsequently place campaign professionals in partisan campaigns. The committee contributed physical assets to the academy, faculty members, directors, and was exclusively funded by a partisan trust.

In Abovo Foundation, Inc. v Commissioner of Internal Revenue, 115 T.C.M. (CCH) 1277 (T.C. 2018), an organization providing management consulting services to medical providers bore the burden of establishing that its services would advance government programs pursuant to federal patient safety laws and lessen the government's burden. The tax court held that the organization acted as a façade for its creators consulting activities, developed his business relationships, furthers his consulting career, and paid him annual compensation. The tax court held that the organization was operated for its creators' benefit and did not qualify for exemption under IRC Section 501(c)(3).

Application of law

IRC Section 501(c)(3) 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 both be organized and operated exclusively for purposes described in Section 501(c)(3). Based on the information you provided in your application and supporting documentation, we conclude that you fail the operational test.

You were formed by E and, through Article IX of your bylaws, E has irrevocable and ultimate authority over your mission, vision, curriculum, and strategic direction. E has exclusive veto power over any decision of the Board of Directors that materially alters your founding purpose, name, or programming. E can also appoint and remove board members, approve partnerships, and oversee licensing agreements related to all proprietary content developed by or for you. This authority is perpetual, non-transferable, and may not be amended, overridden, or revoked by any future Board or amendment process. Similar to the organization described in Abovo Foundation, you were formed by E to license intellectual property from H, a for-profit organization that they own, and act as a façade for your creators D. Your licensing agreement ensures income to E and emphasize that your licensing agreement is at fair market value. As described in Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) you are operating primarily to serve the private interests of your creator, E.

You are similar to the organizations described in est of Hawaii, and American Campaign Academy, because you are an instrument to further the for-profit purposes of H, owned by E. E exerts complete control over your operations through Articles IX of your bylaws. E, through H, will directly benefit from your delivery of the D curriculum through your licensing agreement, which will generate revenue for H, advance its business operations, increase their clientele, and ultimately benefit E, the owner of H and your creator.

While the D curriculum may serve charitable or educational purposes, your licensing agreement with H, a for-profit business owned by E, serves the private interests of E. As described in Treas. Reg. Section 1.501(c)(3)-1(c)(2), an organization is not operated exclusively for one or more exempt purposes if its net earnings inure to the benefit of private shareholders or individuals, or its activities further private rather than public interests. As described in Treas. Reg. Section 1.501(c)(3)-1(c)(1), and similar to the organization described in Better Business Bureau, this substantial non-exempt purpose precludes exemption under IRC Section 501(c)(3).

Conclusion

Based on the facts and information submitted, you are not organized and operated exclusively for exempt purposes. You fail the operational test because you were formed by E and serve the private interests of your founder/president to more than an insubstantial degree. Thus, you do not qualify for exemption as an organization described in 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