



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

Date: March 3, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Number: **202226013**  
Release Date: 7/1/2022

**UIL: 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 \_\_\_\_\_ . Your determination letter dated \_\_\_\_\_ , is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Organizations described in IRC Section 501(c)(3) and exempt from tax under IRC Section 501(a) must be both organized and operated exclusively for exempt purposes.

You failed to show that you met the operational test for an IRC Section 501(c)(3) organization for the year under examination. In order to meet the operational test, you must show that you engage primarily in activities which accomplish one or more of such exempt purposes specified in IRC Section 501(c)(3).

Forms \_\_\_\_\_ filed for the years \_\_\_\_\_ through \_\_\_\_\_ indicated no support for exempt operations. The answers and documents provided during our examination support the position that you are an inactive organization.

As such, you failed to meet the requirements of IRC Section 501(c)(3) and Treasury Regulations Section 1.501(c)(3)-1(a), in that you have not established that you were operated exclusively for exempt purposes.

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 [www.irs.gov](http://www.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 may file an action for declaratory judgment under the provisions of IRC Section 7428 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.

Please contact the clerk of the appropriate court for rules and the appropriate forms for filing an action for declaratory judgment by referring to the enclosed Publication 892, How to Appeal an IRS Determination on Tax-Exempt Status. You may write to the courts at the following addresses:

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

U.S. Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20439

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 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

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](http://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**

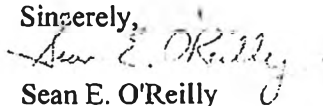
Enclosed are Publication 1, Your Rights as a Taxpayer, and Publication 594, The IRS Collection Process, for more comprehensive information.

Find tax forms or publications by visiting [www.irs.gov/forms](http://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.

Keep the original letter for your records.

Sincerely,  
  
Sean E. O'Reilly  
Director, Exempt Organizations Examinations

Enclosures:  
Publication 1  
Publication 594  
Publication 892



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

Date:  
04/01/2020  
Taxpayer ID number:

Form:

Tax periods ended:

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

**CERTIFIED MAIL – Return Receipt Requested**

Manager's contact information:  
Name:  
ID number:  
Telephone:  
Response due date:

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](http://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](http://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,

*Peter Jensen* for

Maria Hooke

Director, Exempt Organizations Examinations

**Enclosures:**

Form 4621-A

Form 886-A

Form 6018

Publication 892

Publication 3498

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

**ISSUES:**

Whether the exemption status, under Section 501(c)(3) of the Internal Revenue Code (unless specified, all Sections in this report refer to Internal Revenue Code) should be revoked due to lack of activities in line with any charitable purpose.

**FACTS:**

Background

(“ ”) was incorporated in on February , 20 . Specific purposes stated in its Articles of Incorporation are as follows:

1. *To provide peer support; information and referral; systems and self-advocacy; independent living skills training; and other independent living services.*
2. *To engage in education and any other purposes of a charitable nature ...*

, President, submitted a Form 1023, *Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code*, on April , 20 . During the application process, provided additional information regarding its activities, as summarized below:

- *...support the independent living of elders, people with disabilities and caregivers..*
- *...teaching basic financial literacy to young adults...*
- *Supporting community initiatives in developing environmentally friendly affordable housing resources*
- *Providing a safe living environment for ... emancipated from the foster care system and veterans.*

On August , 20 , received its exemption status under Section 501(c)(3), as a publicly supported charity under Section 170(b)(1)(A)(vi).

Activity History

Despite the broad range of services and activities proposed in Form 1023 application, no program activity was reported on its Form 990, *Return of Organization Exempt from Income Tax*, filed for calendar years 20 through 20 . reported that it had failed the public support test on Schedules A, *Public Charity Status and Public Support*. Nevertheless, continued to file Forms 990.

reported no revenue in 20 through 20 and only one expense in 20 for purchasing software. balance sheet from 20 through 20 , indicate there was a grant receivable asset and there was a discrepancy with the beginning and ending balances. The following table summarizes the financial information reported on Form :

Form <b>886-A</b> (May 2017)	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule number or exhibit
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	12/31/20	12/31/20	12/31/20	12/31/20
Part VIII, Line 12 - Total revenue	0	0	0	0
Part IX, Line 24 Total expenses	0	0		0
Part X, Line 3 - Pledges and grants receivable, net				
Beginning balance	0	0		
Ending balance	0			

### Examination

On September 20, 20 , the IRS initiated an examination of Form , for the period ending . Shortly after, the assigned agent received a Form 2848, *Power of Attorney and Declaration of Representative*, for , CPA (the "CPA"). When scheduling the phone interview, the assigned agent was informed that planned to be out of the country and would be unable to participate. The assigned agent advised the CPA that the interview should include an individual familiar with operations. However, the CPA declined to reschedule the phone interview to another date.

In response to the assigned agent's request, the CPA faxed a response that contained the following:

- organizing documents
- Policies & procedures manuals
- Board member job descriptions
- Form filed for 20 , 20 , 20 (not requested by the agent)
- Annual meeting minutes from 20 to 20 .

Most of the documents appeared to be generic and gave no indication of mission or activities. The annual meeting minutes were brief. Although, the meetings lasted an hour each, the only activity mentioned was the \$ purchase of the " software.

The response did not include financials, bank statements, and description of activities undertaken in the year under examination.

### Phone Interview

On October 15, 20 , the assigned agent notified the CPA that the initial response received was incomplete. During the interview the CPA stated that:

- had prepared the 20 Form 990 without consulting the CPA.
- To the CPA's knowledge, there had been minimal activity since inception.
- board consisted of , his wife, and his son.
- The address listed on the Form 990 was personal residence.
- The CPA had no knowledge of any specific activities undertaken by and would have to

Form <b>886-A</b> (May 2017)	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule number or exhibit
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- consult to obtain that information.
- The CPA did not know how the software purchase fulfilled exempt purpose.

After the interview, the CPA faxed bank statements for one account that had a \$ ending balance as of March 20 . No other financials or description of activities were included with this second response.

Missing Information

The assigned agent repeated the request for information regarding activities and the CPA sent a fax on January , 20 . The fax contained the same documents that were sent before and the following answers from

- There was no fundraising event in 20 , therefore, no activities took place in 20 . He provided no explanation on what activities had been or planned to be undertaken by .
- They were unable to provide requested records of account for 20 due to the crashing of software.
- An April 20 bank statement showed account had been closed and funds withdrawn. No explanation provided on what had happened to the withdrawn funds.
- received a \$ donation check on May , 20 from . [See Grant Receivable below]
- works for ; as a result of his efforts received a \$ grant from the company's foundation in May 20 . [See Grant Receivable below]
- On July 20 spent \$ to purchase a lifetime access to a website titled " ", that purports to find targeted properties for donation. [See Software Expense below]

On January , 20 , the assigned agent contacted the CPA to obtain additional information regarding the answers provided by . The CPA was unable to answer the assigned agent's questions and provided phone number. The assigned agent called the provided phone number twice and received no answer; the voicemail was too full to receive any new messages.

Grant Receivable

is an employee of ; which set up to serve as a donor-advised fund for its employees. After contributing service hours, employees can recommend a Section 501(c)(3) organization to receive a donation, up to \$ , from is the sponsoring organization that distributes donations on behalf of

Due to service hours, he was able to recommend that donate up to \$ to . In the provided documents, it states that recipient charities should not treat this recommendation as a grant receivable or as a pledge; upon receipt it is a donation.

It is unknown how the \$ check was deposited since bank account was closed the prior

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month. Also, no explanation provided as to why \_\_\_\_\_ chose not to report this donation as income on the Form 990 filed for the period ended December \_\_\_\_\_, 20\_\_\_\_\_.

**Software Expense**

The only reported expense on \_\_\_\_\_ Form 990, filed for the period ended December \_\_\_\_\_, 20\_\_\_\_\_, was a lifetime access to a website for \$\_\_\_\_\_. \_\_\_\_\_ claimed that the website, listed below, assisted in finding and locating targeted properties for donation.

The assigned agent was unable to verify this claim due to firewalls preventing access to the website. It is also unknown how \_\_\_\_\_ was able to make this online purchase.

**Officer Contact**

At the beginning of the examination, the assigned agent was notified that the sole officer listed on \_\_\_\_\_ Form 990, \_\_\_\_\_, would be unavailable and out of the country. However, the CPA was limited in his knowledge of \_\_\_\_\_ operations and provided \_\_\_\_\_ phone number for further questions.

- January \_\_\_\_\_, 20\_\_\_\_\_ – The assigned agent called the provided phone number twice and received no answer each time. Voicemail was full. The assigned agent was unable to leave a message.
- January \_\_\_\_\_, 20\_\_\_\_\_ – \_\_\_\_\_ left a voicemail stating he was aware that the assigned agent was trying to reach him and left a phone number (same as the one provided by the CPA). The assigned agent called him back multiple times at the provided phone number. No one answered the calls and the voicemail would not receive any new messages.
- February \_\_\_\_\_, 20\_\_\_\_\_ – The assigned agent tried to contact \_\_\_\_\_ again, but received no answer and voicemail was full. The assigned agent notified the CPA about being unable to reach \_\_\_\_\_.

**LAW:**

Section 501(c)(3) exempts from Federal income tax 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 (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



Form <b>886-A</b> (May 2017)	Department of the Treasury - Internal Revenue Service <b>Explanation of Items</b>	Schedule number or exhibit
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opposition to) any candidate for public office.

Section 1.501(c)(3)-1(a)(1) of the Federal Tax Regulations (the "Regulations") 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.

Section 1.501(c)(3)-1(c)(1) of the Regulations states 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). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

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

**TAXPAYER'S POSITION:**

Unknown at this time.

**GOVERNMENT'S POSITION:**

exempt status should be revoked because it failed to meet the operational test as required under Section 1.501(c)(3) of the Regulations.

failed to show that it met the operational test for a Section 501(c)(3) organization for the year under examination. In order to meet the operational test, it must show that it engages primarily in activities which accomplish one or more of such exempt purposes specified in Section 501(c)(3).

Forms 990 filed for the years 20 through 20 indicated no support for exempt operations. The answers and documents provided during our examination support the position that is an inactive organization.

**CONCLUSION:**

failed to meet the operational test under Section 1.501(c)(3)-1 of the Regulations. Hence, it should no longer be exempt under Section 501(c)(3). Accordingly, the government proposes to revoke its exempt status under Section 501(c)(3) effective January , 20 .

If this revocation becomes final, will be liable for filing Form 1120, *U.S. Corporation Income Tax Return*, for the year ending December , 20 and for all subsequent years for which remains subject to Federal Income Tax