Department of the Treasury
Internal Revenue Service
Tax Exempt and Government Entities
PO Box 2508
Cincinnati, OH 45201

Date:
05/30/2025
Employer ID number:

Form you must file:
1120
Tax years:
All
Person to contact:
Name:
ID number:
Telephone:

Release Number: 202534008
Release Date: 8/22/2025
UIL Code: 501.03-00, 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
PO Box 2508
Cincinnati, OH 45201

Date:
4/8/2025
Employer ID number:

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

Legend:
B = Date
C = State
D = Number
E = Number
F = Country
G = Nationality
H = Number
J = Number
K = Number
L = Number
w dollar = Dollars
x dollar = Dollars
y dollar = Dollars
z dollar = Dollars

UIL:
501.03-00
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 were incorporated on B, in the state of C. Your Articles of Incorporation state your purpose is to promote the welfare of your members, and that you will accomplish this by:

- Hosting annual, educational, and social events.
- Educating your members of their rights as citizens and encourage them to vote.
- Lobbying and advocating for policies that benefit your members, and
- Supporting members who may be in financial distress or bereavement of immediate family members.

Your Articles further state that you will be registered under Section 501(c)(4) for income tax purposes, and that upon dissolution all assets will be distributed to exempt purposes within the meaning of section 501(c)(4).

Any person can be eligible for membership if they are of G descent or related to anyone of G descent by marriage or other kinship. There is a w dollar non-refundable fee to become a member along with an application. Members must be of sound mind, good moral character, at least 18 years of age, and residing in the Commonwealth of C.

You operate a bereavement program that pools member funds to support members who experience bereavement. When a member experiences bereavement, you provide them an advance benefit that is then replenished by member fees. If the death is

- Another member, each member will pay y dollars to replenish the fund.
- A spouse of a member each member will pay z dollars to replenish the fund.
- A parent, child or sibling of a member, each member will pay x dollars to replenish the fund.

Disbursement of bereavement funds require proof of the death. All contributions will be paid no later than K hours after you have been informed of the death. The immediate funds will be taking from the w dollars application fee. All members are required to replenish the fund within L days.

If more than H members of the same family are members the total contribution benefit for the family shall not exceed H times the required member contribution. Any member who receives benefits from you must remain a member for J more years before they can terminate their membership. If they leave before the J years all funds must be refunded immediately.

Members are obligated to attend meetings, pay contributions, attend events, comply with the by-laws, be an active member, keep beneficiary forms current, submit identification documents and proof of bereavement. Membership will terminate either by voluntary resignation, death, expulsion, becoming insane, acting contrary to the by-laws, failing to pay dues and presenting false information.

Non-members are not eligible to receive bereavement funds, and you have no process to allow members who cannot pay the fees and dues to receive bereavement funds. Your members may choose to contribute directly to non-members who experience financial distress or bereavement, as is a well-established tradition within G communities, but this is not a requirement.

You plan to invest surplus funds in the stock market or other investment vehicles. You will contribute to the community's financial and economic development by paying back dividends or interest to our members derived from the invested funds.

You hold a number of social and networking events throughout the year. You invite vendors to your events to allow them to advertise their products and services during the events. Your events provide your members and the community the opportunity to socialize and network with each other. You will host investment seminars to bridge the knowledge gap in your community. Experts in the field of wealth and financial management will be invited to educate members on investment opportunities. You will partner with another organization to provide financial literacy education to your members. You also plan to hold educational events in the future.

D percent of your activities will be in relation to your members welfare, while E percent will involve social and educational activities. Your welfare activities will be supported through your membership fees and dues. Your social and educational activities will be supported by donations from businesses and well-wishers. Any surplus of funds will be used for the benefit of your members.

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)(1)(i) provides that an organization is organized exclusively for one or more exempt purposes only if its articles of organization:

(a) Limit the purposes of such organization to one or more exempt purposes; and
(b) Do not expressly empower the organization engage, otherwise than as an insubstantial part of its activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

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 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.

Treas. Reg. Section 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized and operated exclusively for charitable purposes unless it serves a public rather than a private interest.

Revenue Ruling 69-175, 1969-1 C.B. 149 describes an organization formed by parents of pupils attending a private school, in order to provide school bus transportation for its members' children. When a group of individuals associate to provide a cooperative service for themselves, they are serving private interests. By providing this transportation the organization enabled the parents to fulfill their individual responsibility of transporting their children to school. It was determined that this organization serves a private rather than a public interest and does not qualify for exemption under IRC Section 501(c)(3).

In Better Business Bureau of Washington, D.C., Inc. v. United States, 326 U.S. 279, 66 S. Ct. 112, 90 L. Ed. 67, 1945 C.B. 375 (1945), the Supreme Court stated that the presence of a single nonexempt purpose, if substantial in nature, will preclude exemption under IRC Section 501(c)(3), regardless of the number or importance of statutorily exempt purposes. Thus, the operational test standard prohibiting a substantial non-exempt purpose is broad enough to include inurement, private benefit, and operations that further nonprofit goals outside of the scope of IRC Section 501(c)(3).

In St. Louis Science Fiction Limited v. Commissioner, 49 TCM 1126, 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 in nature.

In Korean-American Senior Mutual Association, Inc. v. Commissioner of Internal Revenue, 120 T.C.M. (CCH) 191 (Tax 2020), the court held that providing burial benefits for deceased members does not further charitable purposes since:

- The benefits are not directed towards meeting the needs of a charitable class.
- The program is operated in a commercial manner by collecting membership dues, and additional fees when members die, and paying out burial benefits to families of deceased members based on their contributions to the fund, and
- The program serves the private interests of its members rather than those of the public.

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 Section 501(c)(3). You have failed to meet both requirements, as explained below.

Your Articles of Incorporation indicates that your purpose is to promote the welfare of your members. Additionally, your Articles do not distribute your assets to another 501(c)(3) organizations upon your dissolution. Accordingly, you fail the organizational test because you do not satisfy the requirements stated in Treas. Reg. Section 1.501(c)(3)-1(b)(1)(i) and 1.501(c)(3)-1(b)(4).

You are operating to provide services which are a substantial benefit to your members. Accordingly, you do not meet the operational test of IRC Section 501(c)(3) because you are not operating exclusively for charitable purposes as required under Treas. Reg. Section 1.501(c)(3)-1(c)(1).

You are not described in Treas. Reg. Section 1.501(c)(3)-1(c)(1) because more than an insubstantial part of your activities are devoted to the non-exempt private purpose of providing funds to your members as bereavement payments and providing events to members to socialize and network. Members complete an application to join and receive a substantial private benefit should they experience financial distress or bereavement. This program is not open to the general public, and members must be current in their dues to receive a benefit. This causes your program to further a substantial non-exempt private purpose.

You are not operated exclusively for exempt purposes under Treas. Reg. Sec. 1.501(c)(3)-1(d)(1)(ii) because, like the organization described in Revenue Ruling 69-175, substantially all your activities further the private interests of your members, and any benefit to the general public is incidental.

You are like the organization described St. Louis Science Fiction Limited. While portions of your activities are in part educational, more than an insubstantial amount of your activities are directed towards direct bereavement benefits to your members and social events. Similar to where a substantial portion of convention affairs were social and recreational in nature in St Louis, your bereavement benefits to your members and social events are substantial and will preclude exemption under IRC Section 501(c)(3).

Like the organization described in Korean American Senior Mutual Association Inc, you operate a death benefit program that is:

- Not directed towards meeting the needs of a charitable class.
- Operated in a commercial manner by collecting membership dues and additional fees when members die and paying out burial benefits to families of deceased members, and
- Serves the private interests of your dues and fee-paying members rather than those of the public.

The Supreme Court held in Better Business Bureau that a single nonexempt purpose, if substantial in nature, would preclude an organization from qualifying under IRC section 501(c)(3) no matter the number or importance of truly exempt purposes. Despite some of the educational activities that you conduct, you have substantial networking and social activities for your members, and you provide members benefits such as bereavement payments, all of which serve a non-exempt purpose and preclude you from exemption under IRC Section 501(c)(3) of the Code.

Conclusion

You are neither organized nor operated exclusively for exempt purposes within the meaning of IRC Section 501(c)(3). You are organized for your members benefit, your formation document does not limit your purposes to those described in Section 501(c)(3), and your assets are not distributed to another 501(c)(3) organization upon your dissolution. Additionally, you fail the operational test because you were formed for the private benefit of your members for a substantial non-exempt purpose. 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:	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