



**DEPARTMENT OF THE TREASURY**

**TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION**

**Number: 202242017  
Release Date: 10/21/2022**

**Date:**  
September 18, 2020  
**Taxpayer ID Number:**  
**Form:**  
**Tax Period(s) Ending:**  
**Person to Contact:**  
**Identification Number:**  
**Telephone Number:**

**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 (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) 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 IRC Section 501(c)(3) and Treasury Regulations 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.

Contributions to your organization are no longer deductible under IRC Section 170.

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).

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. 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 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

U. S. 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 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).

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](http://www.taxpayeradvocate.irs.gov) or call 1-877-777-4778.

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](http://www.irs.gov/forms-pubs).

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,

Enclosures:  
Publication 892

Sean E. O'Reilly  
Director, Exempt Organizations Examinations



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

**Date:**  
02/11/2020  
**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.

**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,

*Maria Hooke by m*

Maria Hooke

Director, Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018, F4621

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

**ISSUES:**

Whether \_\_\_\_\_, located in \_\_\_\_\_, continues to qualify for exemption under Section 501(c)(3) of the Internal Revenue Code?

**FACTS:**

\_\_\_\_\_ was granted tax-exempt status in \_\_\_\_\_ under Internal Revenue Code Section § 501(a) as an organization described in § 501(c)(3). The organization conducted its operations out of \_\_\_\_\_, \_\_\_\_\_. According to its Articles of Incorporation, the purposes of \_\_\_\_\_ are as follows.

The Corporation is organized for the purposes of: (a) \_\_\_\_\_, and (b) \_\_\_\_\_, and (c) \_\_\_\_\_, and (d) \_\_\_\_\_

The organization filed Form \_\_\_\_\_ for the year ended \_\_\_\_\_ on \_\_\_\_\_.

The originally filed Form \_\_\_\_\_ for \_\_\_\_\_ shows the following:

**Income:**

Program Service Revenue	\$
Investment Income	\$

**Expenses:**

Grants & Similar amounts paid	\$
Professional Fees	\$
Other Expenses	\$

**Net Assets:**

Cash, Savings, and Invest	\$
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We began an examination \_\_\_\_\_ and found \_\_\_\_\_ is no longer Operating and has not dissolved of a piece of land to another 501(c)(3).

We issued a request for information (Information Document Request, or IDR) on \_\_\_\_\_. The request was for financial and organizational information for the year \_\_\_\_\_ under examination.

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

The Information was due back to us by . We issued a Information Document Request on . The request was for the following information for the year under examination. The information was due back to us on and no further extensions would be granted.

- A copy of the stamped Articles of Dissolution filed with the state where the organization was incorporated.
- A signed copy of the agreement showing the distribution of the remaining assets (land) of the organization. The agreement must be signed by both unrelated parties and it must specify the process and time frames for transfer of title.
- Original final return signed by an officer of the organization with “Final Return” box checked on the upper left-hand corner of the return.

We spoke with on requesting status of the unfulfilled Information document request. stated spoke with & we was going to have all the requested documentation by

To date, we have not received Articles of Dissolution, Agreement showing the distribution of the remaining assets (land) of the organization, and the Final return.

## **LAW**

IRC § 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 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 and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office.

IRC § 6001 provides that every person liable for any tax imposed by the IRC, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

IRC § 6033(a)(1) provides, except as provided in IRC § 6033(a)(2), every organization exempt from tax under § 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the

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

internal revenue laws. The Secretary may also prescribe by forms or regulations the requirement of every organization to 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.

Treas. Reg. § 1.6001-1(c) states that in addition to such permanent books and records as are required by paragraph (a) of this section with respect to the tax imposed by section 511 on unrelated business income of certain exempt organizations, every organization exempt from tax under section 501(a) shall keep such permanent books of account or records, including inventories, as are sufficient to show specifically the items of gross income, receipts and disbursements. Such organizations shall also keep such books and records as are required to substantiate the information required by section 6033. See section 6033 and §§1.6033-1 through -3.

Treas. Reg. § 1.6001-1(e) states that the books or records required by this section shall be kept at all times available for inspection by authorized Internal Revenue Service officers or employees and shall be retained as long as the contents thereof may be material in the administration of any Internal Revenue law.

In accordance with the above cited provisions of the Code and Regulations under IRC § 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status.

## **GOVERNMENT'S POSITION**

### *Failure to Meet the Operational Test*

\_\_\_\_\_ has failed to show us that they meet the operational test for a § 501(c)(3) organization for the year under examination. In order to meet the operational test, they must show that they engage primarily in activities which accomplish one or more of such exempt purposes specified in section § 501(c)(3). We will not regard an organization as having met this test if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

As evidence of their failure to operate for exempt purposes, we reviewed the Form \_\_\_\_\_ and found little or no support for exempt operations. The originally filed Form \_\_\_\_\_ for \_\_\_\_\_ shows they have \$ \_\_\_\_\_ in Cash; however, this was incorrectly reported on line \_\_\_\_\_ cash & savings. The amount should have been reported on line \_\_\_\_\_ under Land and Buildings.

Form <b>886-A</b>	Department of the Treasury – Internal Revenue Service <b>Explanations of Items</b>	Schedule number or exhibit
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The subsequent year returns also do not show any exempt purpose activities. Clearly, they have not been performing exempt purpose activities since \_\_\_\_\_, which is required for a §501(c)(3) organization to keep their tax-exempt status. Accordingly, we are proposing revocation because they do not operate for exempt purposes.

***Failure to Provide Records***

The EO has failed to provide records as is required in Code § 6033(a)(1) and Regulation § 1.6033-1(h)(2). They failed to provide any agreement showing the distribution of the remaining assets (land) of the organization, Articles of Dissolution filed with the state where the organization was incorporated, and the final return that we requested during the examination. We attempted to obtain these records by mail and phone.

Without the EO's records, we cannot verify that they are operating according to their exempt purpose. Our position is that the organization, then, is not operating for exempt purposes. They have provided nothing to the contrary.

**TAXPAYER'S POSITION**

Taxpayer's Position has not been provided.

**CONCLUSION**

By not complying with the Code and Regulations, the organization has jeopardized its exempt status. The filing that they have provided to us failed to show that they are operating for exempt purposes. They have also failed to provide required documentation, thereby failing to be complaint with the Code, and failing to show any evidence of their exempt activities. We have no reason to believe that the \_\_\_\_\_ is operating for exempt purposes.

As a result of the examination, we have determined that \_\_\_\_\_ is not operating for exempt purposes as a §501(c)(3) organization. They have not provided any information to the contrary. Accordingly, since the organization failed to operate primarily for exempt purposes, we are proposing revocation of their tax-exempt status, effective \_\_\_\_\_.

Since the organization will no longer have tax-exempt status beginning \_\_\_\_\_, they are liable for filing Form \_\_\_\_\_, *U.S. Corporation Income Tax Return*, as of that date.