



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

Date: May 10, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Release Number: 202237017  
Release Date: 9/16/2022  
UIL Code:501.03-00

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

**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 under IRC Section 501(a) must be both organized and operated exclusively for exempt purposes. You have not demonstrated that you are organized exclusively for charitable, educational, or other exempt purposes within the meaning of IRC Section 501(c)(3). Your Articles of Incorporation include a proper purpose clause but fail to include a clause limiting its activities to those exclusively in the furtherance of IRC Section 501(c)(3) and a dissolution clause providing transfer of your assets to another IRC Section 501(c)(3) organization in the event you were to dissolve.

You have also not demonstrated that you are operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC 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 also failed to produce documents to establish that you operated exclusively for an exempt purpose.

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
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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.

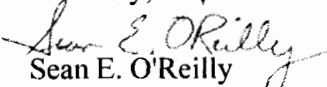
Find tax forms or publications by visiting [www.irs.gov/forms](http://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676).

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:**  
June 2, 2020  
**Taxpayer ID number:**

**Form:**

**Tax periods ended:**

**Person to contact:**

**Name:**  
**ID number:**  
**Telephone:**  
**Fax:**  
**Address:**

**Manager's contact information:**

**Name:**  
**ID number:**  
**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](http://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](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,

*John A. Matias*

By John Matias  
Supervisory Internal Revenue Agent  
For Sean E. O'Reilly  
Director, Exempt Organizations  
Examinations

Enclosures:  
Form 886-A  
Form 6018

Form	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Name of Taxpayer	Explanation of Items	Year/Period Ended
	EIN	

**Issues:**

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

**Facts:**

The Organization filed Form , *Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, on . Internal Revenue Service Letter 947 granted the Organization exempt status as a 501(c)(3) on with an effective date of exemption on . Further the letter shows the Organization's "Public Charity Status" under IRC Sec. 170(b)(1)(a)(vi).

The Organization was founded by , and the Board of Directors includes the , , .

The Organization filed its Articles of Incorporation (Articles) with the State of on stating its purpose as:

The Articles of Incorporation do not include a limiting clause or dissolution clause.

The Agent spoke with on . The said started the Organization because , and wanted involved in charities. said has only received one donation of about \$ dollars (from ) during the time the Organization has been in existence, and most of the things they have done have been at their own expense, which involved buying for in the neighborhood.

On , the Agent received a response to the Information Document Request, the relevant parts follow, the responses (are in *italics*):

1. List the specific purpose for which formed

*was formed to provide , and I a legal and structured way in which to perform charitable functions and give back to the community.*

*We had numerous ideas in which to do this. We planned and executed for , provided water and snacks to and numerous other activities which helped*

2. Provide minutes of meetings from till :

*All meeting [Sic.] were held with the executive members of which included , and . As very few activities were conducted the meeting did not*

Form	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
	Explanation of Items	
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contain a lot of information. The meeting included under new business a general discussion of activities which we were going to attempt to perform during the year. There was no old business.

The meeting [Sic.] were held quarterly and were informal in nature

3. Detailed description of activities.

A. The activities performed that I can recall specifics were our [Sic.] [Sic.] was started which may have raised approximately \$ . This involved and and purchasing t and distributing them to in need.

B. No fees were ever charged for any of our services

The approximated his expenses were \$ which included website development and hosting, utilities, and cost of goods distributed. Revenues were approximately \$ (from and ).

On the Agent spoke with the of the Organization. The Agent received a brief summary document from , and the Agent had the questions. The responses are in italics.

1. Were there any meeting minutes take in , as opposed to the summary provided?

*They were on an that was either lost or broken and no longer had them.*

2. The only activity conducted was giving away . The Agent asked if there any flyers or brochures for this as evidence of the event and an example how they got the word out about the ?

3. The Agent asked the where did the money come from to pay for the expenses listed.

*said it was , is the only person who ever put money into the Organization, with the exception of \$ dollars from ' " and \$ from. or*

4. The Agent asked i currently had any events planned for Organization.

*said no, the Organization was basically defunct.*

Form 886-A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
Explanation of Items		
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-		

During this same conversation on \_\_\_\_\_, the \_\_\_\_\_ was asked if \_\_\_\_\_ would agree to a voluntary revocation of the Organization tax exempt status. \_\_\_\_\_ said \_\_\_\_\_ was working full time now and would agree to the voluntary revocation of the Organization exempt status.

**Law:**

Internal Revenue Code (IRC)

IRC Sec. 501(c)(3) 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.

IRC Sec. 509(a) General rule - For purposes of this title, the term "private foundation" means a domestic or foreign organization described in section 501(c)(3) **other than—**

1. an organization described in section 170(b)(1)(A) (other than in clauses (vii) and (viii));
- (2) an organization which—
  - (A) normally receives more than one-third of its support in each taxable year from any combination of—
    - (i) gifts, grants, contributions, or membership fees

Treasury Regulations (Treas. Reg.)

Treas. Reg. Sec. 1.501(c)(3)-1(a)(1) 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.

Treas. Reg. Sec. 1.501(c)(3)-(b)(1) Organizational test - in general, states: 1) An organization is organized exclusively for one or more exempt purposes only if its articles of organization (referred to in this section as its *articles*) as defined in subparagraph (2) of this paragraph:

- (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.

Treas. Reg. Sec. 1.501(c)(3)-(b)(4) *Distribution of assets on dissolution.* 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.



Form 886-A	Department of the Treasury - Internal Revenue Service	Schedule No. or Exhibit
<b>Explanation of Items</b>		
Name of Taxpayer	EIN	Year/Period Ended

**Treas. Reg. Sec. 1.501(c)(3)-(c)(1) Operational test - Primary activities.** 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.

**Treas. Reg. Sec. 170A-9(f)(1)(ii) An IRC Sec. 170(b)(1)(A)(iv) Normally receives a substantial part of its support from a governmental unit referred to in section 170(c)(1) or from direct or indirect contributions from the general public ("publicly supported").** For purposes of this paragraph (f), an organization is publicly supported if it meets the requirements of either paragraph (f)(2) of this section (33 1/3 percent support test) or paragraph (f)(3) of this section (facts and circumstances test). Paragraph (f)(4) of this section defines "normally" for purposes of the 33 1/3 percent support test and the facts and circumstances test, and for new organizations in the first five years of the organization's existence as a section 501(c)(3) organization.

**Treas. Reg. Sec. 170A-9(f)(3)(i)** an organization will not be treated as normally receiving a substantial amount of governmental or public support unless the total amount of governmental and public support normally received equals at least 10 percent of the total support normally received by such organization.

**Treas. Reg. Sec. 170A-9(f)(3)(ii)(B) Sources of support.** The fact that an organization meets the requirement of paragraph (f)(3)(i) of this section through support from governmental units or directly or indirectly from a representative number of persons, rather than receiving almost all of its support from the members of a single family, will be considered evidence of an organization being "publicly supported."

### **Organization's Position**

The Organization's \_\_\_\_\_ has indicated agreement with Government's position.

### **Government's Position**

It is the Government's position; the Organization does not qualify for exemption from Federal income tax under Internal Revenue Code (IRC) Section (Sec.) 501(c)(3).

The Government's position in two parts; 1) the Organization does not meet the organizational test, 2) the Organization does not meet the operational test.

### **Organizational Test**

Treas. Reg. Sec. 1.501(c)(3) generally requires three clauses appear in an organization's organizational document:

1. An acceptable purpose clause (Treas. Reg. section 1.501(c)(3)-1(b)(1)(i)(a))
2. Not include a powers clause which is too broad (Treas. Reg. section 1.501(c)(3)-1(b)(1)(i)(b))
3. Include a dissolution clause (Treas. Reg. section 1.501(c)(3)-1(b)(4))

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The Organization's articles have a purpose clause. The articles do not contain any clauses or statements limiting its activities exclusively in the furtherance of IRC Sec. 501(c)(3). Additionally, the articles do not have a dissolution clause which would provide transfer of Organization's asset to another IRC Sec. 501(c)(3) organization in the event the Organization were to dissolve.

Thus, the Organization does not meet the Organizational test and does not qualify for exemption under IRC Sec. 501(c)(3).

Operational Test

Treas. Reg. Sec. 1.501(c)(3)-(c)(1) Provides 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.

The [redacted] stated the Organization was defunct and was not conducting any activities. The [redacted] stated [redacted] has a [redacted], and [redacted] started the Organization as a place so could work with charities.

The [redacted] stated, "very few activities were conducted". Additionally, [redacted] stated, "The activities performed that I can recall" was a [redacted], for [redacted] in the area. [redacted] said they also provided water and snacks for [redacted]. The [redacted] was not able to provide flyers or documentation (board meeting minutes) as support that these activities occurred. The [redacted] was asked for the percentage of time devoted to these activities but did not provide this. No statement of revenues, expenses, assets, or liabilities (only an approximate summary in his response) was provided. Approximate revenues (donations) were \$ [redacted] and approximate expenses were \$ [redacted] all paid by the [redacted].

The [redacted] has stated the Organization is defunct and no substantiation showing exempt purpose activities were conducted. The Organization does not meet the requirements of the operational test and does not qualify for exemption under IRC Sec. 501(c)(3).

**Conclusion:**

Based on the foregoing reasons, the Organization does not qualify for exemption under section 501(c)(3) and its tax-exempt status should be revoked, effective [redacted].

Form [redacted] returns should be filed for the tax periods after [redacted].