



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

Date:
December 06, 2023
Taxpayer ID number (last 4 digits):

Form:

Release Number: 202409017
Release Date: 3/1/2024
UIL Code: 501.03-00

Tax periods ended:

Person to contact:

Name:

ID number:

Telephone: - - -

Fax:

Last day to file petition with United States

Tax Court:

March 5, 2024

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 must be both organized and operated exclusively for charitable, educational, or other exempt purposes within the meaning of section 501(c)(3). During our examination, you did not produce records regarding your receipts, expenditures, or activities sufficient to demonstrate that you were operated exclusively for charitable, educational, or other exempt purposes within the meaning of 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. Further, you engage in a more than insubstantial amount of non-exempt activity, including, but not limited to facilitating the transfer of funds between family members and friends and otherwise transfer funds to individuals and entities without any demonstrated 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 [IRS.gov](https://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 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. 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

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

US District Court for the District of Columbia
333 Constitution Avenue, NW
Washington, DC 20001
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. 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.

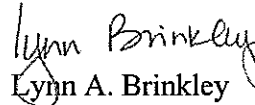
Find tax forms or publications by visiting [IRS.gov/forms](https://www.irs.gov/forms) or calling 800-TAX-FORM (800-829-3676). If you have questions, you can call the person shown at the top of this letter.

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
Exempt Organizations

Date:
08/04/2023
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:
September 4, 2023

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

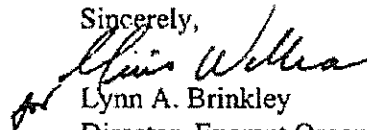
The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. TAS can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for TAS assistance, 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,



Lynn A. Brinkley
Director, Exempt Organizations Examinations

Enclosures:

Form 886-A & Form 6018

Pubs 892 & 3498

Form 886-A (May 2017)	Department of the Treasury - Internal Revenue Service Explanation of Items	Schedule number or
Name of taxpayer	Tax Identification Number (last 4 digits)	Year/Period Ended

ISSUES

1. Whether (or continues to qualify as an organization exempt from Federal income tax under Section 501(c)(3) the Internal Revenue Code (IRC).
2. Whether exercised adequate control and accountability over donated funds that were disbursed directly to non-exempt entities or individuals to ensure that the funds were used to carry out purposes as described in IRC 501(c)(3).
3. Whether the operations of fail the operational test under IRC section 501(c)(3) and therefore should be revoked

FACTS

Organizational and Operational Documents

was incorporated on in the state of as a nonstock organization. Per its articles of incorporation, it was formed for the following purposes:

"

"

An unsigned copy and undated copy of the bylaws submitted with the Form 1023 Application provided the following information.

Per the bylaws, the purpose was stated as follows. "

of the bylaws regarding membership stated that the number of classes, qualifications, rights, privileges, dues, fees, responsibilities, and the provisions, governing the withdrawal, suspension, and expulsion of members would be determined by the Board of Directors. The bylaws also stated that the Board of Directors "may approve additional classes of membership for, but not limited to individuals, businesses, and all other organizations which seek to affiliate with the Annual dues were determined by the board and each member shall be entitled to vote on each matter. Upon payment of dues, the member is considered to be in good standing and vested in full voting rights.

of the bylaws stated that the business of the organization shall be managed by a Board of Directors consisting of at least and including the officers of the

corporation.

Powers – stated that the Board of Directors “

Form 1023 Application Information

filed Form 1023 on _____, seeking tax exemption under IRC Section 501(c)(3). The organization was granted exemption from Federal income tax under section 501(c)(3) of the Code in a letter dated _____. It was classified as _____ by reason of being described in section 509(a)(2) of the Internal Revenue Code.

The _____ in the articles of incorporation stated the following:

”

Response to _____ indicated that _____ will not have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a _____ % interest.

_____ stated that _____ :

Response to _____, through _____ stated that _____ will _____ support nor oppose political campaigns nor attempt to influence legislation nor operate bingo or gaming activities nor contract individuals or organizations who operate these activities.

Response to _____ questions through _____ stated that _____ will neither operate in foreign countries nor issue grants, loans and other distributions to foreign organizations.

IRS issued _____ dated _____ to _____ to obtain additional information regarding its operations. In question _____ and _____ was asked to identify the specific countries (and regions within the countries) in which it operates and to describe its operations in each country. In response, _____ stated that it operates in _____ and _____ It stated that it provides _____

_____ was asked to provide a response to the following questions:

3) Please answer the following in regard to _____ (_____ compliance:

- a. When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list?
Response: “Yes”
- b. What other practices will you engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities?
Response: : “ _____ ”

- ”
- c. Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC?

Response: “yes”

- d. Will you acquire from OFAC the appropriate license and registration where necessary?

Response: “yes”

of asked “

- a. State the organizations to which you do (or will) distribute funds or goods, and if they have been recognized as tax-exempt by the IRS, state their exempt status.

Response: “

- b. List any distributions (in funds or goods) you made to date, including the recipient, what and how much was disbursed, and how the distribution furthered your exempt purposes.

Response: “ (

- c. Describe your process for reviewing and approving requests for funds or goods, including the pre-grant inquiries you conduct on potential grantees, and how you determine grant amounts.

Response:

- d. If you enter into a written grant agreement with grantees, submit representative copies of the grant agreements.

Response: “We do not enter into written grants agreements with our grantees. We enter into a MOU (see attached)”.

- e. If a grant recipient is eligible for repeated grants, explain whether they must reapply and continue to provide information regarding how funds or goods are used.

Response: “We do disbursement of funds based on our assessment of need for services we want to complete by any organizations and this is always based on the terms of our MOU as far as reporting expectations.”

- f. Explain whether you accept donations earmarked for particular organizations or individuals.

Response: “We do not accept donations earmarked for particular organizations or individuals.”

- g. Specify how you will exercise control and responsibility over the use of any funds or goods granted to foreign organizations or individuals to ensure they are used properly (e.g., requiring grantees to submit periodic reports, or accountings, engaging accountants to audit grantees, sending representatives or agents for field investigations, etc.).

Response: "We send representatives and agents for field investigations, we adhere strictly to the terms in our MOU as far as reporting and hard evidence of services rendered are concern. We require receipts of all transfers, photos, audio and video images of services render. We also use other organizations to periodically review the activities of our partner organizations in a peer review program and this increases competition, efficiency and transparency."

h. Specify to what extent, if any, you share board members or other key personnel with recipient organizations.

Response: "We do not share board members with recipient organizations. Our organizations are independent entities."

provide a copy of the Memorandum of Understanding (MOU) in it which stated the following:

This Memorandum of Understanding (MOU) sets forth the terms and understanding between the and the to aid citizens of currently in the and

Background

This partnership will and the that within the and

Purpose

The MOU further stated that the goals would be accomplished by undertaking activities such as:

- will provide goods, or and to
- will submit a to provide.
- Upon agreement of their request of action, will use the relief assistance to aid the displaced persons as dictated by the displaced person's most pressing needs.
- The will impose
- The will document all activities it carries using including but not limited to videos, pictures, receipts.
- The will promptly inform of any difficulties or changes in its plans and obtain permission to proceed.
- In the event where the cannot fulfil its mission, it shall return/refund the goods/full amount it received excluding wire transfer fees if applicable.
- There will be a at the end of the agreed upon
- strictly prohibits the use of any part of its goods/ services in support of or activities.

Duration

Examination Findings:

Form 990 for tax year was selected for an examination and notice was provided to via along with an (The letter was mailed to the organization on with a due date of using its last known address on file. The examination was to the Form 990 for tax year ended on with notice provided to

were made via mail and calls after the mailing of the letter. the mail sent to mailing address nor messages left for (listed as Director on the return) were answered. (listed as Director on the return) responded to agent's call on

in describing its activities on page of its Form 990 stated that it's mission is to In and

Activities Conducted by

Website

A review of website) shows the following:

a. It's home landing page shows a request for donation and provided the following information:

Assist Stranded in and – Following the and have been and in an estimated in as a

b. Contribute to the :

c.

d.

See

Interviews

During the examination, interviews were conducted with the _____ being conducted on _____, and the _____ on _____ with _____ and _____.

The organization was asked about the number of board members. It was explained that there were _____ board members from _____ is representative of each county with roots in that county. The board currently had _____ members as of the date of the interview on _____.

Some board members have not been identified as yet. The board could decide to use funds for other things but must agree.

The following information was provided during the interview held on _____ does charitable work to _____ in _____ has an _____

They do not engage in _____

The officers were asked about the source of membership income generated that was reported on the Form 990. Membership income comes from the monthly subscriptions that people pledged and are committed to donate every month. _____ does fundraisers to _____ Cash is taken during fund raisers. Donors usually contribute _____ such as, _____ and _____ has _____ donors _____ to make _____ donations month. The officers stated that _____

_____ The _____ are deposited in the organization's bank account. The process for raising monies may take the form of a person who calls the _____ group for assistance. The _____

Sometimes _____ would do a rally in _____ and have an event, collect _____ from those wanting to help. Other times, family members donate funds to be sent to their relatives. These individuals feel comfortable donating _____ to the _____ They do ad hoc fundraisings where people donate _____ for different causes.

The officers were asked to explain how the process works in terms of a person getting assistance and how do they become aware of the existence of the organization. _____ indicated that it determines who gets help based on _____ calls and emails from friends. The officers stated that _____ that are linked to _____ The person who receives help is generally known by a relative as the people in _____ knows each other. Sometimes it occurs when a family member who is _____

_____ does not have a _____

list of _____ and _____

_____ of the officers stated that they try to _____
sent through _____ the _____

if _____ are _____

and _____ and _____
main cause for which they are raising _____

Board members are _____
Board members decide when _____
and _____

would be used for _____

_____ of the officers indicated that _____
in the _____

in _____ to _____

When they have to buy food or medical supplies, a _____

The _____ does not have payroll expenses.
they volunteer their time and are not paid by the _____
members, who teach accountability and transparency.

workers of the _____ have full-time jobs, and
There is a _____ list of officers, board _____

The officers were asked to explain how they verify that the recipients received the funds. Officers receive
some acknowledgement from text or email from _____ or _____ in _____

The officers also claimed that it provides assistance _____

_____ also stated that it carried out a _____ as a means _____ in _____
The _____ failed because the costs were too high. The minutes charged were too high and _____
benefited. The _____ was available in _____ and the _____ provide the _____

received its income via various platforms or applications as noted below.
and are types of online payment platforms used to transfer and receive

While information had similar data comprising its total revenue of \$, the general ledger did list a category of funds received via categorized as " " noted as examples below. The tax year also had another different method of transfer of funds of approximately transactions in the general ledger totaling \$ via such as the examples below.

Some of the transactions provided some detail description in the "Description" column of the general

ledger. is a selection of items showing the descriptions for transactions.

Expenses

reported total expenses of \$ on its Form 990 for tax year ended
It reported total expenses of \$ on its original return but amended it to report
\$ on its Form 990 for tax year ended

General Ledger Reporting of Expenditures

Based on review of the general ledger for the majority of total reported expenses of
\$ were reported in the following categories.

Based on review of the general ledger for the majority of total reported expenses in
the amount of \$ were reported in the following categories:

The following below are excerpts of transactions taken from the general ledger for which requisitions were provided and amounts reported on the Form 990.

General Ledger Account	Amount	Form 990 Year Expenses	Functional	Requisition for Cash Disbursement or Purpose –
------------------------	--------	------------------------	------------	--

In year paid \$ to individuals through and Checking.
 The Form 990 Year reported in
 in the amount of \$. The paid to is equivalent to % of the
 the amount of \$. Form 990 for year (in

The chart lists payments to individuals, and (taken from the
 in the The
 is the expense account corresponding to the amounts paid. The
 the requisition purpose's information for the corresponding payment and selected
 as a when determined that the reported amount in the cart below was of
 payments.

In year Form 990 paid \$ reported in to , and The in the amount of Total Functional Expenses. The \$ paid to individuals is equivalent to % of the reported % of the

Per the statement for wire transfers totaling \$ were sent primarily to referenced as (Business Expenses as noted below.

Listed below are the recipients to whom
transfers for

were sent to via various electronic forms of

Date	Recipient	Amount	Payment Method
------	-----------	--------	-------------------

Payments to _____ and _____
 Bank Statements and General Ledger showed that amounts were paid to _____ who is _____ of _____ and _____ of _____ in _____ and _____. During interview held on _____, it was stated that _____ received rent assistance. The rent assistance was provided, because _____ made available _____ for meetings and coordinated _____ which was a lot of work.

Bank Statements and General Ledger showed that _____ received \$ _____ in _____ and \$ _____ in _____ to pay their rent per _____.

Date	Recipient	Amount	Payment Method
_____	_____	\$ _____	Checking
_____	_____	\$ _____	_____
_____	Total	\$ _____	_____

The \$ _____ amount was recorded in the general ledger account _____ and included on Line _____ the Form 990. For _____ the \$ _____ was reported on Line _____.

Loan to _____
 General Ledger reported that _____ paid \$ _____ via Check _____ issued on _____, as a Loan to _____ received in the amount of \$ _____ and \$ _____ were applied against the loan leaving a balance of \$ _____. The \$ _____ was shown as _____ received from _____ and the \$ _____ shown as received from _____. This loan was recorded under general ledger _____ to _____ No. _____ was incorporated with the _____ as a Non for Profit. A search conducted via _____ using the _____ did not return any results of _____ being tax exempt.

During interview held with _____ and _____ held on _____ stated that _____ is a _____ of _____ and there are _____. They stated the _____ given to _____ were not a loan but a transfer between related entities.

Loan to

Review of the deposit through online transfer in the amount of \$ _____ from account ending _____ on _____ does not show that the transfer came from _____.

Bank Statement from _____, _____ through _____ reported a deposit in the amount _____ dated _____, as follows:

LAW

Exempt Purpose

IRC Section 501(c)(3) of the Internal Revenue Code ("IRC") exempts from federal income tax organizations which are organized and operated exclusively for charitable, educational, and other exempt purposes, provided that no part of the organization's net earnings inures to the benefit of any private shareholder or individual. The term charitable includes relief of the poor and distressed. Section 1.501(c)(3)-1(d)(2), Income Tax Regulations.

Tax Regulation Section 1.501(c)(3)-1(a)(1) provides 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 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.

Tax Regulation Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for or more exempt purposes only if it engages primarily in activities that accomplish or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. The existence of a substantial purpose, regardless of the number or importance of exempt purposes, will cause failure of the operational test. *Better Business Bureau of Washington, D.C. v. U.S.*, 326 U.S. 279 (1945)

Tax Regulation Section 1.501(c)(3)-1(c)(2) states an organization is not operated exclusively for or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. The words "private shareholder or individual" refer to persons having a personal and private interest in the activities of the organization. Tax Regulation Section 1.501(a)-1(c). Such private shareholders or individuals are commonly referred to for convenience as "insiders."

Tax Regulation Section 1.501(c)(3)-1(d)(1) states, in part, that an organization is not organized or operated exclusively for one or more exempt purposes "unless it serves a public rather than a private interest. Thus... it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization or persons controlled, directly or indirectly, by such private interests."

Revenue Ruling 56-304 , 1956-2 C.B. 306, provides that an organization is not precluded from Section 501(c)(3) exemption when it makes grants to individuals, provided the distributions are made on a true charitable basis and in furtherance of its exempt purposes. Such organizations should keep adequate records and case histories to show:

- 1) The name and address of the recipients.
- 2) The amount distributed to each;
- 3) The purpose for which the aid was given
- 4) The manner in which the recipient was selected: and,
- 5) The relationship, if any, between the recipient and
 - (i) Members, officers, or trustees of the organization;
 - (ii) A grantor or substantial contributor to the organization or a member of the family of either; and
 - (iii) A corporation controlled by a grantor or substantial contributor

Revenue Ruling 67-149, 1967-1 C.B. 133, concerns an organization formed for the purpose of providing financial assistance to several different types of organizations which are exempt under Section 501(c)(3). It carries on no operations other than to receive contributions and incidental investment income and to make distributions of income to such exempt organizations at periodic intervals. The ruling indicates that a Section 501(c)(3) organization may further its exempt purposes by giving assets to another Section 501(c)(3) organization.

Revenue Ruling 71-460, 1971 - 2 C.B. 231, provides that a domestic corporation that conducts a part or all of its charitable activities in a foreign country is not precluded from qualifying for exemption under section 501(c)(3) of the Code. The ruling held that since the organization's activities were charitable when carried on within the United States, the conduct of such activities elsewhere should not preclude qualification for exemption.

Revenue Ruling 68-489 ,1968-2 C.B. 210, provides that an exempt organization under section 501(c)(3) does not jeopardize its exempt status by distributing funds to organizations not themselves exempt under section 501(c)(3) , provided the exempt organization.

- 1) retains control and discretion as to the use of the funds;
- 2) maintains records establishing that the funds were used for section 501(c)(3) purposes; and
- 3) limits distributions to specific projects that are in furtherance of its own exempt purposes.

Revenue Ruling 63-252 illustrated the point with the following examples:

- (1) In pursuance of a plan to solicit funds in this country, a foreign organization caused a domestic organization to be formed. At the time of formation, it was proposed that the domestic organization would conduct a fund-raising campaign, pay the administrative expenses from the collected fund and remit any balance to the foreign organization.
- (2) Certain persons in this country, desirous of furthering a foreign organization's work, formed a charitable organization within the United States. The charter of the domestic organization provides that it will receive contributions and send them, at convenient intervals, to the foreign organization.
- (3) A foreign organization entered into an agreement with a domestic organization which provides that the domestic organization will conduct a fund-raising campaign on behalf of the foreign organization. The domestic organization has previously received a ruling that contributions to it are deductible under

section 170 of the Code. In conducting the campaign, the domestic organization represents to prospective contributors that the raised funds will go to the foreign organization.

(4) A domestic organization conducts a variety of charitable activities in a foreign country. Where its purposes can be furthered by granting funds to charitable groups organized in the foreign country, the domestic organization makes such grants for purposes which it has reviewed and approved. The grants are paid from its general funds and although the organization solicits from the public, no special fund is raised by a solicitation on behalf of particular foreign organizations.

(5) A domestic organization, which does charitable work in a foreign country, formed a subsidiary in that country to facilitate its operations there. The foreign organization was formed for purposes of administrative convenience and the domestic organization controls every facet of its operations. In the past the domestic organization solicited contributions for the specific purpose of carrying out its charitable activities in the foreign country and it will continue to do so in the future. However, following the formation of the foreign subsidiary, the domestic organization will transmit funds it receives for its foreign charitable activities directly to that organization.

Revenue Ruling 66-79, clarified an ambiguity contained in examples and four of Revenue Ruling 63-252. Revenue Ruling 66-79 provided that contributions to a domestic charity solicited for a specific project of a foreign charity are deductible under IRC 170 where the domestic organization has approved the project as being in furtherance of its own exempt purposes and has control and discretion as to the use of the contributions. In this case the bylaws of the domestic organization provided among other things that the Board of Directors would require that grantees furnish a periodic accounting to show that the funds were expended for purposes for which they were approved, and the Board might, in its absolute discretion, refuse to make grants for which any funds were requested. The revenue ruling concluded that "the test in each case is whether the organization has full control of the donated funds, and discretion as to their use, so as to [ensure] that they will be used to carry out [the domestic organization's] function and purposes."

Record Keeping

IRC Section 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 Section 6033(a)(1) provides, except as provided in IRC 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. 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.

Tax Regulation Section 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 SectionSection1.6033-1 through -3.

Tax Regulation Section 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.

Revenue Ruling 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.

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.

TAXPAYER'S POSITION

Unknown

GOVERNMENT'S POSITION

Organizations described in IRC section 501(c)(3) and exempt under section 501(a) must be both organized and operated exclusively for exempt purposes. Based on the examination of [redacted] It was determined that its primary activity consist of raising funds and disbursement of such funds to various individuals both domestically and in foreign countries. However, based on source documents provided to support certain disbursements, as well as the lack of supporting documentation for a significant number of transactions, the organization's primary activity cannot be considered as charitable as define under the Internal Revenue Code, its regulations, or legal precedence since conclusive documentation has not been provided to show that a significant portion of its expenditures were used for purposes described in section 501(c)(3).

The limited documentation reviewed revealed transactions that appear to be inconsistent with Section 501(c)(3) of the Code. Thus, [redacted] has failed to exercise adequate control of the donated funds to ensure that it was used exclusively for charitable purposes. Consequently, [redacted] exempt status under 501(c)(3) should be revoked. During the interviews, the officers laid out an operation that is loosely organized and functions in an environment that is not conducive to tracking and documenting the usage of funds expended by the organization beyond showing that the disbursements were made. It does not have [redacted] structure in place and it's very unlikely that in the current environment in which it operates could have a structure to allow it to exercise adequate expenditure control.

Disbursement of Funds

[redacted] website, Form 1023 application, and information provided in the interviews, [redacted] claim that it provides [redacted]

[redacted] unds are raised from individuals [redacted] and [redacted]. It received request for [redacted] via a [redacted] Memoranda, [redacted] messages, [redacted]

Disbursements were [redacted] made to individuals in the [redacted] Checks and other [redacted] banking methods. Disbursements were also made via wire transfer to individuals in [redacted] operates by fulfilling requests for [redacted] received through [redacted] calls, [redacted] and email. The decision-making process of who should be given [redacted]

assistance is not documented since most transactions did not have any source documents to support the purpose of the . Neither a standard operating procedure nor a formal process exists in conjunction with expenditures. Thus, the rationale for the provided aid is not documented to ascertain whether meets the purpose and criteria set forth in IRC section 501(c)(3).

Expenditure Control

In the Form 1023 application process, stated that to ensure that foreign expenditures or grants are not , it would conduct routine audits of to make sure they are used for the intended purpose. The requisition form itself also noted that upon completion of the event, the funds receiver shall provide a complete financial report to the " " including receipts and fund disbursement also stating if the was completed and the results.

has a Memorandum of Understanding (MOU) with describing , as follows:

- determines the funding amounts based on their assessment of the needs for services.
- wants to complete by any organizations, and this is always based on the terms of our MOU.
- requires the receipts of all transfers, photos, audio and video images of services rendered.
- also uses other organizations to the in a peer review program and this increases competition, efficiency and transparency.
- does not accept donations earmarked for particular organizations or individuals.
- sends representatives and agents for field investigations and adheres strictly to the terms in our MOU as far as reporting and hard evidence of services rendered.

Based on review of operations, no evidence was provided that party non-profit organizations are conducting due diligence. No evidence was provided that is conducting field investigations nor is securing receipts or any other type of proof to show how the funds were actually used.

During the interview it was that they were sent videos and pictures showing results of activities. of this information was provided. In its Form 1023 application, stated that it would exercise control and responsibility over the use of any funds or goods granted to foreign organizations or individuals to ensure they are properly used by sending "representatives and agents for field investigations, we adhere strictly to the terms in our MOU as far as reporting and hard evidence of services rendered are concern. We require receipts of all transfers, photos, audio and video images of services render. We also use other organizations to periodically review the activities of our partner organizations in a peer review program and this increases competition, efficiency and transparency."

also stated In the Form 1023 that It would be checking the List, conducting periodic and routine audits to verify all expenditures were used for the intended charitable purpose for which they were provided, and conducting background checks on has not provided any evidence of properly vetting the individuals requesting and receiving nor has provided any documentation indicating the implementation of such process nor alternative methods.

Revenue Ruling 68-489, 1968-2 C.B. 210 listed actions that should be taken by an organization that distribute funds to organizations that are not exempt under 501(c)(3). It includes maintaining records to establish that the funds were used for section 501(c)(3) purposes. Most of

transactions had no records except for the disbursements showing on the bank statement. Thus, it has failed to maintain records to show that funds were used for 501(c)(3) purposes.

In IDR the taxpayer was notified that out of transactions reviewed, had no documentation, and had very limited substantiation of the organization's exempt purpose. Thus, approximately % of the disbursements for did not have any documentation. The majority of the disbursements were made to individuals, thus not entities exempt under 501(c)(3) of the Code. wire transfers, there are no trail to establish that to
Even with the wire transfers that showed the funds being sent to there was no additional documentation to show how the funds were used. also indicated that it and
which are Service approved IRC 501(c)(3) exempt organizations. No evidence exists that has with organizations.

Based on review of documentation in place, has not exercise expenditure control as discussed in Revenue Ruling 66-79. The Revenue Ruling provided that contributions to a domestic charity domestic charity solicited for a specific of a foreign charity are deductible under IRC 170 where the domestic organization has approved the as being in furtherance of its own exempt purposes and has control and discretion as to the use of the contributions. In this case the bylaws of the domestic organization provided among other things that the Board of Directors would require that grantees furnish a periodic accounting to show that the funds were expended for purposes for which they were approved, and the Board might, in its absolute discretion, refuse to make grants for which any funds were requested. The revenue ruling concluded that "the test in each case is whether the organization has full control of the donated funds, and discretion as to their use, so as to ensure that they will be used to carry out function and purposes "

The purpose stated on various requisition forms does not support an expenditure exempt under 501(c)(3) and released funds to the individuals or entities, it does not know if the funds made it to its destination to

. It is not known that the funds actually arrived its final usage. During interviews with the and they stated that they have a loosely formed which requests financial assistance and through which individuals are verified to be recipients and carriers of the This starts as the but no documentation or tracing of this comprised of many individuals have been documented as to establish some formal organizational structure capable of delivering a charitable endeavor that would clearly established that funds were used for 501(c)(3) purposes. Even if the funds were disbursed for 501(c)(3) purposes based on what was told to them and calls were received that the funds were received, still did not provide documentation verifying the use of the funds. Thus, it has failed to maintain full control of the donated funds.

No Standard Operation Procedure has been implemented showing how is conducting any form of due diligence on the individuals and organizations requesting and receiving nor that these individuals and organizations have fulfilled the purpose for which were requested and sent and whether this purpose is in agreement and concordance with charitable purpose or purposes within 501(c)(3).

Funds Expended for Non-Charitable Purposes

Even though documentation was lacking or non-existence for many transactions, a review of what was provided was reviewed to determine if these documents would support that was conducting charitable activities.

Listed in the facts section above were a list of requisitions representing request for funds, a summarized list of payment per the general ledger, and excerpt of expenses from the general ledger.

- \$ [redacted] was wired to an account in [redacted] with purpose described as [redacted] to [redacted]. The receiver was [redacted]. The requesting department was [redacted]. The purpose noted for this transaction appears to be related to [redacted] but does not make a connection that this activity is within the meaning of 501(c)(3). Beyond the requisition form and the bank statement showing the withdrawal, no additional documentation was provided. There was no accounting made from [redacted] on how the funds were spent. [redacted] does not have a department called [redacted]. Based solely on this documentation, the disbursements were not made for purposes described in 501(c)(3). See [redacted], Page [redacted].

- Disbursement of \$ [redacted] ([redacted] was [redacted] for the purpose [redacted] during the [redacted] of [redacted]. Recipient name was [redacted]. The requesting department was [redacted] to the [redacted]. There was no accounting from [redacted] on how the funds were spent. See [redacted] Page [redacted]. Bank statement shows a wire transfer on [redacted] via [redacted] to [redacted] recipient [redacted] for \$ [redacted] with reference to " [redacted] " " [redacted] " Wire transfer was also sent on [redacted] for \$ [redacted] to [redacted] - " [redacted] " [redacted]. Also sent, on [redacted] for \$ [redacted] was to [redacted] to [redacted]. No documentation was provided to show how [redacted] used the funds. See [redacted] Page [redacted].

- A total of \$ [redacted] was sent to [redacted] via [redacted]. Since the method of disbursement was thru [redacted] we are concluding that it was a disbursement made to [redacted] within the [redacted] of the transactions a requisition showed [redacted] as the recipient of [redacted] on [redacted] / [redacted] for \$ [redacted] with purpose of disbursement to prevent [redacted] of [redacted] in [redacted]. The bank statement showed [redacted] receiving \$ [redacted] via [redacted] and [redacted] to [redacted] via [redacted]. Not all the transactions had a requisition. There is no correlation between the disbursements of the funds and [redacted] claimed exempt purposes of [redacted]. The documentation provided did not conclusively show how the funds disbursed were used. There was not supporting documentation to show how [redacted] used the funds. The [redacted] entry is the withdrawal on the bank statement and the entry in the general ledger. See [redacted] Page [redacted] Page [redacted] and Pages [redacted] and [redacted].

Based on the purpose for which the funds were requested as noted on the requisition form or the general ledger, the expenditures have not been substantiated as being used for 501(c)(3) purposes. The mere notation of designating the [redacted] by itself does not substantiate a 501(c)(3) purpose.

[redacted] claimed that it was engaged in a [redacted] in [redacted]. Also, a [redacted] was started in [redacted] but discontinued due to high costs. Although the intent of the [redacted] may have been to improve the communication among the [redacted] in [redacted] and [redacted] the [redacted] in the [redacted] and in [redacted] invested a total of \$ [redacted] in [redacted] for [redacted] and [redacted] and \$ [redacted] for [redacted] in [redacted].

Date	Type	Contact	Description	Amount	Source
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of the requisition noted funds to
 The purpose was described as _____ ;
 as _____ by _____. There was no
 documentation to show who actually received _____. There was no clear evidence as
 to how these _____ relates to their 501(c)(3) purposes or falls within the purpose of IRC 501(c)(3).

Loan
 _____ Inc. (_____ is not a 501(c)(3) organization. _____ allocated
 \$ _____ was labeled as a loan in the _____ records but should have been labeled a
 transfer of assets between _____ received directly \$ _____ and \$ _____ were used to pay the
 _____ is the _____ % shareholder and

Because _____ and _____ qualified the transaction as a transfer of assets between
 The transfer was executed between a tax exempt and a taxable entity. Evidence of the
 charitable use of funds must be secured to ensure the funds are being used for 501(c)(3) purposes. No
 evidence was provided that this transfer of funds was in accordance with _____ 501(c)(3)
 purpose.

Based on review of the financial operations, it appears that _____ is serving

made to _____ page (See _____) on _____ Payments were also
 states the following:

"

Source: _____ -

Requests for funds were made for various counties noted in the description _____ The requests
 for funds appears to be related to the funding of _____ Based on the
 requisitions for moneys found in _____ the following information indicates the purposes and recipients
 that appears to be _____ . See _____ for supporting documentation.

Some of the requests above appear to be f

Other payments were made to as noted below.

Date	Recipient	Amount	Payment Method
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Date	Recipient	Amount	Payment Method
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The support

For transactions, How these appears to be spending the moneys that

Record Keeping and its officers use an has the such as, (to General Ledger),

also has the ability to have supported documents to be uploaded with each transaction specially expenditures.

For year out of Expense related transactions, over transactions were reviewed for receipts, money requisition orders and other supporting documentation. Incomplete documentation was found to account for \$ and \$ reported under the and respectively as reported in the or General Ledger. These types of expenses are part of the All Other Expenses in the amount of \$ reported in Line of the Revised Form 990 Year No other expenses account with any other type of supporting documentation

IRC Section 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 Section 6033(a)(1) provides, except as provided in IRC 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. 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.

Tax Regulation Section 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 SectionSection1.6033-1 through -3.

Tax Regulation Section 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.

Most of the transactions recorded in the general ledger, and/or bank statements were not adequately supported with source documents.

has failed to meet the reporting requirements of section 6033 of the Code since it failed to provide records to show that payments made to individuals and non-501(c)(3) entities were used for purposes described in 501(c)(3) of the Code. It failed to keep adequate records as required under IRC 6001.

CONCLUSION

claim of its usage of funds to has not been adequately supported that such funds were used for 501(c)(3) purposes. The disbursements of funds to individuals and non-501(c)(3) entities without proper accounting does not support an exempt purpose being conducted. has failed to retain control and discretion as to the use of the funds, and has failed to maintain records to show that its expenses are consistent with 501(c)(3) purposes. As a result of the lack of expenditure control, expenditures made for non 501(c)(3) purposes and recordkeeping deficiencies the exempt status granted to under 501(c)(3) should be revoked effective