



DEPARTMENT OF THE TREASURY

INTERNAL REVENUE SERVICE
TE/GE: EO Examination
1100 Commerce St., MS 4920 DAL
Dallas, Texas 75242-1100

Date: March 13, 2019

Number: 201933018
Release Date: 8/16/2019

Employer Identification Number:

Person to Contact/ID Number:

UIL: 501.03-00

Contact Numbers:

Voice:

Fax:

LAST DATE FOR FILING A PETITION
WITH THE TAX COURT:

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Dear :

This is a final determination regarding your foundation classification. This modifies our letter dated January 19XX, in which we determined that you were an organization described in section 509(a)(2) of the Internal Revenue Code (Code). We have modified your foundation status to that of a public charity described in sections 509(a)(1) as described under section 170(b)(1)(A)(vi) of the Code, effective for tax years beginning January 1, 20XX.

Your tax-exempt status under section 501(c)(3) of the Internal Revenue Code is not affected. Grantors and contributors may rely on this determination, unless the Internal Revenue Service publishes a notice to the contrary. Because this letter could help resolve any questions about your private foundation status, please keep it with your permanent records.

We previously provided you a report of examination explaining the proposed modification of your tax-exempt status. At that time, we informed you of your right to contact the Taxpayer Advocate, as well as your appeal rights. On December 19, 20XX, you signed Form 6018, *Consent to Proposed Action – Section 7428*, in which you agreed to the modification of your foundation classification to 509(a)(1) organization. This is a final determination letter with regard to your Federal tax-exempt status under section 501 (a) of the Code.

You are required to file Form 990, Return of Organization Exempt from Income Tax. Form 990 must be filed by the 15th day of the fifth month after the end of your annual accounting periods. A penalty of \$20 a day is charged when a return is filed late, unless there is a reasonable cause for the delay; however, the maximum penalty charged cannot exceed

\$10,000 or 5 percent of your gross receipts for the year whichever is less. In addition, organizations with gross receipts exceeding \$1,000,000 for any year will be charged a penalty of \$100 a day when a return is filed late; however, the maximum penalty charged cannot exceed \$50,000. These penalties may also be charged if a return is not complete, so be sure your return is complete before you file it.

If you are subject to the tax on unrelated business income under section 511 of the Code, you must also file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return.

If you decide to contest this determination in court, you must initiate a suit for a declaratory judgment in the United States Tax Court, the United States Claims Court, or the District Court of the United States for the District of Columbia before the 91st day after the date this final determination letter was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. You may write to the Tax Court at the following address:

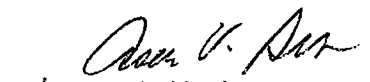
United States Tax Court,
400 Second Street
Washington, D.C. 20217

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your rights. We 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 our assistance, which is always free, we will do everything possible to help you. Visit taxpayeradvocate@irs.gov or call 1-877-777-4778.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter.

Thank you for your cooperation.

Sincerely,



for Maria Hooke

Director, Exempt Organizations Examinations



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

Date: November 27, 2018

Taxpayer Identification Number:

Form:

Return Tax Year(s) Ended:

Person to Contact:

Employee ID:

Telephone:

Fax:

Address:

Manager's Contact Information:

Employee ID:

Telephone:

Response Due Date:

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 modify your organization's foundation status under Internal Revenue Code (IRC) Section 509(a).

Your exempt status under IRC Section 501(c)(3) is still in effect.

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 letter modifying your foundation status.

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 letter modifying your foundation status.

Contacting the Taxpayer Advocate Office is a taxpayer right

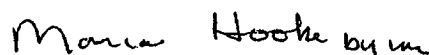
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, which is always free, TAS will do everything possible to help you. Visit www.taxpayeradvocate.irs.gov or call 877-777-4778.

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,



Maria Hooke
Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018

Form 886-A	EXPLANATION OF ITEMS	
Name of Taxpayer		Tax Year 20XX

Issue:

Whether _____ should be reclassified from section 509(a)(2) to sections 509(a)(1) & 170(b)(1)(A)(vi) of the Internal Revenue Code.

Facts:

Initially, when _____ was formed they were supported primarily by fees and they were granted exemption under classification 509(a)(2). Over the years the organization's support has changed from fees to gifts, grants and contributions. The financial information reported on your Form 990, Schedule A indicates that you are primarily supported by gifts, grants, and contributions. It was determined that the public support percentage under 509(a)(1) & 170(b)(1)(A)(vi) was approximately 80 percent.

The financial information indicates that _____ qualifies under either 509(a)(2) or 509(a)(1) & 170(b)(1)(A)(vi). _____ requested that their foundation status be changed from 509(a)(2) to 509(a)(1) & 170(b)(1)(A)(vi).

Law:

Section 509(a)(2) of the Code 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 business (to the extent that gross receipts from any one individual does not exceed the greater of \$5,000 or one percent of the organization's total support on that tax year.

Section 170(b)(1)(A)(vi) of the Code describes an organization "which normally receives a substantial part of its support from a governmental unit...or from direct or indirect contributions from the general public."

Income Tax Regulations section 1.170A-9(e)(2) states that an organization is publicly supported if at least 33 1/3 percent of its support is received from grants from governmental units, and direct or indirect support from the general public.

Income Tax Regulations section 1.170A-9(e)(6) states, in part, that in order to meet the 1/3 support test, contributions from individuals, corporations, or trust are includible in the public support only to the extent that they do not exceed 2 percent of the organization's total support.

Taxpayer's Position:

Form 886-A	EXPLANATION OF ITEMS	
Name of Taxpayer		Tax Year 20XX

The taxpayer agrees with the foundation status change from 509(a)(2) to 509(a)(1) & 170(b)(1)(A)(vi).

Government's Position:

Based on your financial information, we have determined that you are not a private foundation within the meaning of section 501(c)(3) of the Internal Revenue Code, because you are an organization of the type described in sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code. Therefore, we propose to modify your foundation status from an organization described in section 509(a)(2) of the Code to that of an organization described in section 509(a)(1) and 170(b)(1)(A)(vi) of the Code effective January 1, 20XX.

Conclusion:

foundation status should be changed from 509(a)(2) to sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code since they are primarily supported by gifts, grants, and contributions.

Your exemption under section 501(c)(3) of the Internal Revenue Code remains in effect.