



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

Date: October 26, 2021

Taxpayer ID number:

Form:

Tax periods ended:

Release Number: 202243011

Release Date: 10/28/2022

UIL Code: 501.03-00

Person to contact:

Name:

ID number:

Telephone:

Fax:

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

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 failed to adequately respond to repeated reasonable requests to allow the Internal Revenue Service to examine your records regarding your receipts, expenditures, or activities as required by IRC Sections 6001, 6033(a)(1) and the regulations thereunder. You also failed to demonstrate that you are operating exclusively for one or more exempt purposes as required by Treasury Regulations Section 1.501(c)(3)-1(c)(1).

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.

Because you were a private foundation as of the effective date of the adverse determination, you are considered to be a taxable private foundation until you terminate your private foundation status under IRC Section 507. In addition to your income tax return, you must also continue to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, by the 15th day of the fifth month after the end of your annual accounting period.

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:

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.

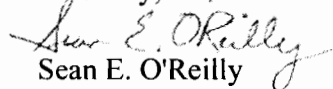
Find tax forms or publications by visiting www.irs.gov/forms or calling 800-TAX-FORM (800-829-3676).

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



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

Date:
10/01/2020
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

Name:
ID number:
Telephone
Fax:
Hours:

Manager's contact information:

Name:
ID number:
Telephone

Response due date:
November 1, 2020

CERTIFIED MAIL – Return Receipt Requested

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,

Director, Exempt Organizations Examinations

Enclosures:

Form 886-A

Form 6018

Form 4621-A

Publication 892

Publication 3498

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

Date of Notice:

Issues:

Whether _____ (the organization), which qualified for exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code, should be revoked due to its failure to respond and produce records to substantiate that the organization meets the operational test?

Whether _____ (the organization), which qualified for exemption from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code, should be revoked due to its failure to respond and produce records to substantiate that the organization meets the organizational test?

Facts:

The organization applied for tax-exempt status by filing the Form _____, *Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code*, on _____ and was granted tax-exempt status as a 501(c)(3) on _____ with an effective date of _____.

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 _____ and _____.

The organization was selected for examination to ensure that the activities and operations align with their approved exempt status.

The organization failed to fully respond to the Internal Revenue Service attempts to obtain all the necessary information to perform an examination of Form _____ for the tax year ending _____.

The Form _____ application lists the phone number of _____ for the Executive Director, _____ of _____.

The organization attested on Form _____, Part III, that the organization would be organized and operated exclusively to further charitable, religious and educational purposes.

The organization checked the boxes on Form _____, Part II, ensuring that when the application was filed that the organization's organizing document contains the required provisions to meet the organizational test.

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Correspondence for the examination was as follows:

Letter 3611, *EO Initial Appointment - No Prior Contact*, (Rev. 8-2019) with attachments, was mailed to the organization on _____ with a response date of _____. The letter requested the organization's organizing document and any amendments including proof of filing with the applicable state entity, a copy of their By-Laws, a properly completed Form _____ to be processed in place of the previously filed Form _____, a detailed description of each of their activities, minutes and financials.

On _____ TCO attempted phone contact at the number provided for _____ (Executive Director) to confirm receipt of correspondence. TCO left a voice message requesting a call back. TCO provided full name, identification number, direct phone number and hours of availability.

On _____ TCO spoke with a _____ at the number provided for _____ (Executive Director). The _____ refused to confirm if _____ was _____ TCO advised that _____ just needed to confirm receipt of correspondence _____ sent on _____, at that time _____ terminated the call.

Letter 3844-A, *Correspondence Audit Follow Up*, was mailed _____ with a due date of _____ to _____ (Executive Director), _____ (Administrator), (Program manager), and the organization.

TCO received a call from _____ (disclosure verified). _____ confirmed he had received the correspondence, Information Document Request (IDR) and Publication 1. TCO confirmed that caller understood _____ rights as provided in the Publication 1. TCO confirmed that caller understood that due to their current status a Form _____ needs to be submitted and that the submitted Form _____ was not valid. Caller stated that _____ had submitted a Form 4790 requesting termination of the Private Foundation. TCO advised that until he receives confirmation of any actions _____ needs to continue to file a Form _____.

A response was received from the organization via email on _____. The response included a Form 8940, not dated and with no indication of user fee submitted. The Form 8940 is requesting termination of private foundation status. The response included a copy of By-Laws signed by the President, _____. The signature lines for the Secretary, _____, and Treasurer, _____, were blank. The By-Laws stated they were adopted on _____. A Corporation abstract print-out dated _____ was included in the response. This print-out shows that " _____ " initially filed with the _____. The report shows a reinstatement _____ and then again _____. A certificate with a stamp from the _____ was included showing reinstatement of the Corporation with an effective date of _____. A Form _____ was included in the response. The return was not signed or dated and appears to be filled out incompletely. The response included a copy of the Articles of Incorporation (AOI) dated _____. While the AOI passes the

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organizational test by having adequate language pertaining to its charitable activities they do not include proof of filing and being accepted by the state.

The TCO replied to the organization via email on _____ requesting the items missing from the organization’s response: detailed description of activities, minutes, financials and proof of filing of submitted AOI. Included were questions regarding the submitted Form _____ as follows:

Form

There is no income showing. The Income of \$ _____ needs to be reported either on line 1 or line _____ depending on form of income and a schedule pertaining to said income needs to be attached. (Please refer to the Instructions for Form _____ on website irs.gov.) Please report the proper cash at the end of the year on Part II line _____. (Generally amount in bank statements and/or the general ledger). Correct the amount reported on Part II line _____ if necessary. This line is for outstanding accounts receivable.

Provide expense amounts for activities reported in Part IX-A if there were expenses incurred. Please sign and date the Form on page _____. Include the title of the signatory ie: President, Secretary.

The organization responded via email on _____. The response stated that the organization lost its “incorporation status” in the _____ in _____. At that time the “governing rules, along with the minutes and testimonies was erased”. The organization was reinstated in the _____ in _____, the organization has yet to “form another Board of Directors, thus there are no minutes of committee meetings or board of Director activity to report. They state that “there is no investments, assets, revenues or liabilities to report outside the _____.” The submitted Form _____ is not dated and still appears to be incomplete.

TCO left a voice mail for _____ (Executive Director) requesting a call back due to questions regarding the submitted email of _____.

On _____ TCO left a voice mail for _____ (Executive Director) requesting a call back. TCO advised that a second IDR and correspondence would be issued _____ if a call back was not received. TCO advised that it appears as though the organization may have separate entities set up as there is a website for _____ (_____) and one for _____ (_____) . TCO advised that it appears as though the tax return filed only relates to the _____ (_____) .

Letter 3844-B, *Correspondence Audit Request for Additional Information*, was mailed on _____ with a due date of _____.

Letter 5077-B, *TE/GE IDR Delinquency Notice*, was mailed on _____ with a due date of _____ to _____ (Administrator), _____ (Executive director), and _____.

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(Program manager). Included with the letter was an IDR, a copy of the Form filed, a copy of the Form and a copy of the Determination Letter 1076.

TCO retrieved a voice mail on which was left by on at pm (). The voice mail requested that no further correspondence be sent to as was no longer affiliated with the organization. stated that has provided all the information that has. stated that if anything more was needed the TCO will need to contact the . stated that "if this is not acceptable then I will see you in court."

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.

IRC §511 of the Internal Revenue Code imposes a tax at corporate rates under section 11 on the unrelated business taxable income of certain tax-exempt organizations.

IRC §6001 of the Code provides that every person liable for any tax imposed by this title, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules and regulations as the Secretary may from time to time prescribe. Whenever in the judgment of the Secretary it is necessary, he may require any person, by notice served upon such person or by regulations, to make such returns, render such statements, or keep such records, as the Secretary deems sufficient to show whether or not such person is liable for tax under this title.

IRC §6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 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 internal revenue laws as the Secretary may by forms or regulations prescribe, and 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.

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

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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 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.

Regulation 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will not be regarded as "operated exclusively" for one or more exempt purposes described in section 501(c)(3) of the Code if more than an insubstantial part of its activities is not in furtherance of a 501(c)(3) purpose. Accordingly, the organization does not qualify for exemption under section 501(c)(3) of the Code.

Regulation §1.6001-1(c) of the Code provides that 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 1.6033-3.

Regulation §1.6001-1(e) of the Code provides that the books or records required by this section shall be kept at all time available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Regulation §1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for

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the purpose of enabling to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Regulation §1.6033-2(a)(1) of the Regulations provides, in part, that, except for certain exceptions not here applicable, every organization exempt from taxation under section 501(a) shall file an annual information return specifically setting forth its items of gross income, gross receipts and disbursements, and such other information as may be prescribed in the instructions issued with respect to the return.

Regulation §1.6033-2(i)(2) of the Regulations provides, in part, that every organization which is exempt from tax, whether or not it is required to file an annual information return, shall submit such additional information as may be required by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F, chapter 1 of subtitle A of the Code, section 6033, and chapter 42 of subtitle D of the Code.

Regulation §1.61-1 of the regulations provides that Gross income means all income from whatever source derived, unless excluded by law. Gross income includes income realized in any form, whether in money, property, or services. Income may be realized, therefore, in the form of services, meals, accommodations, stock, or other property, as well as in cash.

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. 2020-5, 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 unknown at this time.

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Government's Position:

During the examination, the organization did not respond fully to verify that they are organized and operated exclusively for one or more of the purposes specified in IRC Section 501(c)(3). If an organization fails to meet either the organizational test or the operational test, it is not exempt.

The books and records are not adequate to permit the Internal Revenue Service to verify that the funds and activities were used for an exempt purpose. The organization did not maintain original source documents to support your transactions. Specifically, we cannot determine how and under what circumstances funds were distributed. Also, we cannot confirm the recipients of the charitable distributions, and whether they were charitable organizations or of a charitable class. Consequently, we cannot ascertain whether the organization's assets were dedicated exclusively for charitable purposes in order to justify continued recognition of tax-exempt status under IRC 501(c)(3) of the Code.

In accordance with the above-cited provisions of the Code and regulations under sections 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 and to determine its liability for any unrelated business income tax.

The organization fails the organizational test because it did not establish that it had an organizing document that complied with section 501(c)(3) at the time of applying for tax exemption.

Section 1.6033-1(h)(2) of the regulations specifically state that exempt organizations shall submit additional information for the purpose on enabling the Internal Revenue Service to inquire further into its exempt status.

Using the rationale that was developed in Revenue Ruling 59-95, the organization's failure to provide requested information should result in the termination of exempt status.

Conclusion:

It is the IRS's position that the organization failed to establish that it meets the reporting requirements under IRC §§ 6001 and 6033 to be recognized as exempt from federal income tax under IRC § 501(c)(3). Furthermore, the organization has not established that it is observing the conditions required for the continuation of its exempt status or that it is organized and operated exclusively for an exempt purpose. Accordingly, the organization's exempt status is revoked effective

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Form _____, *U.S. Corporation Income Tax Return*, should be filed for the tax periods after