



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

**TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION**

Date: **May 16, 2019**

Number: **202151009**

Release Dates: 12/23/2021

EIN:

Person to Contact:

Identification Number:

Telephone Number:

Fax:

UIL: 501.03-00

**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 Internal Revenue Code (the "Code") section 501(a) as an organization described in Code section 501(c)(3), effective July 1, 20XX. Your determination letter dated November 20, 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.

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.

Organizations that are not exempt under section 501 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.

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 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

Enclosures:
Publication 892

Maria Hooke
Director, EO Examinations



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

Date:
12/07/2018
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:

UIL: 501.03-00

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 telephonic 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.

Letter 3518 (Rev. 9-2017)
Catalog Number 34809F

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,



for Maria Hooke
Director, Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018

Form 4621-A Report of Examination

Publication 892

Publication 3498-A

Form 886A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Name of Taxpayer	Explanation of Items	Year/Period Ended December 31, 20XX

Date of Notice: December 07, 20XX

Issues:

Whether the exempt status of _____ (the Organization) under IRC § 501 (c)(3) should be revoked, effective July 01, 20XX because it is not organized exclusively for exempt purposes within the meaning of section 501(c)(3) and Treas. Reg. § 1.501 (c)(3)-1 (b)?

Facts:

_____ applied for tax-exempt status by filing the Form 1023-EZ, *Streamlined Application for Recognition of Exemption Under Section 501 (c)(3) of the Internal Revenue Code*, on November 12, 20XX, and was granted tax-exempt status as a 501 (c)(3) on November 20, 20XX, with an effective date of July 01, 20XX.

An organization exempt under 501 (c)(3) needs to be organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes and to foster national and amateur sports competition.

The organization attested on Form 1023-EZ, part II, box 2 that they have the organizing document necessary for their organizational structure.

Section 501 (c)(3) requires that an organizing document must limit your purposes to one or more exempt purposes within section 501 (c)(3). The organization attested that their organizing document contains this limitation.

They also attested that their organizing document does not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

The organization attested that their organizing document contains the dissolution provision required under section 501 (c)(3) or that they did not need an express dissolution provision in your organizing document because they rely on the operation of state law in the state in which you are formed for your dissolution provision.

The organizing documents that the agent obtained from the Organization do not contain a proper dissolution clause.

The organizing documents that the agent obtained from the Organization do not limit the purpose of the Organization to one or more exempt purposes.

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The agent made several attempts to contact the Organization to request that it conform its organizing documents. Specifically, the agent attempted to contact Organization by letter on 4 occasions.

- Correspondence for the audit was as follows:
 - Letter 3606 (Rev. 6-2012) with attachments, was mailed to the organization on January 24, 20XX with a response date of February 26, 20XX. This letter was not returned by the post office as being undeliverable.
 - Received response from organization including answers to questions listed in the Information Document Request 0001; classification, activities, books and records and organizational documents.
 - Letter 3844-B (Rev 11-2015) with attachments, was mailed to the organization on August 2, 20XX, with a response date of September 3, 20XX, Article Number . This letter was not returned by the post office as being undeliverable. Per the United States Post Office (USPS) tracking, this letter was delivered on August 31, 20XX at 9:20 am in
 - Letter 3597 (Rev 12-2016) with attachments, was mailed to the Power of Attorney (POA) on August 2, 20XX, with a response date of September 3, 20XX, Article Number . This letter was not returned by the post office as being undeliverable. Per the USPS tracking, this letter was delivered to the Front desk/Reception/Mail Room on August 7, 20XX at 12:07 pm in
 - Letter 5077-B (Rev 01-2017), *TE/GE IDR Delinquency Notice*, with attachments, mailed to the organization on November 2, 20XX, with a response date of November 16, 20XX, Article Number . This letter was not returned by the post office as being undeliverable. Per the USPS tracking, this letter was attempted to be delivered on November 9, 20XX. A notice of delivery was left at the address of President's home,
 - Letter 3597, (Rev 12-2016), with attachments, mailed to the organization on November 2, 20XX, with a response date of November 16, 20XX, Article Number . This letter was not returned by the post office as being undeliverable. Per the USPS tracking, this letter was delivered to the Front desk/Reception/Mail Room on November 9, 20XX at 11:21 am in

Explanation of Items

Name of Taxpayer

Year/Period Ended
December 31, 20XX

- Telephone contact for the audit was as follows:
 - February 1, 20XX Tax Compliance Officer (TCO) received a telephone call from the President, TCO discussed the letter 3606 and answered any questions the President had.
 - February 26, 20XX, Case was reassigned to another TCO. Called President. She stated the first TCO had called her to inform her of the reassignment of the case and had given her my contact information. She stated I will be getting the response from her soon. I informed her I will call her to let her know when I receive it.
 - April 3, 20XX, Received mailed response. TCO called President to inform her of receipt of the mailed response received by Internal Revenue Service, Exempt Organization (IRS EO) on March 5, 20XX. TCO informed the President that the TCO will review her response and get back to her within the next 30 days if the TCO has any additional questions.
 - June 20, 20XX, called the President. The Secretary of State (SoS) website does not have the amended Articles of Incorporation (AOI) online. The President informed the TCO that the amended AOI were returned by the SoS as the amended AOI needed to be reworded. The President is working with their attorney/POA to reword the amended AOI. TCO asked for a faxed copy of the amended AOI when the President sends them to the SoS within the next 30 days.
 - July 27, 20XX, called the President, received her voice message. Left a voice message for the President asking for a call back.
 - September 7, 20XX, President called asking if the TCO had received the voice message she had left the previous Friday. TCO informed her there had not been a voice message from her received. President stated she received the last letter, 3844-B, and she had decided to close the organization. TCO asked her if she had contacted the state informing them of the closing/termination of the organization. President stated she sent the state a letter informing them of the closing of the organization. TCO asked her to send TCO a copy of the information sent to the state. TCO informed the President that the 20XX Form 990-N had not been filed and will need to be before the audit can be closed. TCO asked the President to file the Form 990-N for the TY 20XX, fax the information sent to the state and include a state of dissolution of assets. President stated there are no assets.
 - October 31, 20XX, called the President, received her voice message. Left a voice message for the President asking for a call back.

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Name of Taxpayer

Year/Period Ended
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- o November 1, 20XX, President called stating the organization has been closed. She will not be amending the AOl. She has filed the Form 990-N for the tax year ending December 31, 20XX. TCO verified the F 990-N has posted. TCO explained to the President that the original AOl did not have the required language including a purpose, power and dissolution clause and without the AOl being amended, the organization will have to be sent a proposed revocation. TCO informed the President that a certified letter, 5077-B, will be sent to the organization. If there isn't a response to that letter, TCO will continue with the proposed revocation.

Law:

Internal Revenue Code (IRC) §501(c)(3) of the Code provides that an organization organized and operated exclusively for charitable or educational purposes is exempt from Federal income tax, provided no part of its net earnings inures to the benefit of any private shareholder or individual.

Treasury Regulations (Regulation) 1.501(c)(3)-1 In order to be exempt under §501(c)(3) the organization must be both organized and operated exclusively for one or more of the purposes specified in the section. (religious, charitable, scientific, testing for public safety, literary or educational).

Regulation §1.501(c)(3)-1(a)(1) of the regulations states 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.

Regulation §1.501(c)(3)-1(b)(1)(i) 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 to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes.

Regulation 1.501(c)(3)-1(b)(4) 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 by operation of law, be distributed for one or more exempt purposes, or to the Federal Government, or to a State or local government, for a public purpose, or would be distributed by a court to another organization to be used in such manner as in the judgment of the court will best accomplish the general purposes for which the dissolved organization was organized. However, an organization does not meet the organizational

Explanation of Items

Exhibit

Name of Taxpayer

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test if its articles or the law of the State in which it was created provide that its assets would, upon dissolution, be distributed to its members or shareholders.

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.

Rev. Proc. 2018-5, Sec 11.02 (3) Inaccurate information on request. A determination letter issued to an organization that submitted a request in accordance with this revenue procedure may not be relied upon by the organization submitting the request if it was based on any inaccurate material information submitted by the organization. Inaccurate material information includes an incorrect representation or attestation as to the organization's organizational documents, the organization's exempt purpose, the organization's conduct of prohibited and restricted activities, or the organization's eligibility to file Form 1023-EZ.

Organization's Position

Taxpayer's position is the President of the organization has closed the non profit. The President has filed the missing Form 990 N for the tax year ending December 31, 20XX. The President has sent the Secretary of State a letter informing the state of the closing of the organization. The President stated there are no assets as she has been paying for all expenses. The President has closed the bank account of the organization. The President does not plan to reactivate or reopen the organization.

Government's Position

Based on the above facts, the Organization has not established that it had organizing documents limiting the purpose of the organization to one or more exempt purposes, or a proper dissolution clause that meet the organizational test under IRC section 501(c)(3), at the time of applying for tax exemption.

If an organization fails to meet either the organizational test or the operational test, it is not exempt.

The Organization fails the organizational test because it did not establish that it had an

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organizing document that complied with section 501(c)(3) at the time of applying for tax exemption. Because it never had an organizing document that meets the requirements of section 501(c)(3), and because it misrepresented that fact in its Form 1023-EZ, the revocation is effective as of the date of exemption, July 1, 20XX.

Conclusion:

Based on the foregoing reasons, it is the IRS's position that the organization failed to establish that it meets the organizational test as required IRC §§ 501(c)(3) for it to be exempt from federal income tax under IRC § 501(c)(3). Accordingly, the organization's exempt status is revoked effective July 1, 20XX.

Form 1120, *U.S. Corporation Income Tax Return*, should be filed for the tax periods after July 1, 20XX.