



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
1100 Commerce Street, MC 4920DAL
Dallas, TX 75242

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date **AUG 08 2019**

Number: **202001020**
Release Date: 1/3/2020

UIL: **501.03-00**

CERTIFIED MAIL – Return Receipt Requested
LAST DAY FOR FILING A PETITION WITH THE TAX COURT:

EIN:
Person to Contact:
Identification Number:
Telephone Number:
Fax:

Dear :

This is a final determination that you do not qualify for exemption from federal income tax under Internal Revenue Code (the "Code") section 501(a) as an organization described in Code section 501(c)(3), effective January 01, 20XX Your determination letter dated April 12, 20XX is revoked.

Our adverse determination as to your exempt status was made for the following reasons

Organizations described in I.R.C. § 501(c)(3) and exempt under section 501(a) must be both organized and operated exclusively for exempt purposes. You have not demonstrated that you are operated exclusively for charitable, educational, or other exempt purposes within the meaning of I.R.C. 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. You have not established that you have operated exclusively for an exempt purpose. In addition, after being issued notice, you have failed to use and exhaust available administrative remedies.

As such, you failed to meet the requirements of I.R.C. § 501(c)(3) and Treasury Regulation §1.501(c)(3)-1(a), in that you have not established that you were organized and operated exclusively for exempt purposes and that no part of your earnings inured to the benefit of private shareholders or individuals.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code.

If you decide to contest this determination, you may file an action for declaratory judgment under the provisions of section 7428 of the Code in one of the following three venues: 1) United States Tax Court, 2) the United States Court of Federal Claims, or 3) the United States District Court for the District of Columbia. A petition or complaint in one of these three courts must be filed within 90 days from the date this determination was mailed to you. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment. Please refer to the enclosed Publication 892 for additional information. You may write to the courts at the following addresses:

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

US Court of Federal Claims
717 Madison Place, NW
Washington, DC 20005

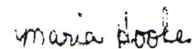
U. S. District Court for the District of Columbia
333 Constitution Ave., N.W.
Washington, DC 20001

Processing of income tax returns and assessments of any taxes due will not be delayed if you file a petition for declaratory judgment under section 7428 of the Internal Revenue Code.

You may be eligible for help from the Taxpayer advocate Service (TAS). 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 1-877-777-4778.

If you have any questions about this letter, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Maria Hooke
Director, EO Examinations

Enclosures:
Publication 892



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

Date:
11/28/2018
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Employee ID number:
Telephone number:
Fax:
Address:

Manager's contact information:

Employee ID number:
Telephone number:
Response due date:

CERTIFIED MAIL – Return Receipt Requested

Dear _____ :

Why you're receiving this letter

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.

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.

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 (Rev. January 1994)	EXPLANATIONS OF ITEMS	Schedule number or exhibit
Name of taxpayer	Tax Identification Number	Year/Period ended December 31, 20XX

Issue:

Whether the tax-exempt status of _____ be revoked as of January 1, 20XX for failing to comply with the operational test within the meaning of Section 501(c)(3) of the Internal Revenue Code (“the Code”).

Facts:

_____ (hereinafter refers to “the Foundation”) was incorporated in the state of _____ in April 20XX. According to the determination letter issued by the Internal Revenue Service (“IRS”) on April 12, 20XX, the Foundation is an organization that is exempt from Federal Income Taxes under Sections 501(c)(3) of the Code; the effective date of exemption is May 8, 20XX. The Foundation is further classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

The Foundation’s Form 1023, *U.S. TREASURY DEPARTMENT—INTERNAL REVENUE SERVICE Exemption Application*, states the following information:

“Attachment for Part IV—Narrative Description of Your Activities:

(_____) was founded in 20XX to serve as a model animal sanctuary for other organizations and an education center for those with animals in their own homes. We exist to advance egalitarian interaction between species in an effort to promote our hopeful evolution of human-animal relationships.

_____ offers a practical understanding of how to create harmonious relationships with others, and with all life, through the practice

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of unconditional love with those most dependent on us: animals. Our methods create a real solution to the problems stemming from domestication.

Our mission is to advances the power of unconditional love, including equality for all living beings. We provide permanent sanctuary to animals in need, with a special expertise in horses. We also provide a safe space for humans to practice the true nature of love in action through experiential education, eco-therapy, and mindfulness training as described in Part VI 1a of the application.

Our Goals

- *Raise Awareness: We are a vegan facility dedicated to spreading awareness of the plight of animals used for consumption, focusing on the human and planetary health consequences of consuming animal products.*
- *Education: Provide education and training in the biologically correct care needs of horses and other animals, including holistic support and supplementation.*
- *Restore Connection: To provide experiential opportunities to experience the connectedness of all life in an effort to facilitate true healing.*
- *Unconditional Love: To offer training in mindful awareness in order to explore the true nature of love in action, using experiential relationship education with the animals to understand the subtlety of power and control over others.*
- *Policy and Advocacy: To advocate on behalf of all animals, particularly horses used in therapies for humans. We would like to promote policies in equine-assisted therapy that recognize the harm caused by offering any kind of healing through the exploitation and at the expense of another living being.”*

The Foundation’s Articles of Incorporation dated April 26, 20XX attached to its Form 1023 define the following information:

- *Article 1:*

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- *The name of the Foundation is (“the corporation”).*
- *Article 7:*
 - *A. The Corporation is organized to carry out exclusively charitable and educational purposes. In pursuit of such purposes, the Corporation shall be authorized to engage in any lawful activity for which corporations may be organized and operated under the Nonprofit Corporation Act, Including:*
 - *Administer property donated to the Corporation for charitable and educational purposes;*
 - *Distribute property for such purposes in accordance with the terms of gifts, bequests or devises to the Corporation for charitable and educational purposes or in accordance with determinations by the Board of Directors pursuant to these Articles and the Bylaws of the Corporation;*
 - *Distribute property to qualified charitable and educational organizations and to governmental units; and*
 - *Do and perform such acts as may be necessary or appropriate in carrying out the foregoing purposes of the Corporation and, in connection therewith, to exercise any of the powers granted to nonprofit corporations by the Nonprofit Corporation Act, as amended from time to time.*

...
 - *B. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its directors, officers, or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and*

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to make payments and distributions in furtherance of the purposes set forth in the preceding paragraph A. of this Article.

- ...”

The Foundation’s Bylaws dated May 8, 20XX attached to its Form 1023 define the following information:

- *“Article 1:*
 - *Section 1.1. Name. The name of the Foundation is (“the corporation”).*
 - *Section 1.2 Mission Statement. The corporation’s mission is to establish animal sanctuaries, including training and support for such sanctuaries, based on a model of complete unconditional love and care.*
 - ...”

The Foundation filed Form 990N, *E-Postcard*, for tax year ending December 31, 20XX.

On July 2, 20XX, the Internal Revenue Service (“IRS”) initiated an examination on the Foundation for its Form 990N for the 20XX calendar year. The Revenue Agent mailed the initial audit letter including Letter 3611 dated July 2, 20XX along with the Information Document Request (“IDR”) #1 and Publication 1, *Your Rights as a Taxpayer*, to the Foundation at _____ . Via Letter 3611, the Revenue Agent requested the Foundation to contact her within 10 business days from the date of this initial appointment letter to confirm the appointment. The initial audit letter was returned to the Revenue Agent on July 13, 20XX as undeliverable.

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Name of taxpayer	Tax Identification Number	Year/Period ended December 31, 20XX

The Revenue Agent has made the attempt to contact the Foundation at on July 13, 20XX but discovered that the number is no longer in service.

Shortly after the initial audit letter was returned, the Revenue Agent mailed the letter to the Foundation again to the same address at via certified mail on July 13, 20XX. On August 20, 20XX, the letter was returned to the Revenue Agent as undeliverable.

The Revenue Agent conducted research to the Foundation's current address and mailed the initial audit letter to the address at with certified mail on August 27, 20XX. RA has changed the date on Letter 3611 and IDR 1 to August 27, 20XX. However, the letter was returned to the Revenue Agent on September 4, 20XX as undeliverable.

After the Revenue Agent did extensive research for the Foundation's current address on September 14, 20XX, the Revenue Agent mailed two Forms 4759, *Address Information Request—Postal Tracer*, to Postmaster located in , to obtain the Foundation's current address. The Revenue Agent listed the address of , on the 1st Form 4759 and the address of -1900 on the 2nd Form 4759". The two postal tracers have been returned to the Revenue Agent on September 25, 20XX. The 1st postal tracer shows that the Foundation closed the address of , and asked the post office to forward its mails to from April 24, 20XX; the mail forwarding service expired in one year. The 2nd postal tracer shows that the Foundation has "*Moved, Left No Forwarding Address*". Per the postal tracers, the Foundation's last mailing address was , but the Postmaster no longer has the Foundation's current mailing address.

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The Revenue Agent has made the last attempt to contact the Foundation at phone number _____ on November 16, 20XX but discovered that the number is no longer in service.

Law:

Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Section 6033(a)(1) of the Code provides that except as provided in section 6033(a)(2) of the Code, every organization exempt from tax under section 501(a) of the Code shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

Income Tax Regulations (Reg.) section 1.6001-1(a) in conjunction with Reg. section 1.6001-1(c) provides that every organization exempt from tax under section 501(a) of the Code and subject to the tax imposed by section 511 of the Code on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by section 6033 of the Code.

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Reg. section 1.6001-1(e) states that the books or records required by this section shall be kept at all times available for inspection by authorized internal revenue officers or employees and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Reg. section 1.6033-1(h)(2) provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033 of the Code.

Revenue Ruling ("Rev. Rul.") 59-95, 1959-1 C.B. 627, concerns an Exempt Organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

Taxpayer's Position:

The Foundation's position has not been provided.

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Government's Position:

In accordance with the above cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

The Foundation has failed to provide documentation sufficient to determine whether it is operating for the purpose of which it was originally granted tax-exempt status.

Numerous attempts have been made to contact the organization; however, all attempts have failed.

Therefore, since the Foundation is not in compliance with the requirements set forth under sections 6001 and 6033 of the Code, the Foundation should no longer be granted tax-exempt status under section 501(c)(3) of the Code and described under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code.

Conclusion:

Based on the information noted above, the Service proposes the revocation of the Foundation's exempt status under section 501(c)(3) of the Code effective January 1, 20XX.

Form 1120 returns should be filed for the tax periods ending December 31, 20XX, and all subsequent years.