



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

Release Number: **202327018**  
Release Date: 7/7/2023  
UIL Code: 501.03-00

Date:

Taxpayer ID number (last 4 digits):

Form:

Tax periods ended:

Person to contact:

Last day to file petition with United States  
Tax Court:

**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 January 1, 2020. Your determination letter dated December 3, 2020, is revoked.

Our adverse determination as to your exempt status was made for the following reasons: Organizations must be both organized and operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC Section 501(c)(3). Treasury Regulation (Treas. Reg.) Section 1.501(c)(3)-1(a)(1). You have not demonstrated that you are organized exclusively for exempt purposes because your articles of incorporation do not meet the requirements of Treas. Reg. Section 1.501(c)(3)-1(b)(1). Further, during our examination, you did not produce records sufficient to demonstrate that you were operated exclusively for charitable, educational, or other exempt purposes within the meaning of IRC Section 501(c)(3), nor that your net earnings did not inure in whole or in part to the benefit of private shareholders or individuals. See Treas. Reg. Section 1.501(c)(3)-1(c)(1) and (2); IRC Sections 6001, 6033; Revenue Ruling 59-95.

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 **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 can file an action for declaratory judgment under the provisions of Section 7428 of the Code in either:

- The United States Tax Court,
- The United States Court of Federal Claims, or
- The United States District Court for the District of Columbia

You must file a petition or complaint in one of these three courts within 90 days from the date we mailed this determination letter to you. You can download a fillable petition or complaint form and get information about filing at each respective court's website listed below or by contacting the Office of the Clerk of the Court at one of the addresses below. Be sure to include a copy of this letter and any attachments and the applicable filing fee with the petition or complaint.

You can eFile your completed U.S. Tax Court petition by following the instructions and user guides available on the Tax Court website at [ustaxcourt.gov/dawson.html](https://ustaxcourt.gov/dawson.html). You will need to register for a DAWSON account to do so. You may also file your petition at the address below:

**United States Tax Court**  
400 Second Street, NW  
Washington, DC 20217  
[ustaxcourt.gov](https://ustaxcourt.gov)

The websites of the U.S. Court of Federal Claims and the U.S. District Court for the District of Columbia contain instructions about how to file your completed complaint electronically. You may also file your complaint at one of the addresses below:

**US Court of Federal Claims**  
717 Madison Place, NW  
Washington, DC 20439  
[uscfc.uscourts.gov](https://uscfc.uscourts.gov)

**US District Court for the District of Columbia**  
333 Constitution Avenue, NW  
Washington, DC 20001  
[dcd.uscourts.gov](https://dcd.uscourts.gov)

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.

#### **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](https://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 [IRS.gov/forms](https://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.

You may fax your documents to the fax number shown above, using either a fax machine or online fax service. Protect yourself when sending digital data by understanding the fax service's privacy and security policies.

Keep the original letter for your records.

Sincerely,



Lynn A. Brinkley

Director, Exempt Organizations Examinations

Enclosures:

Publication 1

Publication 594

Publication 892



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

Date:  
October 26, 2022  
Taxpayer ID number:

Form:

Tax periods ended:

Person to contact:

**CERTIFIED MAIL – Return Receipt Requested**

Manager's contact information:

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,



for Lynn A. Brinkley

Acting Director, Exempt Organizations Examinations

**Enclosures:**

Form 886-A

Form 6018

Form 4621-A

Publications 892 & 3498-A

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

**Facts:**

applied for tax-exempt status by filing the Form 1023-EZ 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 foster national and amateur sports competition.

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

The organization failed to respond to the Internal Revenue Service attempts to obtain information to perform an audit of Form 990 for the tax year . The organization did provide the organization's activities, revenues and some of the expenses listed on the Form 990-EZ but fail to provide a copy of a state approved amended Articles of Incorporation as well as trial balance, income statement, balance sheet, general ledger, or bank statements so the TCO could record the organization's expenses correctly. The director refused to respond to any more requests.

The Form 1023-EZ application list the phone number of for the CEO/Owner of

Per the web-site, it lists the organization as in good standing and active. A copy attached from state web-site is attached.

- Correspondence for the audit was as follows:
  - Letter 6031 ( ) with attachments, was mailed to the organization on , with a response date of . This letter was not return by the post office as being undeliverable.
  - , the organization faxed a reply to the TCO that contained a copy of the organization's Articles of Incorporation. This was of many items request.

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- , the organization faxed a copy of the organization's amended Articles of Incorporation for the TCO to proofread prior to the organization sending in a copy of amended Articles of Incorporation to the .
- , The TCO received a fax from the organization reporting proof of revenues receive which included copies of letters to and Forms 1099 for the organization and the director of the organization. This information reported all revenues received by the organization listed on the organization's Form 990-EZ.
- The Letter 5798 ( ) was mailed to the organization on , with a response due date of . This letter was to report a to the organization to report the balance of requested information that was requested in the initial 6031 letter and Form 4564.
- , The TCO received a fax from the organization that responded to some of the requested information from the Form 4564. It included responding to the organization's activities, revenues, no meeting minutes because all meeting and minutes were conducted by the director and she makes all the decisions concerning the organization. The reasons for revenues exceeding \$ for the of operating were provided to the best of the directors' ability but did not answer the questions. Copies of Form W-9 were provided to the TCO indicating that the director tried to have the provide the Form 1099 in the name and EIN of the organization rather than the director's name and SSN.
- , The TCO received another fax from the organization which contained of the same responses as before. She did give a more detailed response to the expenses listed on Schedule O of the Form 990-EZ. She also provided a copy of her Form 1096 and . This was provided by the director when I asked for a copy of her rental/lease agreement for her business listed on the Form 990-EZ.
- Letter 3844-A ( ) with attachments, was mailed certified to the Organization on , with a response date of . Per the ( ) tracking, this was to be forwarded on to the next network to be delivered to its dated on . It never reached it's destination nor was the article returned to the TCO and the service center.
- Letter 3844-A ( ) with attachments, was mailed certified to the

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Organization on \_\_\_\_\_, \_\_\_\_\_, with a response date of \_\_\_\_\_, \_\_\_\_\_, Per \_\_\_\_\_ tracking this was delivered to the organization on \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_.

- Letter 5077-B ( \_\_\_\_\_ ), with attachments, was mailed to the organization, on \_\_\_\_\_, with a response date of \_\_\_\_\_. This letter was delivered and received by the organization on \_\_\_\_\_.
- Telephone contact for the audit was as follows:
  - \_\_\_\_\_, called the phone number listed on the Form 1023-EZ application for the CEO/Owner of \_\_\_\_\_ and received VMS. I left a message for an officer of the organization to return my phone call and to verify if she received our initial letter 6031 with attachments
  - \_\_\_\_\_, the CEO/Owner of the organization called me back and indicated she did receive our Letter 6031 with attachments and that she gave the letter with attachments to her CPA. The director gave verbal authorization to speak with her accountant. I then called the CPA at \_\_\_\_\_ and had to leave a message asking if he had any questions concerning our examination of the organization.
  - \_\_\_\_\_, TCO called the CEO/Owner of the organization for the initial interview. The CEO/Owner had difficulty understanding some of the questions asked of her but after further explanation she was able to complete the interview with me.
  - \_\_\_\_\_, TCO called the CEO/Owner of the organization asking where her response was for our Letter 6031 with Form 4564, Informational Document Request (IDR). She was unaware of the due date of the information requested and said she gave all the information and the letter to her CPA and assumed he would be responding to our examination.
  - \_\_\_\_\_, Director of the organization called requesting a conference call with her financial advisor on \_\_\_\_\_, \_\_\_\_\_, at \_\_\_\_\_. Conference call was scheduled for \_\_\_\_\_, at \_\_\_\_\_. Director provided she would confirm the time with her financial advisor.
  - \_\_\_\_\_, I called the director back to confirm the conference call for \_\_\_\_\_. I had to leave a message on her voice mail.
  - \_\_\_\_\_, While out of the office I received a voice message from the \_\_\_\_\_.



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director asking if \_\_\_\_\_ would work for the conference call. I called the director back and had to leave another message that that time would work.

- \_\_\_\_\_, I spoke with the director and her financial advisor on a conference call. They were unsure from the Form 4564 what we needed. I went through every item we requested in detail and they understood. The director called back later that morning to ask how to amend her Articles of Incorporation and I explained the process and how to complete that task.
- \_\_\_\_\_, The director of the organization called and needed help with the amending of her Articles of Incorporation (AOI). We went through what she needed to put in the amended portion of her AOI. She said she would send me the balance of the information needed as soon as she could.
- \_\_\_\_\_, I called the director of the organization since it was past due from the extension to respond. I had to leave another voice message to the director to call me back as soon as possible with a response.
- \_\_\_\_\_, I called the director of the organization asking about the organization's response from our Form 4564 (IDR). She thought that her financial advisor would have responded by now. I reminded her that during our conference call her financial director indicated we were asking way too much and indicated he would not respond to our request. During the call I advised that if we did not receive a response of any kind she would be held accountable, not the third party. She said she would contact her financial advisor and get back to me.
- \_\_\_\_\_, I received a fax from the director of the organization and called her to indicate that what she sent in was the very same information previously submitted to us. I had her pull up her copy of the Form 4564 (IDR) and explained what was not answered. She indicated all her revenues was from agencies from the \_\_\_\_\_. I told her I would check with my lead about revenues and would get back to her.
- \_\_\_\_\_, I called the director of the organization and had to leave a message. I asked the questions the lead prepared for me to ask for and said I would be calling back again or she could call me.
- \_\_\_\_\_, I called the director after receiving a fax from her indicating that her fax was very hard to read and could not decipher. She emailed the information to me this time and we went over the information. She had not responded to all the information requested and so she said she would gather it up and send it to me. An hour later she called saying she sent her

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information to me and upon reading it while on the line with her it was information previously sent to me, not the items we had discussed earlier.

- , I called the director of the organization after receiving another fax from the organization. She responded with most of the information requested but her response raised several more questions. I asked her about those items raised and she got upset with me saying I was asking too much from her about her organization. She indicated if I kept asking for more information she would terminate her organization. I calmed her down and she said she would send me what she could.

The director called me after faxing more information to me. She wanted to know if I received it and asked me if I could call her financial advisor.

I called the financial advisor and had to leave a message and asked him to return my call.

- , I called the director of the organization to tell her I called and left a message with her financial advisor but have not been contacted back yet. She asked if I could send her a copy of the additional information I was requesting and I said I would.
- , I called the director of the organization to see if she had received the Letter 3844-A with the second Form 4564 (IDR) requesting additional information. I had to leave a voice message.
- , I called the director once again to see if she received the second Form 4564 and once again had to leave a voice message requesting a call back from her.
- , I called the director again to see if the second Letter 3844-A was received since the first letter 3844-A never reached its destination. I had to leave a message that her response to the second Letter 3844-A was due and we needed to receive a response.
- , I called the director and she answered the phone. I asked about her responding to our inquiry with Form 4564 and she told me she would not be responding any more, that we were asking too much information from her. I told her I understood her position and explained about the letter 3618, 30-Day revocation letter and about her choice to accept our proposal for revocation or not.

**Law:**

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**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 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(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

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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 the purpose of enabling him 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 §1.61-1** 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.

### Organization's Position

Taxpayer's position is unknown at this time.

### Government's Position

Based on the above facts, the organization did not respond 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

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operational test, it is not exempt.

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.

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:**

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.

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

Form 1120, *U.S. Corporation Income Tax Return*, should be filed for the tax periods after