



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

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Date: DEC 19 2019

Number: **202052031**
Release Date: 12/24/2020

UIL: 501-03.00

EIN:

Person to Contact:

Identification Number:

Telephone Number:

Fax Number:

CERTIFIED MAIL - Return Receipt Requested

LAST DAY FOR FILING A PETITION WITH THE TAX COURT:

Dear :

This is a final determination that you do not qualify for exemption from federal income tax under section 501(a) of the Internal Revenue Code (the "Code") as an organization described in section 501(c)(3), effective January 1, 20XX. Your determination letter dated July 22, 20XX is revoked.

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

Organizations described in section 501(c)(3) of the Code 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 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.

As such, you failed to meet the requirements of section 501(c)(3) of the Code and Treasury Regulation section 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.

Organizations that are not exempt under section 501 of the Code generally are required to file federal income tax returns and pay tax, where applicable. For further instructions, forms, and information please visit www.irs.gov.

Contributions to your organization are no longer deductible under section 170 of the 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 the rules for initiating suits for declaratory judgment. Please contact the clerk of the appropriate court for rules and the appropriate forms for filing petitions for declaratory judgment by referring to the enclosed Publication 892. 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 Code.

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

You may also 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 877-777-4778.

Taxpayer Advocate assistance can't be used as substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct **tax** determination, nor extend the time fixed by law that you have to file a petition in Court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling.

You can get any of the forms or publications mentioned in this letter by calling 800-TAX-FORM (800-829-3676) or visiting our website at www.irs.gov/forms-pubs.

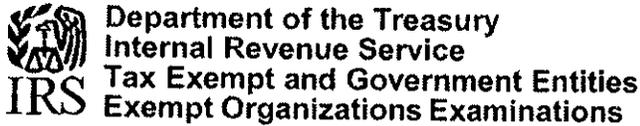
If you have questions, you can contact the person listed at the top of this letter.

Sincerely,

Maria D. Hooke

Maria D. Hooke
Director, EO Examinations

Enclosures:
Publication 892



Date:
March 15, 2019
Taxpayer Identification Number:

Form:

Tax Year(s) Ended:

Person to Contact:

Employee ID:
Telephone:
Fax:
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 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,

Richard W. Elder, for

Maria Hooke
Director, Exempt Organizations
Examinations

Enclosures:
Form 886-A
Form 6018

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 <i>(last 4 digits)</i>	Year/Period ended December 31, 20XX

Whether, _____ (EO) continues to qualify for exemption from Federal income tax under Internal Revenue Code (IRC) Section 501(c)(3).

FACTS:

EO was incorporated under the laws of the State of _____ as a non-profit corporation effective January 29, 20XX EO's Articles of Incorporation states the following as its purpose:

Said organization is organized exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organization under the section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code. The business activity for said organization is as follows: We rescue stray, neglected and/or abused animals for rehabilitation. We then adopt them out to loving homes.

On July 22, 20XX, EO was recognized to be exempt from federal income tax as an organization described in IRC Section 501(c)(3) with an effective date of January 29, 20XX. The initial application listed board members as _____ (President/Director), _____ (Treasurer/Director) and _____ (Secretary/Director).

The _____ Attorney General's office records indicate EO was dissolved effective September 20, 20XX. See exhibit A.

The State of _____, as of the date of this report, shows EO's non-profit corporation status as being canceled due to failure to file statement of continued existence effective February 6, 20XX. See Exhibit B.

On December 6, 20XX _____, (President), was charged with 0 counts of _____ by the _____ Sheriff's Department, with a violation date of _____. The case was heard at the _____ pleaded not guilty to all counts. On _____ the Court found her guilty on 0 of the 0 counts. See Exhibit C – C.f.

The Services records, as of the date of this report show that the EO filed the 00990-N, e-Postcard for the following periods and dates.

TX PERIOD	FORM	Filed Date
20XX	990 N	4/27/20XX
20XX	990 N	4/25/20XX
20XX	990 N	2/27/20XX
20XX	990 N	4/30/20XX

Explanations of Items

Name of taxpayer

Tax Identification Number (last 4 digits)

Year/Period ended
December 31,
20XX

An Audit of the EO was conducted by the Service for the tax year ending December 31, 20XX. A summary of the correspondence sent and some of the contact that took place during audit is listed below.

Letter dated	To whom	Address	Correspondence	Cert Mail #	Comment
6/26/20XX			Letter 3611 (initial appointment letter) & Form 4564 Information Document Request (IDR)-1		No response; mailed to board currently on file.
7/24/20XX			Letter 3611 & Form 4564 IDR-1		Certified Mailed: Envelope returned – return to sender unable forward
7/24/20XX			Letter 3611 & Form 4564 IDR-1		Certified Mailed: return receipt returned with no signature or date
7/24/20XX			Letter 3611 & Form 4564 IDR-1		Certified Mailed: return receipt signed – dated 7/28/XX.
7/30/20XX		Phone call			spoke with agent and stated is no longer affiliated with EO.
8/1/20XX		Phone call			left message with agent that EO is inactive.
					After several attempts agent could not contact via telephone; therefore mailed certified IDR-2 to board members on file.
8/7/20XX			Form 4564 IDR-2		Certified Mailed: Envelope returned – return to sender unable to forward

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8/7/20XX			Form 4564 IDR-2	Certified Mailed: Envelope returned – Unclaimed- returned to sender.
8/7/20XX			Form 4564 IDR-2	Certified Mailed: return receipt signed – but not dated.
8/10/20XX		Phone call		called and confirmed appointment for field audit for September 6 – 7, 20XX.
9/6/20XX		Field audit: IDR- 3 was given directly to EO during audit.	Form 4564 IDR-3	IDR-3 requested books, records, source documents and information regarding self termination.
9/7/20XX		Field audit		Reviewed documents provided and discussed the requirements to properly terminate 501(c)(3) status.
9/11/20XX			Form 4564 IDR-4	IDR-4 was f/u request for documents for self- termination.
9/27/20XX			Letter 5798, IDR Extension Notice	Called, left message and mailed 1 st Ext for IDR-4
10/18/20XX			Letter 5798	Called left message and mailed 2 nd Ext for IDR-4

During audit _____, further referred to as President stated that _____ is the founder and president of the EO and currently the only member of the EO. Due to the need to relocate her personal residence and the eviction from the _____ (location of the shelter), her ability to gather records was limited. _____ also confirmed that all previous board members are no longer affiliated with the EO.

During interview, the President also indicated that they would like to terminate the EO's 501(c)(3) exemption.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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Other assets were lost when they were evicted from the location. President stated that the 990-N e-Postcard was filed because was not sure if attempts would be made to reopen shelter in the near future.

President provided Form 8822-B to change EO's address to The last recognized board consisted of (President (Vice President) and (Secretary/Treasurer) as indicated on copy of minutes provided. During audit the President provided board meeting minutes for January and February of 20XX, bank statement, one sample of correspondence, flyer for one fundraiser and Veterinarian bills.

President stated that, they attempted to raise funds to relocate the shelter and pay Veterinarian bills, but they were unsuccessful. After much consideration EO concluded that they would like to terminate exemption status. The President stated that activities concluded in December of 20XX and that would provide paperwork to self terminate exempt status.

During the exam the agent made several attempts in person, by mail and over the phone to collect the required information from EO to self terminate. As of the day of this report EO has not provided this information.

LAW:

IRC § 501(c)(3) exempts from federal income tax organizations which are 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 (but only if no part of its activities involve the provision of athletic facilities or equipment), 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 (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Tax Reg. § 1.501(c)(3)-1(d)(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.

Tax Reg. § 1.501(c)(3)-1(a)(1) of the regulations provides that in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must be one that is both organized and operated exclusively for one or more of the purposes specified in that section.

Tax Reg. § 1.501(c)(3)-1(c)(1) of the regulations 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 section 501(c)(3).

Tax Reg. Section 1.501(c)(3)-1(b)(4) states that an organization is not organized exclusively for one or more exempt purposes unless its assets are dedicated to an exempt purpose.

Form 886-A (May 2017)	Department of the Treasury – Internal Revenue Service Explanations of Items	Schedule number or exhibit
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Revenue Ruling 58-617, 1958-2 CB 260, (Jan. 01, 1958) 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.

IRC Section 6033 states that every organization exempt from taxation under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall 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.

Revenue Ruling 59-95, Cumulative Bulletin 1959-1, page 627, prescribes that failure to comply with the provisions of Section 6033 of the Code may result in the termination of the exempt status of an organization on the grounds that the organization has not established that it is observing the conditions required for the continuation of its tax-exempt status.

TAXPAYER'S POSITION:

During interview on September 6, 20XX, proposed revocation was discussed because the organization is no longer operating for an exempt purpose. President confirmed that the organization has no operational or financial activities. indicated that would provide the information to terminate their exemption. As of this date, we have not received this information.

GOVERNMENT'S POSITION:

The information provided on the Facebook page of the Sheriff's Office website (Exhibit D.) confirms the timeline of events as indicated by President. During interview, President disputed the out due to the criminal charges, the EO has been inactive since December of 20XX.

As stated in sec. § 1.501(c)(3)-1(c)(1), of the Internal Revenue Code, "an organization will not be so regarded [as operated exclusively for one or more exempt purposes] if more than an insubstantial part of its activities is not in furtherance of an exempt purpose." On the Sheriff's department The EO was also been evicted from its facility. By December 20XX, the EO no longer had any assets. Consequently, the EO fails to satisfy the operational test because, it has ceased conducting activities in furtherance of an exempt purpose.

As stated in sec § 1.501(c)(3)-1(a)(1) of the regulations, in order to be exempt as an organization described in section 501(c)(3) of the Code, the organization must both organized and operated exclusively for an

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exempt purpose. The EO's status has been canceled by the state of _____ effective February 6, 20XX, therefore EO no longer meets the organizational test.

EO did not provide a disposition of assets statement but during audit it was clear that most of the assets were _____ for the continual care of the animals or were lost in the eviction. EO never filed articles of dissolution with the State of _____ but the State cancelled non-profit corporation status due to failure to file statement of continued existence effective February 6, 20XX.

IRC Section 6033 states that every organization exempt from taxation under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts, and disbursements, and such other information for the purpose of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and shall 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. EO did not provide many of the records as requested during the audit. Based on the cited law described in Ruling 59-95, EO failed to meet its record keeping requirements.

CONCLUSION:

As demonstrated in Rev. Rul. 58-617, 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. EO has been inactive since December of 20XX due to the arrest of the President and the removal of the animals from their care. The animals were removed from EO because _____ The State of _____ has dissolved the EO's corporate status. As such, EO fails to meet the operational requirements to continue its exempt status under IRC 501(c)(3). In addition, EO has failed to meet the requirements under IRC 6033 to be recognized as exempt under 501(c)(3) of the code.

EO's inability to operate was initiated by the arrest of the President and _____ All evidence clearly indicates that EO is inactive and will not resume operations. Therefore, the date of revocation will be January 1, 20XX, the first day of the year under audit.