



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

Date:
01/31/2024
Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Name:
ID number:
Telephone:
Fax:

Last day to file petition with United States
Tax Court:

Release Number: 202419021
Release Date: 5/10/2024
UIL Code: 501.03-00

CERTIFIED MAIL - Return Receipt Requested

Dear _____ :

Why we are sending you this letter

This is a 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), effective January 1, 20____. Your determination letter dated July 25, 19____, is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Organization fails the operational test because you could not demonstrate that you operated for one or more exempt purposes as required by IRC Section 501(c)(3).

Organizations that are not exempt under IRC Section 501 generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms and information please visit **IRS.gov**.

Contributions to your organization are no longer deductible under IRC Section 170.

What you must do if you disagree with this determination

If you want to contest our final determination, you have 90 days from the date this determination letter was mailed to you to file a petition or complaint in one of the three federal courts listed below.

How to file your action for declaratory judgment

If you decide to contest this determination, you can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at ustaxcourt.gov/dawson.html. You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

United States Tax Court
400 Second Street, NW
Washington, DC 20217
ustaxcourt.gov

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20439
usefc.uscourts.gov

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
dcd.uscourts.gov

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under IRC Section 7428.

We'll notify the appropriate state officials (as permitted by law) of our determination that you aren't an organization described in IRC Section 501(c)(3).

Information about the IRS Taxpayer Advocate Service

The IRS office whose phone number appears at the top of the notice can best address and access your tax information and help get you answers. However, you may be eligible for free help from the Taxpayer Advocate Service (TAS) if you can't resolve your tax problem with the IRS, or you believe an IRS procedure just isn't working as it should. TAS is an independent organization within the IRS that helps taxpayers and protects taxpayer rights. Contact your local Taxpayer Advocate Office at:

Internal Revenue Service
Taxpayer Advocate Office

Telephone:
Fax:

Or call TAS at 877-777-4778. For more information about TAS and your rights under the Taxpayer Bill of Rights, go to **taxpayeradvocate.IRS.gov**. Do not send your federal court pleading to the TAS address listed above. Use the applicable federal court address provided earlier in the letter. Contacting TAS does not extend the time to file an action for declaratory judgment.

Where you can find more information

Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

Find tax forms or publications by visiting [IRS.gov/forms](https://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

If you prefer to write, use the address shown at the top of this letter. Include your telephone number, the best time to call, and a copy of this letter.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,



Lynn A Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:
08/10/2023
Taxpayer ID number:

Form:
Tax periods ended:

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

Manager's contact information:
Name:
ID number:
Telephone:
Response due date:
09/11/2023

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

We enclosed a copy of our audit report, Form 886-A, Explanation of Items, explaining that we propose to revoke your tax-exempt status as an organization described in Internal Revenue Code (IRC) Section 501(c)(3).

If you agree

If you haven't already, please sign the enclosed Form 6018, Consent to Proposed Action, and return it to the contact person shown at the top of this letter. We'll issue a final adverse letter determining that you aren't an organization described in IRC Section 501(c)(3) for the periods above.

After we issue the final adverse determination letter, we'll announce that your organization is no longer eligible to receive tax deductible contributions under IRC Section 170.

If you disagree

1. Request a meeting or telephone conference with the manager shown at the top of this letter.
2. Send any information you want us to consider.
3. File a protest with the IRS Appeals Office. If you request a meeting with the manager or send additional information as stated in 1 and 2, above, you'll still be able to file a protest with IRS Appeals Office after the meeting or after we consider the information.

The IRS Appeals Office is independent of the Exempt Organizations division and resolves most disputes informally. If you file a protest, the auditing agent may ask you to

sign a consent to extend the period of limitations for assessing tax. This is to allow the IRS Appeals Office enough time to consider your case. For your protest to be valid, it must contain certain specific information, including a statement of the facts, applicable law, and arguments in support of your position. For specific information needed for a valid protest, refer to Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status.

Fast Track Mediation (FTM) referred to in Publication 3498, The Examination Process, generally doesn't apply now that we've issued this letter.

4. Request technical advice from the Office of Associate Chief Counsel (Tax Exempt Government Entities) if you feel the issue hasn't been addressed in published precedent or has been treated inconsistently by the IRS.

If you're considering requesting technical advice, contact the person shown at the top of this letter. If you disagree with the technical advice decision, you will be able to appeal to the IRS Appeals Office, as explained above. A decision made in a technical advice memorandum, however, generally is final and binding on Appeals.

If we don't hear from you

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final adverse determination letter.

Contacting the Taxpayer Advocate Office is a taxpayer right

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 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.

For additional information

You can get any of 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 shown at the top of this letter.

Sincerely,

Denise Gonzalez for

Lynn A. Brinkley
Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018
Publication 892
Publication 3498

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|---------------------------------|---|----------------------------|
| Form 886-A (May 2017) | Department of the Treasury – Internal Revenue Service Explanations of Items | Schedule number or exhibit |
| Name of taxpayer | Tax Identification Number (last 4 digits) | Year/Period ended |

ISSUE:

Whether _____ continues to qualify for exemption under Internal Revenue Code (IRC) Section 501(a) as an organization described in IRC Section 501(c)(3) due to lack of operations or activities for a significant period, including the year under examination.

FACTS:

_____ (hereinafter, _____) was incorporated as a nonprofit corporation on _____ pursuant to the _____, Title _____, Sections _____. The name of the corporation that appeared on the initial Certificate of Incorporation was _____ (hereinafter, _____). A Certificate of Amendment was filed on _____ to change name to _____.

According to the Certificate of Incorporation, _____ (known then as _____) was formed for the following purposes:

- A. establish and maintain _____ / _____ for the exchange of _____ and _____ among all of the _____ by the “_____” and related _____ and _____, for the purpose of _____ and _____, _____ and _____;
- B. reduce the _____ and _____ interest groups; _____ and _____ services currently being provided by _____;
- C. allow for a governance structure for _____ interests of _____, _____ and _____ efforts which reflects that _____;
- D. provide _____ to _____ and _____ in the implementation of the “_____”, including:
 - 1. development and maintenance of a _____ of information on the implementation of the _____;
 - 2. development and maintenance of a _____ to assist _____ and _____ in their resolution of _____, _____ and _____ problems;
 - 3. provision of _____ in the interpretation and implementation of the “Job Training Partnership Act” and regulations promulgated thereunder;
 - 4. _____ in planning and conducting _____ on _____ and _____; and
 - 5. analyses of _____ actions relative to the _____.

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was recognized as a section 501(c)(3) organization pursuant to a ruling dated and was treated as a publicly supported organization described in section 509(a)(2) during the advance ruling period. later received another determination letter dated after the advance ruling period had ended. In this latest determination letter, was given the foundation status under section 509(a)(2).

According to the Tax Exempt Organization Search website (<https://apps.irs.gov/app/eos/>), filed Forms in tax years through , which includes the year under examination. Form () is an filed by eligible small tax-exempt organizations to satisfy their annual reporting requirements if their annual gross receipts are normally \$ or .

Determination Administrative File

determination administrative file, which includes the exemption application Form 1023 and supporting documents under former name , indicates that was set up as a organization that consisted of and charged with implementation of the . Its activities described in the exemption application were to provide and to the active involved in implementing the . Such information exchange consists of notices and documentations of the and programs being implemented at the and levels under the .

According to the exemption application, “primary source of funds shall be and assessed against and under the ; secondary source of support will be contributions from other organizations; final source of support will be interested in and and programs”.

The

The was a enacted by on , to establish to prepare for entry into the and to to those individuals and other individuals facing serious barriers to , who are in of such to obtain . ()

The of was repealed by the ()

Related Organization –

Correspondence dated from (under former name) stated that had begun operating under the trade name “ (hereinafter, ‘ ’). The IRS then received an application for exemption, Form 1024, from

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on [redacted] applied for tax-exempt status under section 501(c)([redacted]) as an unincorporated association. Per its determination letter dated [redacted], [redacted] was recognized as a section 501(c)([redacted]) organization.

On [redacted], [redacted] formally incorporated, pursuant to the [redacted] edition, Title [redacted], Chapter [redacted], for the following purposes:

- A. improve the effectiveness of the [redacted] and [redacted];
- B. enhance [redacted];
- C. [redacted] among [redacted] and [redacted].

[redacted] filed a Certificate of Amendment on [redacted], changing its name to [redacted] of [redacted]. (hereinafter, "[redacted]").

[redacted] has been filing Forms [redacted] since its inception. [redacted] now files Forms [redacted] and Forms [redacted] on behalf of [redacted] as, according to [redacted], and [redacted] share employees.

Operational

[redacted]'s Form [redacted] and [redacted] of Form [redacted] for the tax year ended [redacted] were under examination. Based on interviews and responses provided in reply to information document requests, [redacted] claims it shares board members, officers, employees, and office space with [redacted]. The [redacted] organizations do not enter into any agreements regarding the sharing of such organizational resources. [redacted] is a [redacted] organization. [redacted] was initially set up as a [redacted] organization as well; however, [redacted] does not have any [redacted] separate and apart from [redacted] members.

The board meeting minutes provided by [redacted] were under the letterhead of [redacted], and the matters discussed during the meeting pertained to [redacted] relating to [redacted] conferences and [redacted]. [redacted] responded that there were no minutes solely for [redacted].

When asked to substantiate its [redacted], [redacted] responded with the following sentence alone: "All activities conducted on behalf of the [redacted] and [redacted] are done in [redacted]"

[redacted] failed to provide documents and/or information to substantiate that [redacted] was or is conducting its own activities during the year under examination through the present. In fact, [redacted] failed to provide any specific details or descriptions of activities it has conducted in furtherance of an exempt purpose.

Financial

[redacted] maintained one money market account; it had no operating account, other assets or liabilities; [redacted] did not receive any donations or grants; it had no [redacted] income or program [redacted]

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service revenue; the only source of income was the _____ from that money market account. When asked to provide the gross receipts for each tax year ended _____, _____ and the _____-year gross receipt average for the purpose of determining whether _____ was eligible to file the Form _____, the financial records showed that the income was ranged from \$ _____ to \$ _____ for those _____ years. Besides the _____, _____ had no deposit or disbursement transactions according to the _____ account's bank statements. All _____ for those _____ that _____ filed _____ for were paid directly by _____.

_____ applied the _____ (_____) loan and was approved \$ _____, _____ during the year under examination; all of the approved funds were subsequently transferred to the primary checking account of _____.

Per inspection of _____ Form _____, _____ identified _____ as its related organization on the Schedule _____. The Schedule _____ indicated that _____ did not engage in any financial transactions with the related organization _____, i.e., no gift, grant, or capital contribution to/from related organization, no loans to to/from related organization, no reimbursement paid to/by related organization, no sharing of facilities, paid employees with related organization.

LAWS:

Internal Revenue Code (IRC) Section 501(c)(3) provides exemption from Federal income tax on corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

IRC Section 509(a)(2) describes an organization that receives no more than one-third of its support from gross investment income and more than one-third of its support in each tax year from a combination of the following:

- i) gifts, grants, contributions, or membership fees from other than a disqualified person, and
- ii) gross receipts from admissions, sales of merchandise, performance of services or furnishing of facilities in an activity that is not an unrelated trade or business (to the extent that gross receipts from any one individual does not exceed the greater of \$5,000 or 1 percent of the organization's total support on that tax year.

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Treasury Regulation 1.501 (c)(3)-1 (a)(1) provides that in order to be exempt as an organization described in 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.

Treasury Regulation 1.501 (c)(3)-1 (c)(1) states 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 exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than in insubstantial part of its activities is not in furtherance of an exempt purpose.

Treasury Regulation 1.501 (c)(3)-1 (d)(1)(i) states that an organization may be exempt as an organization described in 501(c)(3) if it is organized and operated exclusively for one or more of the following purposes: religious, charitable, scientific, testing for public safety, literary, educational, or prevention of cruelty to children or animals.

Revenue Ruling 58-617, 1958-2 C.B. 260 states that, rulings and determinations letters granting exemption from Federal income tax to an organization described in section 501(a) of the Internal Revenue Code of 1954, to which contributions are deductible by donors in computing their taxable income in the manner and to the extent provided by section 170 of the Code, are effective only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. Failure to comply with this requirement may result in serious consequences to the organization for the reason that the ruling or determination letter holding the organization exempt may be revoked retroactively to the date of the changes affecting its exempt status, depending upon the circumstances involved, and subject to the limitations on retroactivity of revocation found in section 503 of the Code.

In **Community Education Foundation v. Commissioner T.C. Memo. 2016-223**, revocation of the petitioner's exemption was supported due to a long-extended period of inactivity. The petitioner did not meet the operational test requirements for a section 501(c)(3) organization.

TAXPAYER'S POSITION:

When asked for a detailed description of activities conducted by _____ during the year under examination and present, _____ stated that:

" _____ () serves an _____ mission to _____, _____, and _____ the _____ field. The _____ () was formed for a complementary purpose: to offer _____ a _____ for _____, _____ and _____. The _____

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organizations work closely together to practices and

When asked to provide documents to support the types of activities specifically conducted by , stated that “all activities conducted on behalf of the and are done in ” but materials such as newsletters and blogs are “published under the entity name

When asked to explain 's relationship with , stated that:

“ () serves an to , and support the . The () was formed for a complementary purpose: to offer a for and . The organizations work closely together to and

GOVERNMENT’S POSITION:

This report addresses the issue whether continues to qualify for exemption as an organization described under IRC 501(c)() due to lack of operations or inactivity for a significant period of time, including the year under examination. Any issues associated with the filing of (i.e., Form) by are not addressed in this report.

Information presented during the examination indicates that has ceased to conduct the types of activities described in its exemption application. is no longer serving as an for parties involved in the implementation of the of as the was repealed in . Moreover, although claims it conducts activities jointly with its related organization, , has not provided any documentation to substantiate its own activities, nor how it participates jointly in activities with .

has failed to provide evidence to substantiate it has its own operations to accomplish one or more exempt purposes specified in section 501(c)(). does not have outside contributions or grants; it does not have any income or income from exempt operations. As such, has failed the operational requirements under section 501(c)() and failed the public support test under section 509(a)().

As demonstrated in Rev. Rul. , an organization’s exempt status will remain in effect only so long as there are no material changes in the character of the organization, the purposes for which it was organized, or its methods of operation. Information suggests that has been inactive for a long-extended period, including the year under examination, as (1) clearly no longer serves

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the same purposes stated in its exemption application because the _____ was repealed in _____; (2) it has been filing the Form _____ at least since _____ to present; (3) no income or expenses transactions except for _____ at least since _____ to present; (4) no other assets or liabilities except for _____; and (5) no records to substantiate _____ has been actively engaged in its own exempt functions. The sole function of _____ seems to be to file Forms _____ and _____ on behalf of _____, with whom _____ claims to have _____. In fact, _____ was not able to establish how many _____ the allegedly “ _____ ” for _____ versus _____.

_____ is like the petitioner in the _____ v _____ case where the court concluded that revocation was appropriate due to a significant period of inactivity.

Accordingly, _____’s tax-exempt status should be revoked because it fails to demonstrate it continues to meet the operational requirements under section 501(c)().

CONCLUSION:

_____ fails to meet the operational requirements for continued exemption under section 501(c)() of the Code due to lack of operations or activities that accomplish one or more of the exempt purposes described in section 501(c)(). Moreover, _____ fails to satisfy section 509(a)() foundation status or any public charity status because it has no public donations, grants, membership fees, or any exempt function income. Therefore, _____ exempt status under section 501(c)() should be revoked effective _____, _____, Form 1120, *U.S. Corporation Income Tax*, should be filed for tax year ended _____, _____, and thereafter.

If you agree to this conclusion, please sign and return the enclosed Form 6018.

If you disagree, please submit a written statement of your position.