



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

Date: September 9, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone:

Fax:

Number: **202240026**
Release Date: 10/7/2022

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 under IRC Section 501(a) must be both organized and operated exclusively for exempt purposes. You have not demonstrated that you are both organized and 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.

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.

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. 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 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

cc:



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

Date:
05/07/2021
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 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,

Karen T. Hood Digitally signed by Karen T. Hood
Date: 2021.05.07 10:31:52 -0400 for

Sean O'Reilly
Director, Exempt Organizations Examinations

Enclosures:
Form 886-A
Form 6018

Form 886-A	U.S. Treasury Department-Internal Revenue Service EXPLANATION OF ITEMS	Schedule No. or Exhibit
Name of Taxpayer		Year/Period Ended

ISSUES:

1. Whether _____, herein referred to as "_____", qualifies under IRC 501(c)(3) and is described as a public charity under IRC Section 509(a)(2).
2. Whether "_____" is operating in accordance with its exempt purpose.

FACTS:

The _____ was formed as a corporation in the state of _____ on _____ under the name of _____. On _____, the name was changed to the current name. The organization filed a Form _____ on _____, stated that the corporation has past activities of the following:

"_____"

The _____ Form _____ application and attachments provide the _____ requested Public Charity. On the Form _____ application and supplemental documentation _____ had stated that the organization would have members. _____ would have financial support from fundraising, grants, contributions, and fees for goods and services. It also stated that the goods and services were only available to certain individuals that were _____ members. Determinations had initially determined that _____ was a public charity under IRC Section 509(a)(2) in the Letter _____ dated _____.

The _____ has been filing Form _____ since the _____ tax year. Before _____, no returns are showing as having been filed for the _____. Form _____ is the only tax return that has been filed for the return. No information returns were filed either.

The Form _____ for the tax year ended _____ was selected for examination. The Form _____ states that the _____ is to provide _____, _____ and _____ to the professional _____ state _____ community dedicated to improving _____.

_____ receives its revenue from training fees from members and nonmembers. This is the only form of revenue that the EO has received since _____, except in _____ when they received \$ _____ of other income. (No returns available to view before _____).

Form 886-A	U.S. Treasury Department-Internal Revenue Service EXPLANATION OF ITEMS	Schedule No. or Exhibit
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Training fees Members	\$	\$	\$	\$	\$	\$	\$
Training fees NonMembers	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$
Paid to	\$	\$	\$	\$	\$	\$	\$
Remain in EO	\$	\$	\$	\$	(\$)	\$0	(\$)

has a contract with in which performs all operations and training for the individuals that are offered. The chart above shows that % of all income received since has been paid to as training expenses. does not have any employees, assets including building, fixtures, vehicles, or investments. In the year under audit, the only payments that were made were to

is a for profit organization that the Executive Director of , owns % of. performs all operations and makes all decisions for the . It also pays all employees. The has a contract with which was signed into effect on . It automatically renews unless terminated.

The Form shows income that comes in and goes directly out to . It does not show any other expenses. There are no assets listed on the return and research shows that the does not own any . The bank account has an ending balance of less than \$ for the year.

The minutes of dated , state that the Executive Director was given the authority to sign tax returns, training participation agreements and other contractual documents.

LAW:

IRC 501(c)(3) exempts from tax corporations, and any community chest fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, 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 of children or

Form 886-A	U.S. Treasury Department-Internal Revenue Service EXPLANATION OF ITEMS	Schedule No. or Exhibit
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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, and which does not participate in, or intervene in (including the publishing and distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. IRC 170(b)(1)(A)(vi) describes an organization referred to in subsection (c)(2) which normally receives a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501(a) [IRC Sec. 501(a)]) from a governmental unit referred to in subsection (c)(1) or from direct or indirect contributions from the general public.

IRC 509(a) describes a private foundation as an organization other than ones described in: (1) Section 170(b)(1)(A), (2) who normally receives more than one third contributions from public, (3) organizations organized to perform functions for other organizations, or (4) organizations who perform public safety test.

IRC 4942(j)(3) defines a private operating foundation as an organization in which qualifying distributions are made directly for the active conduct of its own exempt purpose activities and one that substantially more than half of its assets are devoted directly to its own exempt purpose activities.

Treas. Reg. 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest. To meet this requirement, an organization must "establish that it is not organized or operated for the benefit of private interests...."

Treas. Reg. 1.509(a)-4(a)(1) provides that Section 509(a)(3) excludes from the definition of private foundation those organizations which meet the requirements as described in the subparagraphs of this regulation.

Christian Manner International Inc. v. Commissioner of Internal Revenue, 71 T.C. 661(1979) states petitioner was organized pursuant to the Nonprofit Corporation Act of Texas. Its articles of incorporation indicate that the purposes for its organization were religious, charitable, and educational in nature. Petitioner's primary activity was the publication and sale of books written by its founder which were religiously inspired and oriented but were sold commercially at a profit. Held, respondent did not err in denying petitioner's application for exemption under section 501(c)(3), I.R.C. 1954.

Est of Hawaii v Commissioner of Internal Revenue, 71 T.C. 1067 (1979) states Petitioner engaged in activities relating to 'est' programs involving training, seminars,

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lectures, etc., in areas of intra-personal awareness and communication. Such activities were conducted under licensing arrangements with for-profit corporations. Held, in an action for a declaratory judgment under sec. 7428(a), I.R.C. 1954, petitioner's activities, although educational in nature, served the commercial purposes of the for-profit corporations and petitioner was therefore not operated exclusively for exempt purposes within the meaning of sec. 501(c)(3), I.R.C. 1954.

GOVERNMENT'S POSITION:

An organization described under IRC 501(c)(3) must be formed for charitable, religious or educational purposes.

Treas. Reg. 1.501(c)(3)-1(d)(1)(ii) provides that an organization is not organized or operated exclusively for exempt purposes unless it serves a public rather than a private interest.

is like the plaintiff in Est of and serving the commercial purposes of the for-profit limited liability corporation,

TAXPAYER POSITION:

The taxpayer position is unknown at this time.

CONCLUSION:

does not qualify as a tax-exempt entity described under IRC 501(c)(3) since the is used to only collect and disburse funds. does not perform any operations and is serving the commercial purposes of a for-profit.

As a taxable entity, is required to file Form and relinquish all assets that must be transferred to an eligible 501(c)(3) entity.

We are proposing revocation of the IRC Section 501(c)(3) tax exemption for the effective